



LYSAGHT GALVANIZED STEEL BERHAD

(Registration No. 197901002195 (46426-P))



ANNUAL REPORT
2023



CONTENTS

| | |
|-----------|---|
| 2 | Notice of Annual General Meeting |
| 5 | Statement Accompanying Notice of Annual General Meeting |
| 6 | Corporate Information |
| 7 | Financial Highlights |
| 8 | Chairman's Statement |
| 11 | Management Discussion and Analysis of Business Operations and Financial Performance |
| 16 | Sustainability Report |
| 45 | Directors' Profile |
| 49 | Chief Executive Officer Profile |
| 50 | Key Management Profile |
| 53 | Corporate Governance Overview Statement |
| 62 | Additional Disclosure Requirements Pursuant to the Listing Requirements |
| 63 | Statement on Risk Management and Internal Control |
| 66 | Audit Committee Report |
| 69 | Statement on Directors' Responsibility |

FINANCIAL STATEMENTS

| | |
|------------|---|
| 70 | Directors' Report |
| 75 | Statements of Financial Position |
| 76 | Statements of Profit or Loss and Other Comprehensive Income |
| 77 | Consolidated Statement of Changes in Equity |
| 78 | Statement of Changes in Equity |
| 79 | Statements of Cash Flows |
| 82 | Notes to the Financial Statements |
| 120 | Statement by Directors |
| 120 | Statutory Declaration |
| 121 | Independent Auditors' Report |
| 125 | List of Properties |
| 126 | Shareholding Distribution Schedule |
| 127 | Thirty Largest Shareholders |
| 128 | Substantial Shareholders |
| 129 | Directors' Shareholdings |
| | Form of Proxy |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth Annual General Meeting (“45th 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, 13 June 2024 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 2023 together with the Directors’ and Auditors’ Reports thereon.
2. To declare a final single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2023. **Ordinary Resolution 1**
3. To approve the payment of Directors’ Fees for an amount of up to RM550,000/- for the financial year ending 31 December 2024 to the Non-Executive Directors. **Ordinary Resolution 2**
4. To approve the payment of the meeting allowances for an amount of up to RM130,000/- for the financial year ending 31 December 2024 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 Ee Beng Guan **Ordinary Resolution 4**
 - ii. Mr Chong Sai Sin **Ordinary Resolution 5**
6. To re-elect Mr Chong Chin Look who retires pursuant to Article 23.11 of the Company’s Constitution and who has offered himself for re-election. **Ordinary Resolution 6**
7. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2024 at such remuneration to be determined by the Directors. **Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution, with or without modifications:

8. **Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed New Shareholders’ Mandate”)** **Ordinary Resolution 8**

“THAT subject to the Companies Act 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature and with all classes of related parties as set out in Section 2 of the circular to the shareholders of the Company in relation to Proposed New Shareholders’ Mandate dated 30 April 2024 which are necessary for day-to-day operations of the Company and its subsidiaries subject to the following:-

- (a) the transactions are in the ordinary course of business and are carried out at arm’s length basis on normal commercial terms of the Company and its subsidiaries and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the shareholders' mandate shall take effect from this resolution and shall continue to be in force until:-
- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") following the general meeting at which the ordinary resolution for the Proposed New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things (including executing such documents as may be required) as they may consider expedient or necessary to give full effect to the Proposed New Shareholders' Mandate."

9. 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 5 sen per ordinary share for the financial year ended 31 December 2023, if approved by shareholders at the 45th AGM, will be paid on 24 July 2024 to Depositors whose names appear in the Record of Depositors of the Company at the close of business on 4 July 2024.

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 2024 in respect of the transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuala Lumpur
Date: 30 April 2024

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 6 June 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 45th 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 45th 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 45th AGM will be put to vote by poll.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2023

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 22 February 2024, 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 24 July 2024 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 2024.

4. Ordinary Resolutions 4 and 5 – Re-election of Directors Pursuant to Article 23.4 of the Company's Constitution

Mr Ee Beng Guan and Mr Chong Sai Sin ("**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 45th 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 45th AGM.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

The Board has also through the NC carried out assessment on the independence of the Retiring Directors and is satisfied that they 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 page 45 of the Annual Report 2023.

5. **Ordinary Resolution 6 – Re-election of Director Pursuant to Article 23.11 of the Company's Constitution**

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

Mr Chong Chin Look ("Mr. Chong") was appointed as an Independent Non-Executive Director of the Company on 1 April 2024. Mr. Chong, who retires in accordance with Article 23.11 of the Company's Constitution and being eligible, has offered himself for re-election at the 45th AGM.

The profile of Mr. Chong is set out in the Directors' Profile on page 48 of the Annual Report 2023.

6. **Ordinary Resolution 8 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company. Please refer to the Company's Circular to Shareholders dated 30 April 2024 for more information.

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 45th Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ee Beng Guan

(redesignated as Chairman on 15 June 2023)
Independent Non-Executive Chairman

Chew Meu Jong

Non-Independent Non-Executive Director

Ir. Aik Siaw Kong, KMN

Non-Independent Non-Executive Director

Cheam Low Soo

Non-Independent Non-Executive Director

Chong Sai Sin

(redesignated as Senior Independent
Non-Executive Director on 15 June 2023)
Senior Independent Non-Executive Director

Yeoh Sheong Lee

Independent Non-Executive Director

Chong Chin Look

(appointed on 1 April 2024)
Independent Non-Executive Director

AUDIT COMMITTEE

Chong Sai Sin (Chairman)
Cheam Low Soo
Yeoh Sheong Lee (appointed on 15 June 2023)
Ee Beng Guan (resigned on 15 June 2023)

NOMINATION COMMITTEE

Chong Sai Sin (Chairman) (appointed on 15 June 2023)
Cheam Low Soo
Yeoh Sheong Lee (appointed on 15 June 2023)
Ee Beng Guan (resigned on 15 June 2023)
Chew Meu Jong (resigned on 15 June 2023)

REMUNERATION COMMITTEE

Chew Meu Jong (Chairman)
Ir. Aik Siaw Kong, KMN
Chong Sai Sin

RISK MANAGEMENT COMMITTEE

Ir. Aik Siaw Kong, KMN (Chairman)
Ee Beng Guan
Yeoh Sheong Lee (appointed on 15 June 2023)
Chew Meu Jong (resigned on 15 June 2023)

CHIEF EXECUTIVE OFFICER

Ir. Chua Tia Bon

COMPANY SECRETARY

Lim Chien Joo (MAICSA 7063152)
SSM PC No. 201908004025

REGISTERED OFFICE

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

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 3750
Fax No : 03-7880 3720
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
Email : info@sshsb.com.my

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.

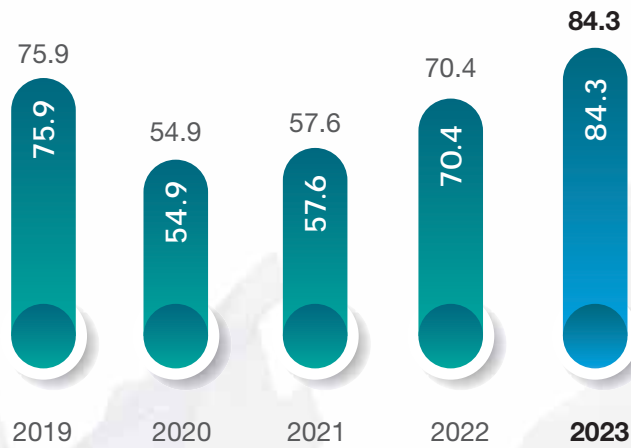
STOCK EXCHANGE LISTING

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

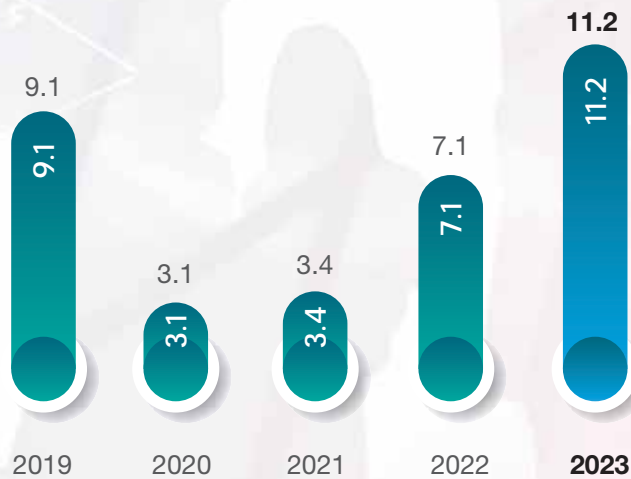
FINANCIAL HIGHLIGHTS

REVENUE

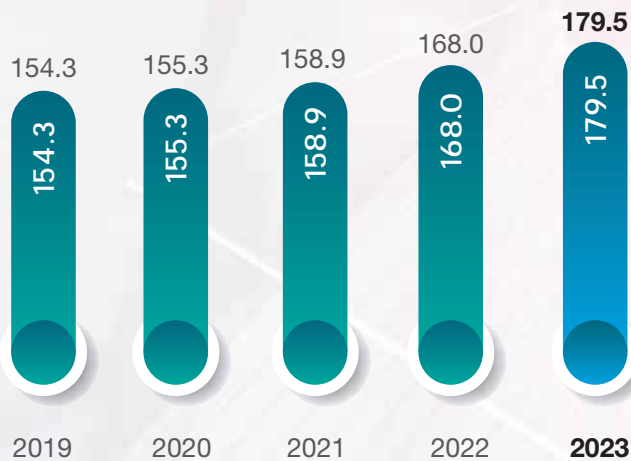
(RM'Mil)

PROFIT
AFTER TAX

(RM'Mil)

SHAREHOLDERS'
FUND

(RM'Mil)



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am honoured to address you at my capacity as the Chairman of the Board of Directors ("Board") of Lysaght Galvanized Steel Berhad ("**Lysaght**"). On behalf of the Board, it is with great pleasure that I present to you the Annual Report and Financial Statements of our Group for the financial year ended ("FYE") 31 December 2023.

OPERATING ENVIRONMENT

In 2023, a significant transition occurred as the world moved from the pandemic phase to the endemic phase of Coronavirus Disease 2019 ("**COVID-19**"). Despite this shift, the global economy remains entrenched in a challenging environment shaped by ongoing pandemic-related issues. Heightened geopolitical tensions and continued efforts to address inflation through monetary policy tightening have amplified the risk of a global economic slowdown. Malaysia, with its open economy and financial system, is not immune to these global developments.

The global economy was aggravated by uncertainties with the war in Ukraine and the downturn in China's economic growth, impacting developing nations as well as weakening trade dynamism against a backdrop of supply chain disruptions and ongoing trade tensions. In addition, soaring food and energy prices erode real incomes, triggering a global cost-of-living crisis, particularly for the most vulnerable. Furthermore, the increase in interest rates caused a decline in global consumer demand. Global economic growth moderated to projected 3.0% in 2023, declining from the 3.5% registered in 2022.

(Source : <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>)

In 2023, the growth of the Malaysian economy normalised to 3.7%, compared to the robust growth recorded in 2022 of 8.7%. This moderation in growth can be attributed to challenges in the external environment, including a slowdown in global trade, a downturn in the global technology industry, geopolitical tensions, and more stringent monetary policies.

On the domestic front, despite the waning of significant policy support as the economy reopened in 2022, growth in 2023 was underpinned by the continued recovery in economic activity and labour market conditions. Household spending remained strong, supported by sustained growth in employment and wages. However, exports stayed subdued due to persistent weakness in external demand. On the supply side, both the services and construction sectors continued to expand.

(Source : https://www.bnm.gov.my/-/qb23q4_en_pr)

In the face of prevailing conditions, the Group remained dedicated to advancing its business and operational strategies aimed at generating both financial and non-financial value. Our focus on cost management was underscored by the ongoing implementation of value engineering principles. Prudent management practices were instrumental in ensuring optimal cost utilization throughout this period.

The Group demonstrated outstanding performance in FYE 2023, surpassing pre-COVID-19 levels with total revenue reached RM84.3 million. This signifies a double digit growth of 19.8% compared to FYE 2022. Profit before tax ("**PBT**") saw a remarkable surge of 50.0% during FYE 2023 to RM13.8 million compared to RM9.2 million in FYE 2022. This exceptional achievement in FYE 2023 emphasizes the resilience of our business model and the Management's steadfast commitment to value creation.

CHAIRMAN'S STATEMENT

cont'd

FORWARD LOOKING

Even as we emerge from a global pandemic after three years, the path forward for most businesses remains rife with challenges. Ongoing conflicts in regions like Russia-Ukraine and Israel-Palestine, coupled with prolonged trade tensions between the United States of America and China, alongside the enduring effects of the pandemic, will continue to foster geopolitical, economic, and social uncertainties worldwide. The spikes in commodity prices due to geopolitical shocks and supply disruptions, along with underlying inflation persisting, may prolong tight monetary conditions. Additionally, exacerbating property sector difficulties in China or the potential for disruptive tax hikes and spending cuts elsewhere could result in growth setbacks. Global GDP, which registered at 3.5% in 2022, declined to projected 3.0% in 2023, with forecasts indicating a baseline settling around 3.1% for 2024.

(Source : <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>)

Malaysia's economy is anticipated to achieve a robust growth rate of 4-5% in 2024, marking a significant improvement. However, this growth projection is contingent upon various risks stemming from both external and domestic factors. Externally, a slower-than-expected recovery in external demand poses a key downside risk. Domestically, factors such as weaker labour market conditions, and heightened impact from El Nino on commodity production could potentially dampen the growth outlook. These factors highlight the need for vigilance and proactive measures to mitigate risks and sustain economic momentum.

(Source : https://www.bnm.gov.my/documents/20124/12521489/qb23q3_transcript.pdf)

Despite the prevailing challenges in the operating environment, the Group foresees continued difficulty in business conditions for 2024. However, we maintain cautious optimism regarding the Group's future prospects as we remain committed to delivering growth and long-term shareholder value. Through a balanced approach of strength, resilience, prudence, and effective enterprise risk management, we persist in navigating the challenges to foster and expand the Group's business.

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

DIVIDEND

Our foremost objective continues to center around generating sustainable, long-term value and returns for our shareholders. Despite the prevailing macroeconomic uncertainties, our stable operational performance and disciplined cost management efforts have positioned us well. We are pleased to announce that, in addition to the interim single tier dividend of 3 sen per share paid on 29 September 2023, shareholders can expect a final single-tier dividend of 5 sen per share (FYE 2022: 3 sen per share), pending approval at the upcoming Annual General Meeting ("AGM") of the Company. This would translate to total disbursement of RM3.3 million to shareholders, achieved through our ongoing emphasis on operational efficiencies and resilient cash generation capabilities.

We are dedicated to offering our steadfast shareholders an appealing dividend yield, all the while upholding financial prudence to facilitate reinvestment in our business. Our continuous goal is to uphold a consistent distribution of dividends to our shareholders, recognising the importance of their contribution to our profits.

ACKNOWLEDGEMENT

On behalf of the Company's Board, I wish to convey our deepest appreciation to our shareholders for their persistent trust and confidence in our Group. Furthermore, I extend heartfelt thanks to all our employees for their unwavering commitment and dedication, which has played a pivotal role in our Group's resilience and achievements.

I would also like, together with the Board, to extend our gratitude to our business partners, advisors, and the relevant government and regulatory agencies for their invaluable support and guidance throughout FYE 2023.

CHAIRMAN'S STATEMENT

cont'd

As a newly appointed Chairman of the Board, I wish to take a moment to express my heartfelt appreciation to my predecessor, Dato' Ir. Wan Razali Bin Wan Muda for his exceptional leadership and unwavering dedication to the Group. Under his guidance, Lysaght navigated challenges, seized opportunities, and achieved remarkable milestones. As we embark on the next chapter of our journey, I am inspired by his legacy and eager to build upon it, steering Lysaght toward even greater heights.

Following Ir. Chua Tia Bon's resignation from the Board, which was prompted by internal restructuring, he will retain his position as the Chief Executive Officer of the Company. Despite this organizational change, Ir. Chua Tia Bon remains committed to collaborating closely with the Board to spearhead the Group's growth initiatives and strategic direction.

Simultaneously, I am pleased to extend a warm welcome to Mr. Chong Chin Look, who joined the Board recently. We are confident that his wealth of experience and expertise will enhance the exchange of ideas, ultimately benefiting the Board and our organisation.

Last but not least, I wish to express my gratitude for the commitment, understanding and wise counsel which I have received from my fellow Directors thus far. We are dedicated to creating significant value for our shareholders in the years to come and over the long term. I eagerly anticipate reporting on our ongoing progress.

Mr. Ee Beng Guan

Chairman of the Board

19 April 2024

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

OVERVIEW OF BUSINESS OPERATIONS

Background

The Group has established itself as a prominent manufacturer of galvanized steel poles and masts in Malaysia. Central to our success is a team of in-house design engineers dedicated to ensuring that our products are meticulously crafted to suit a diverse range of applications and adhere to stringent international codes and standards. Our engineers bring a wealth of expertise from various disciplines, having graduated from reputable universities and received training worldwide. This diverse background enhances the aesthetic appeal, quality, and consistency of our products.

We prioritise customer satisfaction by offering comprehensive sales support and collaborating closely with clients to identify efficient and cost-effective solutions for their needs. Our technical support team is readily available to provide expert advice on structural design, recommend alternative solutions tailored to different wind conditions or site limitations, and address any other inquiries our clients may have.

In terms of both volume and quality, we take pride in being the leading manufacturer of steel poles and masts in our industry. Our commitment to superior workmanship and dedication to meeting the evolving needs of our customers drive our ongoing success and reputation for excellence.

Market and products

The Group's products serve as essential elements for infrastructure, construction, and telecommunication projects, both within Malaysia and abroad. As the industry landscape continues to evolve, the demands placed on our products have also evolved. What was once a market primarily seeking standard, off-the-shelf solutions has shifted towards a preference for customized designs that offer both functionality and cost-efficiency. In response to these changing needs, we have adapted our production processes to accommodate the demand for tailored solutions while maintaining the highest standards of quality.

Our commitment to quality is evident in our ISO 9001:2015 accreditation, which underscores our adherence to rigorous quality management practices. This certification ensures that our production processes meet international standards, giving our customers confidence in the reliability and performance of our products.

By continually refining our manufacturing techniques and embracing innovation, we remain dedicated to providing our customers with products that not only meet their specific requirements but also exceed their expectations for quality and reliability.

Our Street Light Column and High Mast Steel Lighting Column have gained global recognition and acceptance due to their certification by SIRIM QAS International Sdn. Bhd. Additionally, they comply with esteemed international standards, including:

- 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)

Adhering to these international benchmarks not only underscores the quality of our products but also instils confidence in customers worldwide regarding their reliability and performance in various applications.

Our range of poles and mast products serves a diverse array of applications, including:

- Lighting columns for streets and highways
- Infrastructure for transport terminals and traffic interchanges
- Illumination solutions for airports, ports, sports complexes, and stadiums
- Supporting structures for golf courses and other recreational facilities
- Antenna masts for 5G technology

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

In addition to poles and masts, our Group offers tubular steel structures designed for various purposes, such as:

- Supporting overhead power transmission lines
- Power substation structures
- Mounting high-voltage equipment

These products are marketed under our proprietary registered trade names, LYCORPOLE® and Safe-T-Pole®, signifying our commitment to quality and reliability in meeting our customers' diverse needs.

Operations

Our Group's products are marketed and sold through our wholly-owned subsidiaries, Lysaght Marketing Sdn. Bhd. and Lysaght Marketing (S) Pte. Ltd. These subsidiaries are responsible for conducting sales and marketing activities for our products.

Lysaght Marketing Sdn. Bhd. is based in Shah Alam, Malaysia, while Lysaght Marketing (S) Pte. Ltd. is located in Singapore. Together, they oversee the promotion, distribution, and sales of our products in their respective regions.

These subsidiaries play a crucial role in connecting our products with customers and clients, ensuring that our offerings meet their needs and requirements effectively. They also facilitate communication and support between our Group and our customers, fostering strong relationships and ensuring customer satisfaction.

The Group remains committed to monitoring and reviewing the need for further expansion of our manufacturing facilities. We understand the importance of maintaining operational efficiency and will take proactive steps to uphold the manufacturing facilities and infrastructure accordingly. This commitment reflects our dedication to meeting evolving market demands while ensuring that our operations remain streamlined and effective.

Our Group has continuously strengthened its position, embracing new challenges while expanding our expertise. As a community-focused manufacturer of galvanized steel poles and masts, we prioritise reliability in all aspects of our operations. We are committed to creating better value for our stakeholders, with a special focus on our customers. This dedication underscores our commitment to delivering high-quality products and exceptional service while contributing positively to the communities we serve.

YEAR-ON-YEAR FINANCIAL REVIEW

Amidst the transition from the pandemic phase to the endemic phase of Coronavirus Disease 2019 ("COVID-19") in 2023, the global economy grappled with persistent themes from the previous year, notably geopolitical tensions and tightening monetary policies, both of which continued to dominate market headlines. These ongoing factors highlighted the multifaceted growth challenges confronting the world economy. Consequently, volatility in exchange rates and commodity prices emerged, further complicating the landscape for raw material pricing sourced from overseas. This emphasizes the need for vigilant monitoring and proactive management of our supply chain to mitigate potential impacts on our procurement costs and overall operations.

Nonetheless, the Group persisted in delivering growth and exhibited enhanced resilience in manoeuvring through the dynamic business operating landscape. During the financial year ended 31 December ("FYE") 2023, we achieved another impressive financial performance. Our turnover saw a double-digit increase of RM13.9 million or 19.8%, reaching RM84.3 million, surpassing our pre-COVID performance in 2019. Moreover, our profit before tax ("**PBT**") rose by RM4.6 million or 50.0% to RM13.8 million compared to FYE 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

Revenue

| Revenue by country | FYE 2023 | FYE 2022 |
|----------------------|-------------|-------------|
| | RM' million | RM' million |
| Malaysia | 38.7 | 32.0 |
| Singapore | 33.8 | 27.5 |
| New Zealand | 8.8 | 7.8 |
| United Arab Emirates | 1.3 | 0.8 |
| Others | 1.7 | 2.3 |
| Total | 84.3 | 70.4 |

The Group's revenue reached RM84.3 million, marking a 19.8% increase or RM13.9 million higher compared to RM70.4 million reported in FYE 2022. Within the RM13.9 million rise in revenue, a significant portion of RM13.0 million or 93.5% stemmed from robust revenue growth in both the domestic and Singapore markets.

The growth in revenue was driven by resumption of economic activities which stimulated demand in both the public and private sectors. Additionally, the Group capitalised on business opportunities stemming from the increased demand for antenna masts in the telecommunications industry. This heightened demand was a result of the accelerated rollout of 5G technology in Malaysia. Furthermore, the Group experienced an uptick in average selling price and this increase in selling prices was necessary to offset the higher material costs to defend the profitability.

Gross profit and margin

Aligned with the revenue growth, our gross profit experienced a notable surge of 18.4%, reached RM22.5 million in FYE 2023 compared to RM19.0 million in FYE 2022.

Despite facing challenges such as increased commodities prices and supply chain disruptions, the gross margin for FYE 2023 demonstrated resilience. It experienced only a slight decrease of 0.3% from 27.0% in FYE 2022 to 26.7% in FYE 2023. This marginal decline can be attributed largely to the Group's stringent cost management efforts. Throughout the year, the Group remained committed to maintaining cost discipline and optimising operational efficiency. Leveraging operational excellence and implementing cost optimisation initiatives were key strategies employed to mitigate the impact of external challenges on gross margins.

Profit before tax

The Group's PBT surged to RM13.8 million in FYE 2023, marking a significant 50.0% increase from RM9.2 million recorded in FYE 2022. In line with the earlier observation on gross margin, this achievement highlights the team's resilience and adaptability in addressing challenging business landscapes. Effective management of costs and cash flow played a crucial role in streamlining expenditures and maintaining a strong PBT margin throughout FYE 2023.

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

In line with the analysed PBT discussed above, the Group posted a net profit of RM11.2 million for FYE 2023. This marked a substantial increase compared to the net profit of RM7.1 million reported in FYE 2022, reflecting a growth of RM4.1 million or 57.7%. Consequently, the basic earnings per share for FYE 2023 showed a corresponding rise to 27.05 sen, surpassing the 17.05 sen achieved in FYE 2022 by 10.00 sen.

Liquidity, capital resources and gearing

As of 31 December 2023, the Group's cash and cash equivalents, along with fixed deposits held in licensed banks, increased to RM94.5 million from RM74.1 million in the previous year. Of this total, fixed deposits amounted to RM14.7 million, up from RM8.9 million as of 31 December 2022, while cash and cash equivalents reached RM79.8 million, compared to RM65.2 million as of 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

Below is the summary of the Group's cash flows for FYE 2023:

- (i) **Operating Activities:** During FYE 2023, a positive net cash flow of RM21.2 million was generated from operating activities. This was primarily driven by the reported PBT as discussed earlier, and improvement in inventory management in view of rising commodities prices, which offset by slower collection from trade receivables.
- (ii) **Investing Activities:** A net cash outflow of RM3.5 million was recorded in FYE 2023. This was mainly attributed to the placement of fixed deposits with a maturity period of more than 3 months, totalling RM5.8 million.
- (iii) **Financing Activities:** Cash outflow in financing activities for FYE 2023 primarily driven by dividend payments amounting to RM2.5 million and the repayment of lease liabilities totalling RM0.6 million.

Whereas for capital commitments, there was no capital commitments being contracted for by the Group in FYE 2023. The Management is confident that there will be sufficient working capital to fulfil our current and foreseeable day-to-day operational needs.

The Group has no borrowings as of 31 December 2023.

Apart from what has been mentioned previously, we are not aware of any other discernible trends or events that could significantly impact our operations, performance, financial condition, and liquidity.

RISK PROFILES

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

(i) Business risks

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

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

(ii) Operational risks

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

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

(iii) Credit risks

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

(iv) Foreign exchange risks

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

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

Although we do not actively hedge our Group's foreign currency exposure, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency denomination, exposure period and transaction costs. For FYE 2023, our Group has not encountered any significant foreign currency exchange fluctuation that has resulted in material adverse impact on our Group's financials.

(v) Competition risks

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

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

LOOKING AHEAD

As we navigate the aftermath of a global pandemic spanning three years, businesses are confronted with a landscape still fraught with challenges. Ongoing conflicts in regions such as Russia-Ukraine and Israel-Palestine, coupled with sustained trade tensions between the United States and China, alongside the enduring ramifications of the pandemic, are poised to perpetuate geopolitical, economic, and social uncertainties worldwide. The fluctuations in commodity prices triggered by geopolitical shocks and supply disruptions, along with persistent underlying inflation, may prolong periods of tight monetary conditions. Moreover, the property sector challenges in China and the potential for disruptive tax hikes and spending cuts elsewhere could further compound growth obstacles.

The World Bank has forecasted a deceleration in global gross domestic product (“GDP”) growth for the third consecutive year, anticipating a rate of 2.4% in 2024. This projection reflects the impact of tighter liquidity and uncertain economic prospects in numerous major economies, exerting downward pressure on overall growth trajectories.

(Source : <https://www.worldbank.org/en/news/press-release/2024/01/09/global-economic-prospects-january-2024-press-release>)

Fortunately, the prospects for ASEAN and Malaysia are promising, as the GDP of ASEAN-5 nations is projected to grow by 4.7% in 2024, a notable increase from the 4.2% recorded in 2023.

(Source : *World Economic Outlook Update, International Monetary Fund (January 2024)*)

In Malaysia, 2024 is poised to be a year of action, with the implementation of several initiatives outlined in the New Industrial Master Plan (NIMP) 2030. The Ministry of Finance projects Malaysian GDP growth to range between 4% and 5% in 2024. This growth will be driven by strong domestic demand, effectively mitigating the challenges stemming from moderate global growth.

(Source : <https://budget.theedgemarkets.com/budget/2024/index.html>)

Despite the unpredictability of market volatility, we approach the current situation with cautious optimism. Our primary focus is on identifying avenues for income growth while keeping operational costs in check. We prioritize maintaining strong capital and liquidity reserves to bolster our resilience against market uncertainties and business obstacles. Our unwavering commitment remains focused on delivering sustainable growth and creating long-term value for our shareholders.

The Group remains dedicated to brand building and delivering exceptional products and service quality to sustain competitiveness. Our goal is to enhance and broaden our existing product portfolio and customer base while actively pursuing new business opportunities.

SUSTAINABILITY REPORT

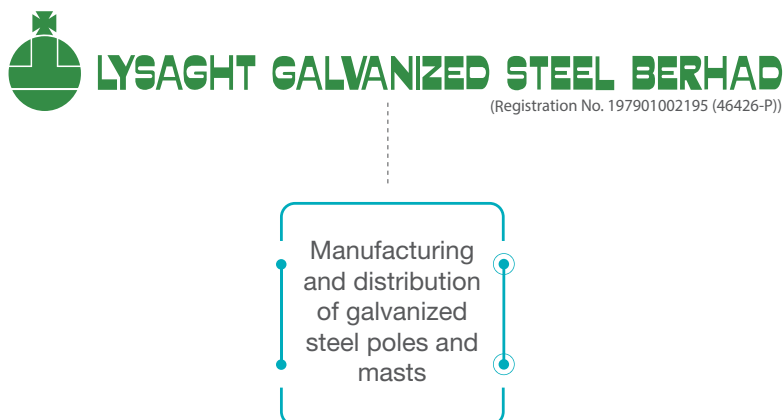
ABOUT THIS REPORT

Lysaght Galvanized Steel Berhad (“**Lysaght**”, “**Company**”) and its subsidiaries (“**Group**”) is delighted to present its sustainability report for the financial year ended 31 December (“**FYE**”) 2023.

This Report covers the sustainability strategies, principles, initiatives and performance of Lysaght for the FYE 2023 and focuses on the issues that we have determined to be of greatest importance via our materiality assessment. Through this Report, we provide updates on Lysaght’s sustainability initiatives across our key business units and operations and includes our progress against the commitments we have made, all aimed at operating sustainably and creating sustainable value for our stakeholders.

Our disclosures and practices will evolve over time. Sustainability is an ongoing journey, and our sustainability strategies continue to be our main focus as we strive for a sustainable future for both people and the planet.

OUR CORE BUSINESSES



SCOPE AND BASIS OF SCOPE

This Report covers the Group’s sustainability performance and progress of our business operations in Malaysia and Singapore.

REPORTING FRAMEWORKS AND STANDARDS

This Report has been developed according to Bursa Malaysia’s Listing Requirements, with reference to :

- Bursa Malaysia Securities Berhad (“Bursa Malaysia”)’s Sustainability Reporting Guide (3rd Edition)
- Listing Requirements of Bursa Malaysia [Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)]

INDEPENDENT ASSURANCE

Independent assurance allows us to ensure the accuracy, objectivity and transparency of the information detailed in this Report. As such, a limited independent assurance on Subject Matter Information was conducted by KPMG PLT on selected sustainability indicators disclosed under Human Rights, Employee Management, Diversity, Equity and Inclusion as well as Water Management. For more details on the scope of work and observations, please refer to the independent limited assurance statement at the end of this Report.

SUSTAINABILITY REPORT

cont'd

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY FRAMEWORK

Lysaght has enhanced its sustainability framework to harmonise with our business strategy, guided by the Group's vision and mission. Our framework aims to address stakeholder needs, minimise environmental footprint, and foster positive contributions to the communities in which we operate.

Our sustainability framework emphasises three key focus areas: Economic Sustainability, Social Sustainability, and Environmental Sustainability. We endeavour to achieve specific objectives within each focus area by addressing concerns related to our material matters.



SUSTAINABILITY POLICY

As our organisation expands, our unwavering dedication and enthusiasm towards sustainability have become more pronounced. We have formulated a distinct company philosophy centered on sustainability, which serves as a guiding principle for all decisions concerning the economic and operational aspects of Lysaght.

SUSTAINABILITY REPORT

cont'd



Sustainability has consistently been a cornerstone of the Group's culture as we endeavour to attain ongoing growth and profitability within a safe, caring, and sustainable environment. Our mission, as a responsible corporate citizen, is to uphold high standards of governance throughout our business to foster responsible business practices, mitigate environmental impacts, and address the social needs of the communities in which we operate.



SUSTAINABILITY GOVERNANCE

The Group holds the belief that integrity and ethics are fundamental to good governance. They serve as the cornerstone for integrating sustainability goals into our decision-making processes, fostering transparency, managing risks effectively, and driving long-term success.

The Board is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees. The structure adopts a top-down approach with strong leadership oversight.

The Group developed a three-tiered structure comprising the Board, the Sustainability Management Committee ("**SMC**") and the Sustainability Working Group ("**SWG**"). The direct oversight provided by the Board allows for the monitoring of the Group's sustainability strategy and its progress as well as potential risks and opportunities. The SMC is chaired by Chief Executive Officer ("**CEO**") and the SMC Chairman reports the progress on our sustainability initiatives to the Board quarterly and is supported by the SWG from various departments to drive the Group's sustainability initiatives.

The engagement of SWG members from different departments signifies our collective effort to embed sustainability into our routine business activities. Our sustainability governance framework is designed to establish accountability for sustainability across all levels of 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

STAKEHOLDER ENGAGEMENT

Our stakeholders are integral to Lysaght's ongoing growth and development. Therefore, it's vital that we actively seek to understand their relevant issues and concerns. Our objective is to foster strong, enduring relationships with all stakeholders, meeting their needs and expectations while minimizing the impact of our operations for a sustainable future.

Through stakeholder meetings, workshops, and other engagements, we actively cultivate trust and mutual respect in our relationships. This approach allows us to stay informed about relevant societal issues, ensuring that our business strategy aligns with stakeholder concerns and expectations.

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

SUSTAINABILITY REPORT

cont'd

| STAKEHOLDERS | ENGAGEMENT PLATFORMS | AREA OF INTEREST OR CONCERNS | OUR RESPONSE |
|---|---|--|--|
| Shareholders, Financiers & Investors | <ul style="list-style-type: none"> Financial reports and announcements General meetings Annual report Press releases Meetings | <ul style="list-style-type: none"> Business strategies and future plan Return on investments Financial and operational performance Good management and corporate governance Sustainability initiatives | <ul style="list-style-type: none"> Timely updates on the Group's strategy and financial performance via announcements Uphold good governance practices across the Group Monitor sustainability performance and targets via Bursa Malaysia ESG Reporting Platform |
| Government Agencies & Regulators | <ul style="list-style-type: none"> Compliances to laws and regulations Participation in government and regulatory events | <ul style="list-style-type: none"> Regulatory compliance Corporate governance practices | <ul style="list-style-type: none"> Regular review and monitoring to ensure full compliance with regulatory requirements Adoption of practices outlined in the Malaysian Code on Corporate Governance at the best effort |
| Employees | <ul style="list-style-type: none"> Internal communications (i.e. emails) Workshops and trainings Employee engagement events Employee appraisals | <ul style="list-style-type: none"> Business growth and strategic direction Inclusive workplace Remuneration and benefits Career development and upskilling opportunities Occupational safety & health | <ul style="list-style-type: none"> Promote transparent communication with employees Provide equal employment opportunities without discrimination Offer industry-competitive benefits and remuneration packages Provide relevant upskilling and development opportunities Ensure compliance with Occupational Safety and Health Act |
| Customers | <ul style="list-style-type: none"> Customer support channels (i.e. website, email) Public engagement events (i.e. conference, exhibition, marketing activities) | <ul style="list-style-type: none"> Customer satisfactions (i.e. affordable products and services, high-quality products and services) Customer experience (i.e. speed of customer service response) Innovative product Consumer data privacy | <ul style="list-style-type: none"> Offer affordable products and services Adhere to quality standards Adhere to the Personal Data Protection Act 2010 |
| Suppliers | <ul style="list-style-type: none"> Regular meetings Quality audit on products Contract negotiation Supplier assessment/ performance appraisals | <ul style="list-style-type: none"> Transparency in procurement processes Business growth and timely payment | <ul style="list-style-type: none"> Emphasis on provision of transparent procurement processes Timely payment based on credit term |
| Communities | <ul style="list-style-type: none"> Community impacts programmes | <ul style="list-style-type: none"> Community welfare and continued likelihood | <ul style="list-style-type: none"> Investment in welfare to improve community well being |

SUSTAINABILITY REPORT

cont'd

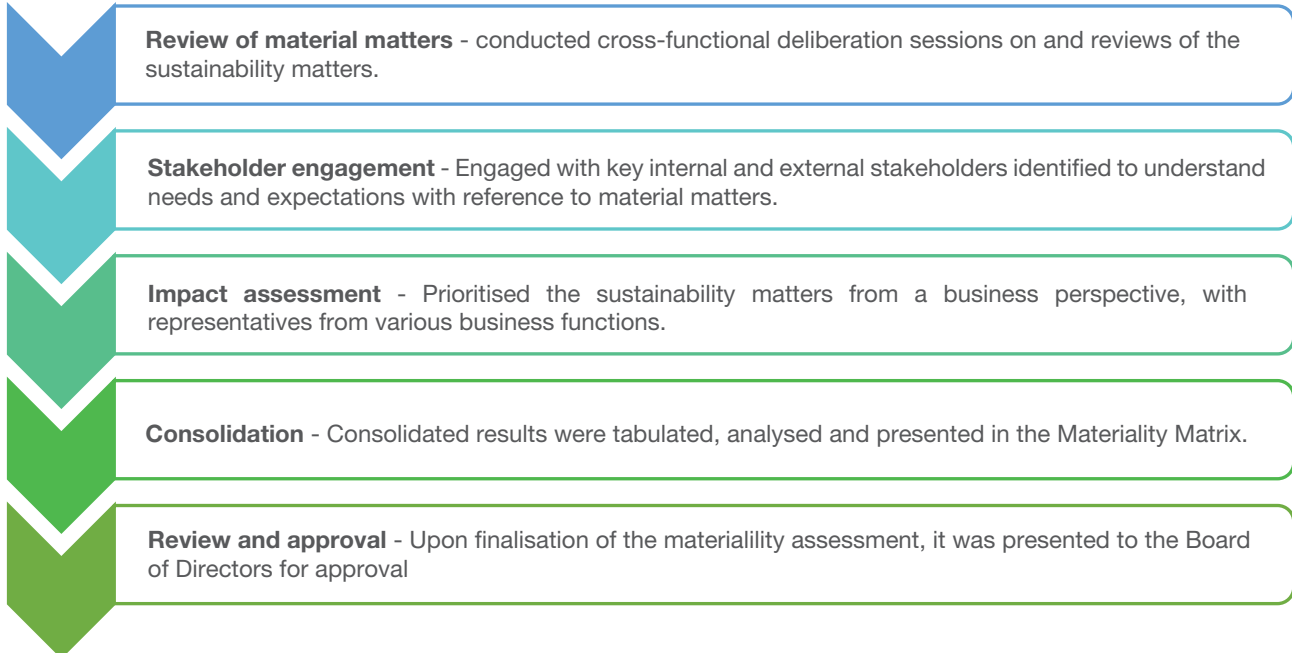
| STAKEHOLDERS | ENGAGEMENT PLATFORMS | AREA OF INTEREST OR CONCERNS | OUR RESPONSE |
|-----------------|--|---|---|
| Analyst / Media | <ul style="list-style-type: none"> • Media releases or media briefings • Financial reports and announcements • General meetings | <ul style="list-style-type: none"> • Transparency in communicating information and updates on business performance and initiatives | <ul style="list-style-type: none"> • Provide transparent communication through announcements |

MATERIAL MATTERS

As an organisation, we recognise that our material issues can directly and indirectly affect our ability to generate long-term value for our stakeholders. These material matters significantly influence our business strategy and guide our decisions regarding the allocation of resources to address sustainability issues that are deemed important to our stakeholders and our business.

We periodically update the assessment to ensure it remains current, accurate, reflective, and relevant to our businesses. This helps us to align our strategy and day-to-day operation with business needs, and create long-term sustainable value to stakeholders.

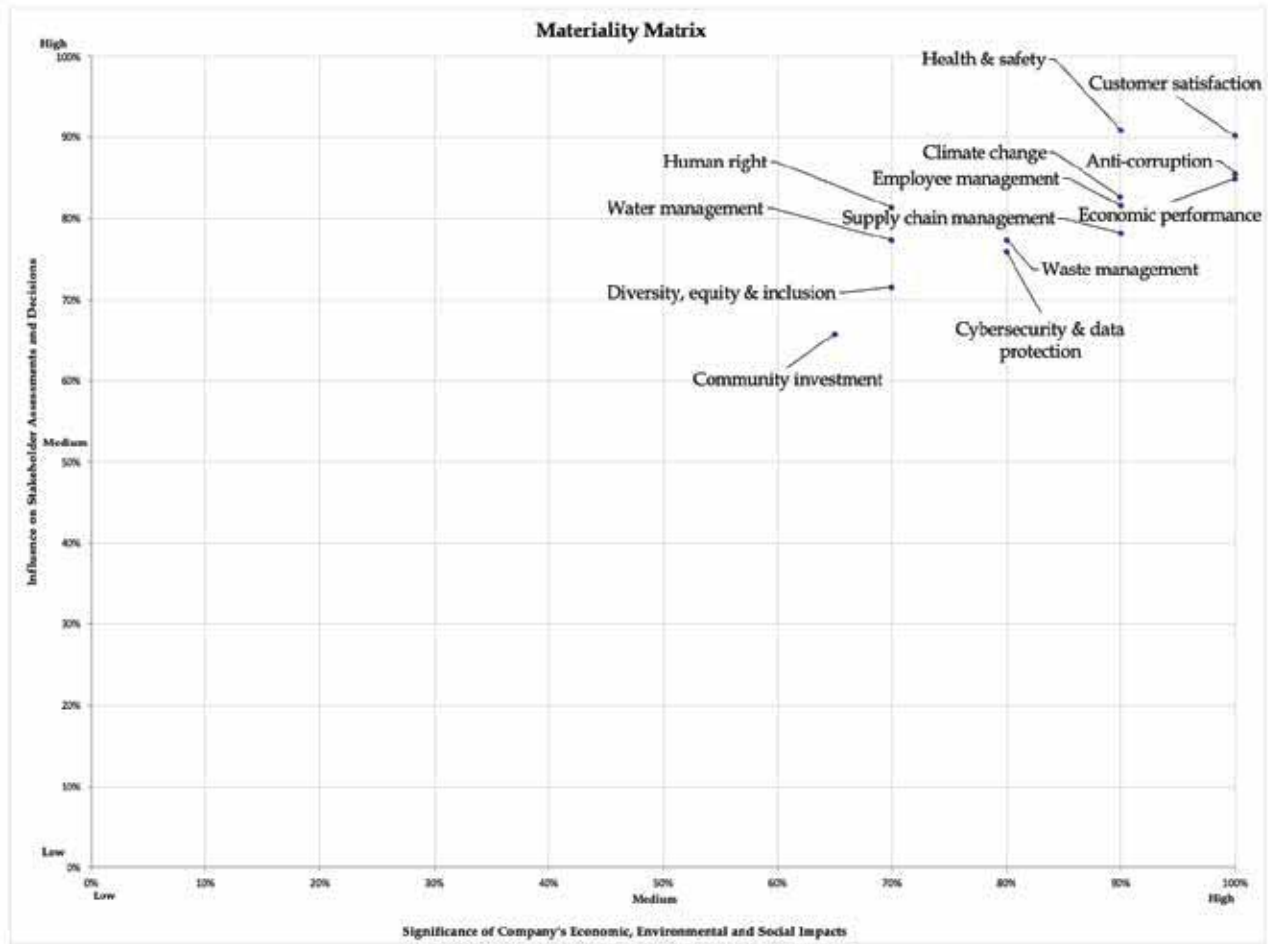
This year, we conducted an internal assessment, a limited-scale materiality review to prioritise and rank material matters relevant to our businesses and stakeholders.



SUSTAINABILITY REPORT

cont'd

MATERIAL MATRIX



RISK MANAGEMENT

Lysaght’s unwavering dedication to risk management is a foundational element in ensuring our long-term viability and building stakeholder confidence, while concurrently fostering a lasting positive impact.

We have implemented a robust system encompassing risk management and internal control, extending beyond financial controls to include operational and compliance controls. This comprehensive approach to risk management and internal control is an ongoing and coordinated process aimed at minimising the likelihood of fraud and error, while also managing, rather than eliminating, the risk of failing to achieve our business objectives.

SUSTAINABILITY REPORT

cont'd

| Material Matters | Risks | Opportunities |
|--|---|---|
| Economic Performance | Poor financial performance jeopardizes business continuity and loss of investment opportunity | Sustainable financial performance attracts investors and generate long-term value for all stakeholders |
| Customer Satisfaction | Failing to meet customers' expectations undermines customer confidence and loyalty, ultimately resulting in lower revenue | Satisfied customers foster loyalty and promote repeat orders |
| Anti-Corruption | Corruption may tarnish the reputation, result in financial losses and reduced competitiveness | Strong governance to combat corruption enhances credibility and gains competitive edge |
| Cybersecurity & Data Protection | Cyberattacks can lead to unauthorised access, theft, or exposure of sensitive data, resulting in financial losses, loss of trade secrets and proprietary information, legal liabilities, and reputational damage | Robust cybersecurity measures build trust and confidence among customers, investors, and partners, enhancing the organisation's reputation and brand value |
| Supply Chain Management | Dependence on a limited number of suppliers or single sourcing increases the risk of supply disruptions, quality issues, and price volatility, leaving the organisation vulnerable to changes in supplier behaviour or market conditions | Building collaborative relationships with suppliers based on trust, transparency, and mutual benefit fosters innovation, knowledge sharing, and joint problem-solving, leading to improved product quality, cost savings, and competitive advantage |
| Human Right | Violations of human rights, such as labour exploitation, discrimination, or unsafe working conditions, can tarnish the organisation's reputation, leading to loss of trust among stakeholders, negative public perception and legal liabilities | Demonstrating a commitment to human rights principles and ethical practices enhances the organisation's reputation, builds trust with stakeholders, and attracts socially-conscious consumers, investors, and partners. |
| Health & Safety | Failure to address health and safety hazards can lead to workplace accidents, injuries, and fatalities, resulting in human suffering, legal liabilities, and financial losses | Prioritizing health and safety fosters a culture of care, trust, and mutual respect, enhancing employee morale, motivation, and engagement |
| Employee Management | Difficulty in attracting and retaining skilled employees can hinder business growth and innovation, leading to competitive disadvantages. | Engaged employees are more productive, committed, and loyal, leading to higher levels of job satisfaction, retention, and organisational success |
| Diversity, Equity & Inclusion | Exclusionary practices or cultures can lead to feelings of alienation and disengagement among employees from underrepresented groups, hindering collaboration, innovation, and productivity | Embracing diversity and equity fosters a culture of inclusion where employees feel empowered to contribute diverse perspectives and ideas, driving innovation and creativity |
| Community Investment | Failure to address social issues, economic disparities, and community grievances may fuel social unrest, civil unrest, protests, and community opposition, posing operational disruptions, reputational damage, and regulatory scrutiny | Strategic community investment initiatives, philanthropic donations, and social programs enable organisations to address social challenges, support underserved communities, and create positive social impact, contributing to poverty alleviation, education, healthcare, and sustainable development goals |

SUSTAINABILITY REPORT

cont'd

| Material Matters | Risks | Opportunities |
|-------------------------|--|--|
| Climate Change | <p>Increasing government regulations aimed at reducing greenhouse gas emissions and mitigating climate change may require corporations to invest in costly emission reduction measures or face fines and penalties for non-compliance</p> <p>Climate change-related disruptions, such as extreme weather events or resource shortages, can disrupt supply chains, increase production costs, and lead to delays in product delivery, affecting business operations and profitability</p> | <p>Corporations that demonstrate environmental stewardship and sustainability leadership can differentiate themselves in the market, enhance brand reputation, and attract environmentally-conscious consumers and investors</p> |
| Water Management | <p>Limited availability of water resources due to droughts, climate change, and overexploitation poses operational risks, supply chain disruptions, and increased competition for water resources, particularly in water-stressed regions</p> | <p>Implementing water conservation measures, water-saving technologies, and sustainable water management practices, enhances water efficiency, reduces water consumption, and minimises water-related costs and risks</p> |
| Waste Management | <p>Non-compliance with waste management regulations, environmental laws, and health and safety standards may result in fines, penalties, legal liabilities, and reputational damage for the organisation</p> | <p>Implementing waste reduction, recycling, and proper waste disposal initiatives enables the organisation to recover valuable materials, conserve natural resources, reduce raw material costs, and minimise environmental impact, while promoting circular economy principles.</p> |

MANAGEMENT APPROACH FOR MATERIAL MATTERS

RESPONSES TO SUSTAINABLE DEVELOPMENT GOALS (“SDG(s)”)

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

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



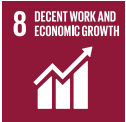
SUSTAINABILITY REPORT

cont'd

ECONOMICAL SUSTAINABILITY

ECONOMIC PERFORMANCE

Related UNSDGs:



At Lysaght, our business success hinges on creating long-term value for our stakeholders. By achieving financial growth, we can facilitate job creation and entrepreneurial opportunities, increase our contributions to governmental taxes and strengthen local supply chains.

We achieve this by maintaining leadership in our core markets, harnessing innovative technologies, utilising our employees' expertise to meet evolving consumer demands, and exploring opportunities to enter new markets.

In FYE 2023, Lysaght reported a total revenue of RM84.3 million and consistently generates values for our stakeholders, as illustrated in the table below.

| | 2023 RM'mil |
|--|----------------|
| Economic value generated (i.e. revenue and other income) | 88.9 |
| Economic value distributed: | |
| • Operating costs | 54.4 |
| • Employee wages and benefits | 20.5 |
| • Payment to providers of capital (i.e. dividend and financing cost) | 2.5 |
| • Payment to government (i.e. tax) | 0.7 |
| • Community investment | 0.1 |
| • Economic value retained | 10.7 |

Note: The financial results presented in the table are derived from the audited financial statement and our Management Discussion and Analysis, which are available for reference in our Annual Report.

CUSTOMER SATISFACTION

Related UNSDGs:



The Group acknowledges that customer satisfaction and loyalty play crucial roles in achieving long-term success. To this end, we are committed to enhancing customer satisfaction by actively considering their feedback and ensuring that high-quality standards are consistently met across all our products and services.

We recognise that customers are our most important partners in innovation. To stay ahead of the competition, we value customer feedback as a valuable resource for ideas and to drive future improvement. We are committed to enhancing our customers' experience by engaging with them through multi-faceted channels, including in-person meeting, email or our website.

SUSTAINABILITY REPORT

cont'd

We have adopted an impartial feedback mechanism to address customer complaints and manage our relationship with them. The annual Customer Satisfaction Survey Form and periodic interaction with key customers not only ensure the Company's service records are clean but also enables product and service excellence.

Our overall score has increased from average of 84% in 2022 to average of 90% in 2023, showcasing the Group's dedication to enhancing our service delivery to customers. This improvement reflects our ongoing efforts to address customer needs and exceed their expectations across various aspects of our operations. We remain steadfast in our goal to attain a customer satisfaction score of 96%, signifying our relentless pursuit of excellence in customer service and satisfaction.

| | 2022 | 2023 | Target |
|-----------------------------|------|------|--------|
| Customer Satisfaction Score | 84% | 90% | 96% |

Product & service quality & safety

Product and service quality as well as safety are fundamental principles deeply rooted in Lysaght's culture. Our history of success stems from delivering goods and services that instil confidence in our customers and this has gained us as one of the market leaders in this industry. To achieve this, it demands a holistic approach to quality and safety throughout our entire value chain.

The Group has established a Quality Steering Council tasked with overseeing the implementation and upkeep of the Quality System in alignment with our Quality Policy. The policy serves as a foundation for establishing measurable quality objectives.

We strictly adhere to all health and safety regulations relevant to Lysaght's industry. Our production processes are certified with international standards such as ISO 9001:2015 for Quality Management System. Throughout all stages of production, we implement rigorous quality control procedures.

Moreover, our core products, specifically the Street Light Column and High Mast Lighting Column, have obtained certification from SIRIM QAS International Sdn. Bhd. and comply with international standards such as BS EN 40-5:2002 (a British and European standard for steel street lighting columns) and AASHTO 2001 (standards for highway design and construction established by the American Association of State Highway and Transportation Officials) respectively. These certifications offer global acknowledgment and acceptance of our products.

Innovation

Innovation plays a crucial role in ensuring the long-term success of Lysaght's business. It serves as a proactive strategy to tackle the increasing concerns related to societal and environmental issues. Additionally, innovation provides an opportunity to introduce new and unique product or service offerings that align with the evolving needs of our customers.

Our R&D efforts are focused on driving continuous improvements in product formulations, aligning them with customer preferences and regulatory standards. This includes exploring the use of alternative materials and innovative designs that promote longer lifespan and enhance the functional advantages of our products.

ANTI-CORRUPTION

Related UNSDGs:



Lysaght maintains high standards of business ethics and compliance throughout the Group, reflecting our core values. This commitment is essential for safeguarding the interests of both the business and stakeholders, while also building trust and reinforcing confidence among our stakeholders.

SUSTAINABILITY REPORT

cont'd

The Board and senior management remain dedicated to conducting business with integrity, guided by our Code of Business Ethics. The Code of Business Ethics articulates Lysaght's fundamental principles and guidelines for all employees, including Directors, to address ethical issues and fulfil their responsibilities.

Our zero-tolerance stance against corruption is outlined in our Anti-Bribery & Corruption ("ABC") Policy, which undergoes regular review to align with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's Code of Business Ethics, ABC Policy, and other accompanying policies and procedures. Our suppliers are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the ABC Policy.

Lysaght has set up a dedicated whistleblowing channel in accordance with the Whistleblower Policy. This channel enables both employees and external stakeholders to confidentially report improprieties via email or mail. The Group has made our Code of Business Ethics, ABC Policy, and Whistleblower Policy accessible on our corporate website to ensure accessibility for all stakeholders.

Corruption risk assessment

During the reporting period, a review of the corruption risk assessment was undertaken for the Group's operations to evaluate the Group's exposure to corruption, bribery and fraud risks.

| | 2023 |
|---|------|
| Percentage of operations that underwent corruption risk assessments | 100% |

Corruption-related training

All employees at management, executive and non-executive level have completed the corruption-related training. This commitment underscores our firm belief in fostering a culture of compliance, accountability, and transparency throughout all levels of our organisation.

| Employee Category | Completion Rate (%) | |
|-------------------------------|---------------------|--------|
| | 2023 | Target |
| Management | 100% | 100% |
| Executive | 100% | 100% |
| Non-executive/Technical staff | 100% | 100% |

Corruption incidents

As of 31 December 2023, we recorded zero incidents of corruption across Lysaght's business operations.

| | 2023 | Target |
|---|------|--------|
| Number of complaints of bribery or corruptions reported | Nil | Nil |

SUSTAINABILITY REPORT

cont'd

CYBERSECURITY & DATA PROTECTION

Related UNSDGs:



In today's digital landscape, cybersecurity holds paramount importance for companies. With the escalating reliance on technology, interconnected systems, and the increasing sophistication of cyber threats, organisations encounter substantial risks to their systems, data, and operations. At Lysaght, we recognize this reality and have implemented robust mitigation measures. We ensure that all systems and procedures across the Group comply with the Personal Data Protection Act 2010 and other applicable national data protection and privacy regulations in the countries where we operate. We continuously invest in exceptional data protection systems supported by a robust firewall and information technology systems ("IT").

We firmly believe that cybersecurity is a collective responsibility. Employee awareness and training are integral components of our cybersecurity risk management strategy, serving as the primary line of defence against significant security risks.

Our IT team conducts annual IT Security Awareness training to our office staff to remain informed about evolving cybersecurity threats. This training covers various topics such as cyberattacks, malware, impostor scams, phishing attacks, and best practices to protect both themselves and the company from cybersecurity threats.

At Lysaght, we are committed to the highest standards of data security and privacy. We prioritise safeguarding the personal data and privacy of our valued customers, employees, and stakeholders. Our data management practices strictly comply with Malaysia's Personal Data Protection Act 2010.

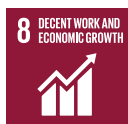
We regularly review our data privacy and security controls and processes to ensure their effectiveness. We take reasonable measures to ensure that data collection is lawful and transparent, disclosing how data is gathered, used, and secured. Consent from our customers is obtained when handling their data.

In FYE 2023, there were no reported complaints regarding breaches of customer privacy or losses of customer data.

| | 2023 | Target |
|---|------|--------|
| Number of substantiated complaints concerning breaches in customer privacy or data loss | Nil | Nil |

SUPPLY CHAIN MANAGEMENT

Related UNSDGs:



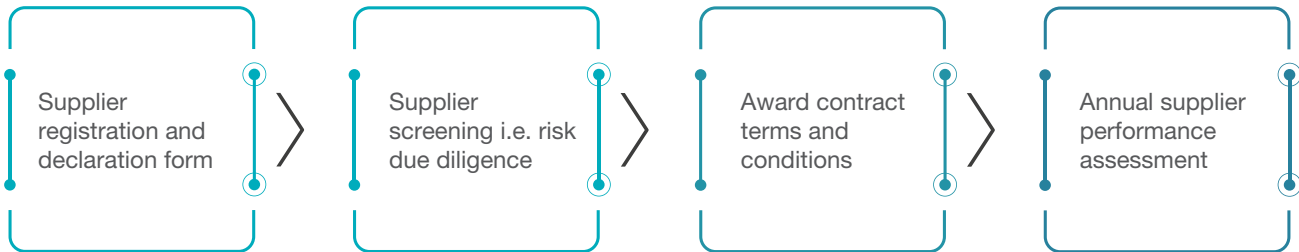
Lysaght prioritises trust and integrity in all supplier relationships. As a responsible company in Malaysia, we recognise our obligation to support our extensive supply chain, which includes small and medium-sized enterprises, especially in our recovering local economy.

Our commitment to ethical business practices extends throughout our supply chain, where suppliers are expected to actively uphold our values and principles in their operations.

SUSTAINABILITY REPORT

cont'd

We are dedicated to ensuring fairness and transparency in our procurement practices to select the most credible suppliers and collaborate with those who prioritise social and environmental considerations. To facilitate this, our suppliers are efficiently engage in the following procurement processes:



Recognising our operational requirements, we prioritise sourcing products and services from local suppliers whenever feasible. We believe that this approach not only minimises the transportation of goods and reduces emissions, contributing to environmental preservation, but also provides local suppliers with opportunities for employment and business growth, thereby strengthening the local economy.

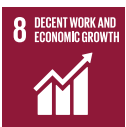
In 2023, we have utilised 74% of procurement budgets to locate, evaluate and engage local suppliers and vendors with a strong service record, free from reputational issues and capable of turning around high-quality work at agreed schedules of delivery.

| | 2023 |
|---|------|
| Proportion of spending on local suppliers | 74% |

SOCIAL SUSTAINABILITY

HUMAN RIGHT

Related UNSDGs:



At Lysaght, we are dedicated to upholding the rights of every employee, recognising the inherent value of their talents and ensuring they are treated with dignity, respect, and fairness. Our Board and Management team are instrumental in establishing ethical guidelines throughout the organisation, demonstrating our unwavering dedication to human rights and the welfare of every individual.

We are devoted to giving top priority to health and safety in the workplace, upholding the right to decent work, supporting freedom of association, promoting equal opportunities, and ensuring protection against discrimination.

In FYE 2023, we completed reviewing all our policies to align with the Employment (Amendment) Act 2022. We do not abide by any form of child labour or forced labour, and we fully comply with the anti-child labour law. Additionally, we maintain strict compliance with the working hour laws set by the Employment (Amendment) Act 2022.

Lysaght employees and external stakeholders are expected to read, understand and fully comply with the Code of Business Ethics to ensure they conduct themselves with the highest standards of professionalism and work ethics.

SUSTAINABILITY REPORT

cont'd

Equal compensation & benefits

We conscientiously evaluate employee compensation and benefits to ensure their welfare and needs are adequately met. Our employment practices strictly adhere to all local labour legislation.

List of employee benefits in Lysaght :

| | |
|------------------|---|
| Leaves | Annual leave, sick leave, hospitalisation leave, marriage leave, maternity leave, paternity leave, compassionate leave, replacement leave and no-pay leave. |
| Insurance | Hospitalisation and surgical insurance, personal accident insurance. |
| Wellness | Outpatient, optical screening, health screening. |

Access to grievance mechanisms

We have established a mechanism to receive, document, and resolve complaints or grievances, which is accessible to all, whether within or outside our organisation, who have concerns about potential acts of wrong doing. This platform provides individuals with an avenue to voice their concerns openly. Our employees are informed about our grievance handling process and Whistleblower Policy.

We ensure swift and effective resolution of policy violations or inappropriate behaviour. Our focus is on granting access to remediation and redress processes for victims of human rights violations. We aim for zero incidents of socioeconomic non-compliance.

| | 2023 | Target |
|---|------|--------|
| Number of substantiated complaints concerning human rights violations | Nil | Nil |

HEALTH & SAFETY

Related UNSDGs:



In our pursuit of sustainable organisations, we prioritise employee health and safety. We aim to eliminate unsafe practices and promote a proactive “safety first” culture among our workforce. At Lysaght, we seamlessly integrate workplace health and safety into our daily work routines, making it an integral part of every aspect of our operations. We enforce rigorous procedures to safeguard the physical well-being of our on-site employees and actively promote practices that contribute to the mental health enhancement of our workforce. We aim to achieve zero fatalities and reduce Lost Time Incident Rate (“LTIR”).

SUSTAINABILITY REPORT

cont'd

Safety-first culture

Lysaght strictly adheres to the laws and regulations in relation to occupational safety and health such as Occupational Safety and Health Act, 1994 and Malaysia Employment Act 1955. The guidelines and legal requirements of these policies have been extended in our internal Occupational Safety and Health Policy as a signal to our employees about our commitment to creating a safety culture for all.

We focus on improving occupational safety and health performance through establishing objectives, targets, and ongoing monitoring of key performance indicators. We ensure that every worker receives proper training and appropriate safety gear when needed.

Safety & health upskilling

To enhance the skills and safety awareness of our people, we have implemented various initiatives. These include regular safety moments, safety inductions for all employees and contractors, and specialised training sessions covering emergency preparedness, chemical safety, forklift safety and on-the-job training opportunities.

In FYE 2023, a total of 47 participants received training on health and safety standards.

| | 2023 |
|--|------|
| Number of employees and contractors trained on health and safety standards | 47 |

In addition to training sessions, we maintain employee education on health and safety topics through weekly toolbox meetings. These communications highlight risky behaviours and safety hazards, ensuring continuous awareness among our workforce. Employees are actively encouraged to report potential health and safety hazards by sharing their concerns with their safety representative or supervisor.

Safety & health reporting

Our highest priority is ensuring the health, safety, and well-being of our employees, a commitment we uphold through diligent oversight and ongoing improvement efforts. The presence of an incident reporting mechanism enables us to record occurrences, leading to the development of mitigation plans and preventive measures aimed at reducing workplace incidents.

| | 2023 |
|------------------------------|---------|
| Total hours worked | 751,920 |
| Number of fatalities | Nil |
| Number of lost time injuries | 5 |
| LTIR | 1 |

DIVERSITY, EQUITY & INCLUSION

Related UNSDGs:



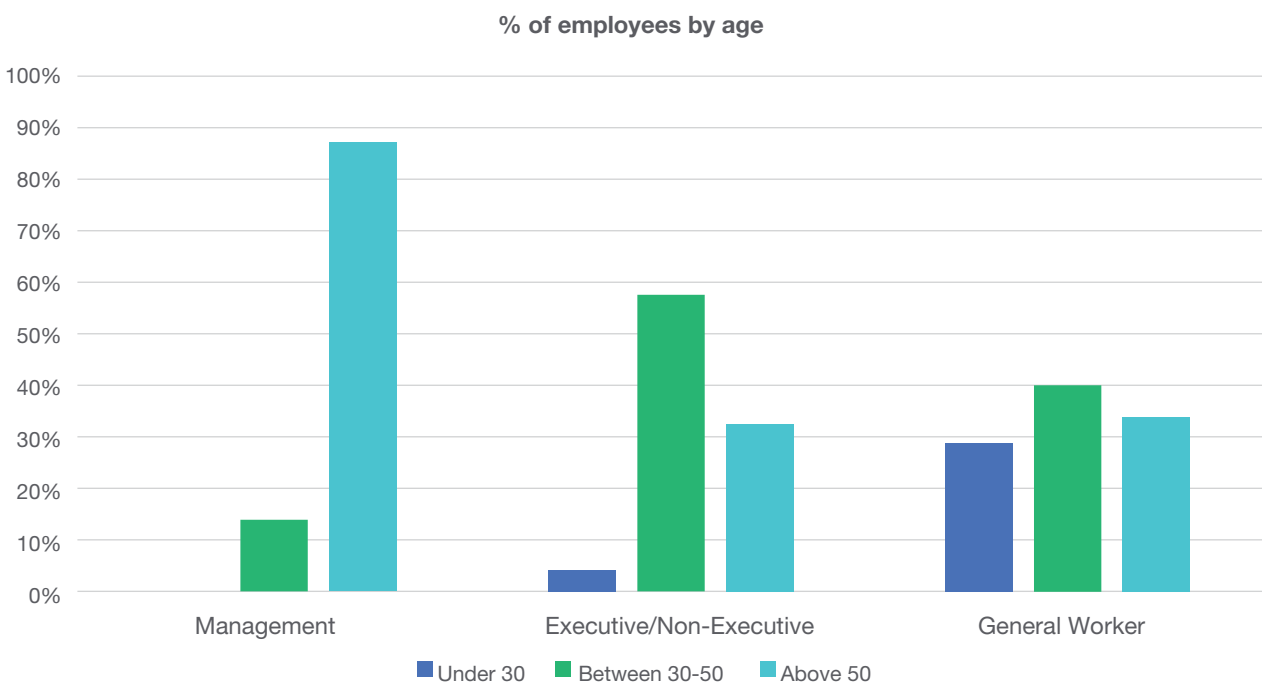
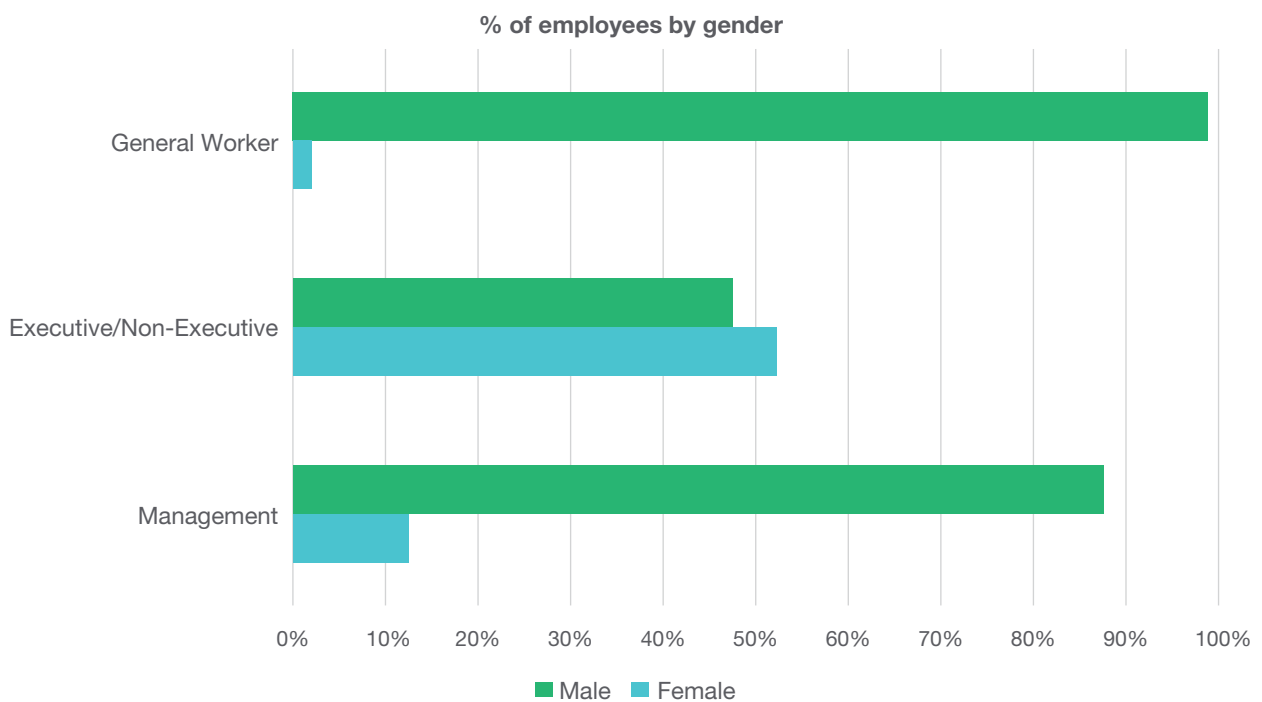
It is a strategic imperative to embrace the multifaceted dimensions of diversity, encompassing differences in race, gender, ethnicity, age, religion, cultural belief, disabilities, and sexual orientation. By appreciating and leveraging the distinctive talents of each employee, we not only enhance our workplace culture but also unlock a multitude of benefits that have a positive impact on our operations.

SUSTAINABILITY REPORT

cont'd

We endeavour to establish a workplace that is devoid of discrimination, marginalisation, and harassment by ensuring a level playing field for all. At Lysaght, employees receive competitive wages that are free from any form of gender discrimination. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit.

We find strength from the diversity and inclusivity that characterise our workplace. As at 31 December 2023, the total number of employees stood at 335 employees, with 12% being female and the remaining 88% being male. It's important to note that the predominance of male employees is largely attributed to the nature of our industry, where general labour roles are traditionally filled by males. However, when excluding the general workers category, females make up 48% of our total workforces, reflecting our commitment to gender diversity across various roles within the organisation.

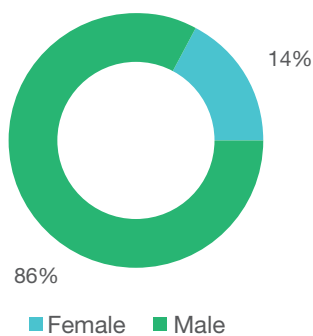


SUSTAINABILITY REPORT

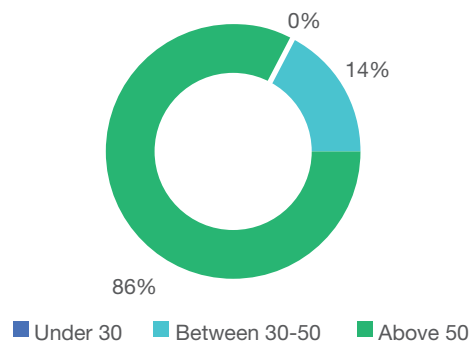
cont'd

The Board of the holding company currently comprises one woman among its seven members. The Board has expressed the view that, given the current status of the Group’s business and lifecycle, prioritizing the right mix of skills on the Board is more crucial than strictly adhering to the proposed 30% threshold outlined in Practice 5.9 of the MCCG guidelines. However, there is a continued commitment to achieving gender balance in senior management, the boardroom, and the workplace. Consequently, the Board is actively seeking potential women Directors and intends to appoint additional women Directors as suitable candidates are identified. Efforts will also be made to explore ways to enhance gender balance in today’s workplace.

Board Diversity (Gender)

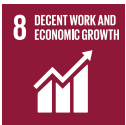


Board Diversity (Age)



EMPLOYEE MANAGEMENT

Related UNSDGs:



At Lysaght, our most precious assets are our employees, and our commitment to them is unwavering. We understand that a thriving organisation is founded on a workforce that feels valued, empowered, and respected. In a secure and healthy workplace environment, we endeavour to provide all employees with equitable access to resources, benefits, and opportunities for skill development and career advancement. This approach not only fosters personal growth but also drives sustainable business expansion.



Talent acquisition & onboarding

Our goal is to foster the growth and advancement of our existing workforce, facilitating their progression within Lysaght. We are dedicated to maximizing opportunities for our internal talent pool.

SUSTAINABILITY REPORT

cont'd

In cases where internal promotion may not be viable, our Human Resource team proactively employs a diverse array of assessment tools, ensuring a fair and rigorous recruitment process. We select candidates based on alignment with specific job requirements and our Company objectives. Our goal is to attract, hire, develop, and retain individuals who will positively contribute to our mission. We ensure all new hire benefit from a comprehensive and consistent onboarding programme to facilitate a smooth transition into the organisation.

Upskilling & reskilling

Empowering our people to excel enables the growth and success of the Company. To achieve this goal, we offer continuous learning opportunities designed to support our employees' personal and professional development.

In FYE 2023, we remain committed to investing in training and development programmes, utilising both physical and online channels. We spent 1,071 hours on training.

| Employee Category | Total hours of training 2023 |
|---|---------------------------------|
| Management | 119 |
| Executive | 434 |
| Non-executive/Technical staff | 518 |
| Total | 1,071 |
| 2023 | |
| Overall average training hours per employee (hours) | 3 |

Performance management & compensation

At Lysaght, we firmly embrace our principles of being result-oriented, accountable, collaborative, and committed to shared success in driving both individual and team performance. These principles underscore our work culture, guiding us to achieve tangible outcomes, take ownership of our actions, foster teamwork, and celebrate collective achievements. At the beginning of each year, we ensure expectations setting conversations are initiated. Key performance indicators ("KPIs"), for both businesses and employees, are also in place to ensure that performance goals are aligned with our business goals. We conduct annual year-end performance review of our employees where we provide valuable feedback on their performance and achievements. This ongoing dialogue enables us to gain insights into our employees' developmental needs and career aspirations.

We recognise and reward exceptional performance through bonuses and promotions when one has delivered high-quality results and the demonstration of outstanding behaviour. Our employees are rewarded and recognised for their contributions with competitive pay and benefits. Lysaght regularly reviews our remuneration packages to ensure alignment within the Group and with our peers, under prevailing local market rates and practices.

Succession planning

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. The succession planning across the Group is implemented by stages where training programme also designed specifically for managerial staff. A detailed job description is established for each job level.

SUSTAINABILITY REPORT

cont'd

Employee retention & attribution

Our attrition rate stood at 10% in FYE 2023. We aim to reduce our attrition rate by improving on our salary and reward scheme, creating a strong talent pipeline, and continuing to strengthen our talent development programmes.

| Employee Category | Total numbers of new hires 2023 |
|---------------------------|------------------------------------|
| Management | Nil |
| Executive / Non-executive | 6 |
| General workers | 25 |
| Total | 31 |

| Employee Category | Total numbers of employee turnover 2023 |
|---------------------------|---|
| Management | Nil |
| Executive / Non-executive | 4 |
| General workers | 29 |
| Total | 33 |

| | 2023 |
|--------------------|------|
| New hire rates (%) | 9% |
| Turnover rates (%) | 10% |

COMMUNITY INVESTMENT

Related UNSDGs:



At Lysaght, we endeavour to be a responsible corporate citizen by actively engaging with and giving back to the communities in which we operate. We strongly believe that nurturing a positive relationship between businesses and communities enhances social inclusion and yields favourable outcomes in the long term.

Lysaght has contributed RM69,887 worth of monetary donations to university and various charitable organisations such as disability homes, youth centre and others. These contributions reflect our dedication to supporting education, community development, and social welfare initiatives. Our contributions to university and charity bodies aim to make a meaningful impact on the lives of individuals and communities in need. These donations help support educational programs, provide essential resources to universities and assist charitable organisations in addressing pressing social issues.

| | 2023 |
|--|--------|
| Total amount invested where the target beneficiaries are external to Lysaght | 69,887 |

SUSTAINABILITY REPORT

cont'd

ENVIRONMENTAL SUSTAINABILITY

CLIMATE CHANGE

Related UNSDGs:

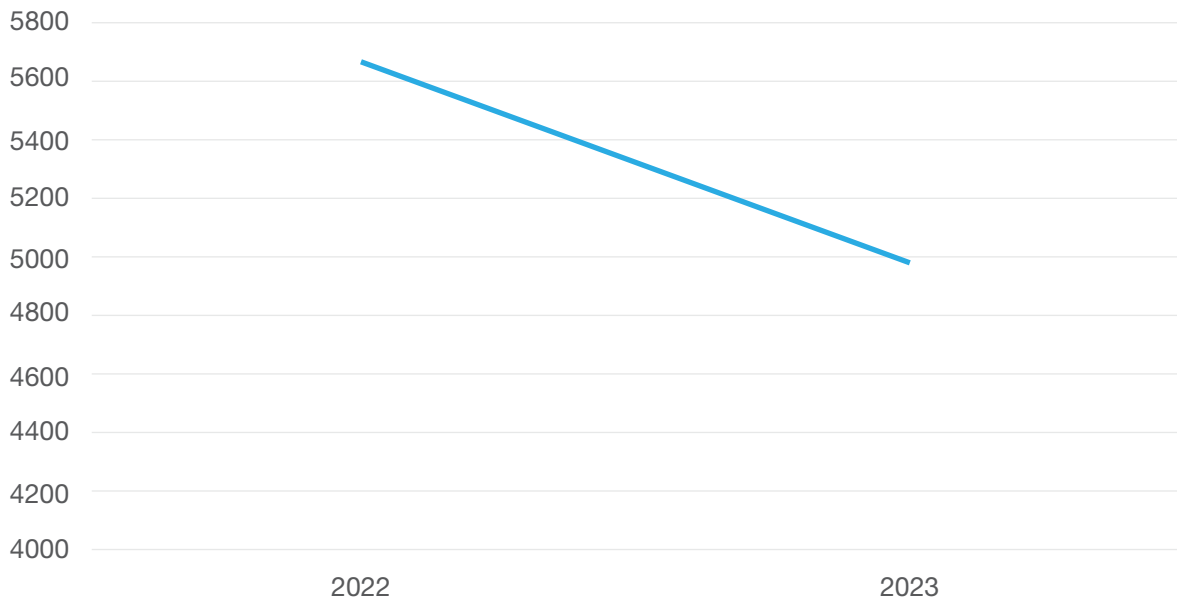


The Group acknowledges the role of our energy consumption and GHG emissions in contributing to climate change impacts. As responsible corporate citizens, we understand our duty to minimise our carbon footprint and seize opportunities that arise during the transition to a low-carbon economy.

We are committed to ongoing efforts aimed at enhancing our energy utilisation and efficiency. Action has also been taken internally to reduce the overall energy consumed by lighting. Where lighting in and around our office facilities and corridors need to be replaced, we have converted them to LED. The process is on-going and on stages. Furthermore, the Group will initiate the provision of reminders to switch off lighting, air-conditioner and computer when not in use.

This year, the total electricity consumption recorded was 4,980 GJ with a 12% reduction from 2022.

Electricity Usage (GJ)



SUSTAINABILITY REPORT

cont'd

WATER MANAGEMENT

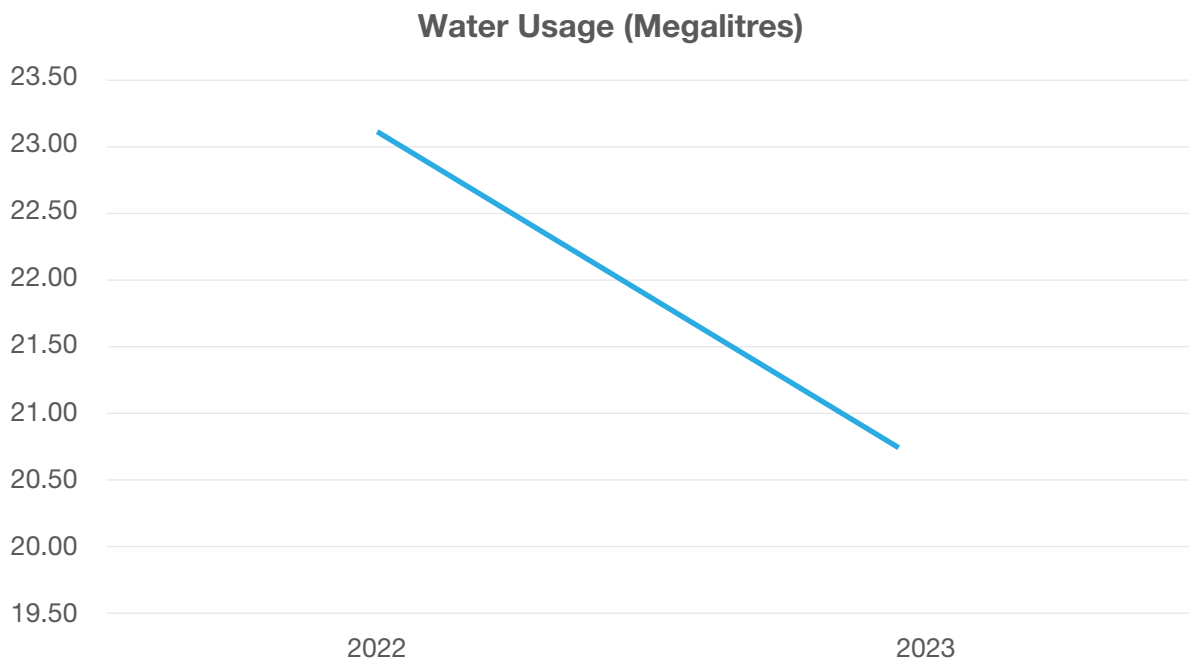
Related UNSDGs:



The escalating issue of water scarcity is a growing concern attributed to various factors, including climate change, inadequate water management practices, and contamination. With water cuts and scarcity becoming more prevalent, the Group is dedicated to addressing the risk of water shortages by implementing efficient water management strategies across all our operations.

Our manufacturing and galvanization process typically do not involve heavy water usage compared to some other industrial processes. However, water is used in certain stages of the galvanization process, such as surface preparation and rinsing. While the amount of water used may vary depending on factors such as the size of the operation and specific process parameters, efforts are often made to optimise water usage and minimise waste through recycling and efficient water management practices. We are committed to implementing water conservation initiatives and raising employees' awareness on proper water management at all our premises. We also reduce water wastage through regular checking and scheduled maintenance of toilets, pantries, etc.

In 2023, the Group consumed 20.7 megalitres of water, representing a reduction of 10% against the 2022 baseline.



SUSTAINABILITY REPORT

cont'd

WASTE MANAGEMENT

Related UNSDGs:



At Lysaght, we emphasise the importance of responsible waste management to mitigate our environmental impact and contribute positively to the communities we serve. Our operations produce different types of waste, ranging from hazardous materials to non-hazardous items like domestic and recyclable waste. Neglecting proper waste disposal can result in severe consequences, including compromised air and water quality, soil pollution, and increased risks of hazardous substance exposure for both our employees and neighbouring communities. Understanding the gravity of these potential repercussions, it is imperative for us to proactively implement measures that ensure the adoption of responsible waste management practices across all our operations.

In our galvanization process, we employ a method that entails applying a protective zinc coating to steel surfaces to prevent corrosion and rusting. While this process is effective in enhancing the durability of the steel, it is essential to acknowledge that, like many metallurgical processes, galvanization does generate effluents. Effluents, in this context, refer to liquid waste or by-products such as zinc ash and dross produced during the galvanization process.

Managing these effluents is a critical aspect of our environmental responsibility, and we are committed to implementing effective measures to mitigate any potential environmental impact associated with the disposal of these by-products. In adhering to the local regulations and guidance stipulated by the Department of Environment (“DOE”), the Group operates an effluent treatment plant approved by DOE to ensure that these effluents are not released without proper treatment. This commitment aligns with our dedication to sustainable and environmentally conscious practices in all facets of our operations.

Our commitment to environmental protection is exemplified by our goal to limit zinc ash and dross generation to no more than 3% and 2% respectively per metric ton (“MT”) throughput. This proactive approach underscores our dedication to minimising our environmental footprint through responsible waste management practices.

| | 2023 |
|------------------------------------|-------|
| | MT |
| Total waste generated | 221.3 |
| Total waste diverted from disposal | 210.0 |
| Total waste directed to disposal | 11.3 |

Our galvanized products play a significant role in promoting sustainable development due to their inherent properties. They provide long-lasting and maintenance-free corrosion protection, making them durable and reliable over extended periods. This longevity reduces the need for frequent replacements or repairs, which not only saves resources but also minimises waste generation.

Most of the waste produced are general waste at our office buildings. We have established initiatives to increase awareness among our employees in efforts to reduce waste such as advocating the use of paperless documents by going digital, reuse items such as paper and segregation of non-recyclable and recyclable waste.

SUSTAINABILITY REPORT

cont'd

MOVING FORWARD

In conclusion, our commitment to sustainability goes beyond mere rhetoric, it is deeply embedded in our corporate DNA and informs every decision we make. We recognise that sustainable business practices are not just a moral imperative but also a strategic advantage in today's dynamic business landscape.

We are committed to establishing a benchmark for sustainable business practices and are dedicated to systematically integrating sustainability initiatives into our day-to-day operations on an annual basis. Through the strategic deployment of sustainability measures, we seek not only to achieve superior business growth but also to honor our pledge to environmental preservation and social responsibility.

PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM

Lysaght as a Listed Issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from the ESG Reporting Platform summarises indicators that are pertinent against our Material Matters.

| Indicator | Measurement Unit | 2023 |
|--|------------------|--------|
| Bursa (Customer Satisfaction) | | |
| Customer Satisfaction Score | Percentage | 90.00 |
| Bursa (Anti-corruption) | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | |
| Management | Percentage | 100.00 |
| Executive | Percentage | 100.00 |
| Non-executive/Technical Staff | Percentage | 100.00 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 100.00 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 |
| Bursa (Data privacy and security) | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 |
| Bursa (Supply chain management) | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 74.00 |
| Bursa (Labour practices and standards) | | |
| Bursa C6(a) Total hours of training by employee category | | |
| Management | Hours | 119 |
| Executive | Hours | 434 |
| Non-executive/Technical Staff | Hours | 518 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 22.00 |
| Bursa C6(c) Total number of employee turnover by employee category | | |
| Management | Number | 0 |
| Executive / Non-executive | Number | 4 |
| General Workers | Number | 29 |

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY REPORT

cont'd

| Indicator | Measurement Unit | 2023 |
|--|------------------|-------|
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 |
| Bursa (Health and safety) | | |
| Bursa C5(a) Number of work-related fatalities | Number | 0 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 1.00 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 47 |
| Bursa (Diversity) | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | |
| Age Group by Employee Category | | |
| Management Under 30 | Percentage | 0.00 |
| Management Between 30-50 | Percentage | 12.50 |
| Management Above 50 | Percentage | 87.50 |
| Executive / Non-executive Under 30 | Percentage | 4.50 |
| Executive / Non-executive Between 30-50 | Percentage | 58.20 |
| Executive / Non-executive Above 50 | Percentage | 37.30 |
| General Workers Under 30 | Percentage | 27.30 |
| General Workers Between 30-50 | Percentage | 39.60 |
| General Workers Above 50 | Percentage | 33.10 |
| Gender Group by Employee Category | | |
| Management Male | Percentage | 87.50 |
| Management Female | Percentage | 12.50 |
| Executive / Non-executive Male | Percentage | 48.00 |
| Executive / Non-executive Female | Percentage | 52.00 |
| General Workers Male | Percentage | 99.00 |
| <div style="display: flex; justify-content: space-around; align-items: center;"> Internal assurance External assurance No assurance (*)Restated </div> | | |

| Indicator | Measurement Unit | 2023 |
|--|------------------|------------|
| General Workers Female | Percentage | 1.00 |
| Bursa C3(b) Percentage of directors by gender and age group | | |
| Male | Percentage | 83.00 |
| Female | Percentage | 17.00 |
| Under 30 | Percentage | 0.00 |
| Between 30-50 | Percentage | 17.00 |
| Above 50 | Percentage | 83.00 |
| Bursa (Community/Society) | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 69,887.00 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 12 * |
| Bursa (Energy management) | | |
| Bursa C4(a) Total energy consumption | Megawatt | 1,383.00 |
| Bursa (Water) | | |
| Bursa C9(a) Total volume of water used | Megalitres | 20.740000* |
| <div style="display: flex; justify-content: space-around; align-items: center;"> Internal assurance External assurance No assurance (*)Restated </div> | | |

SUSTAINABILITY REPORT

cont'd

Statement of assurance

In strengthening the credibility of our reporting, this Sustainability Statement has been subjected to an independent assurance by the external auditors in accordance with recognised assurance standards for selected indicators for the year ended 31 December 2023 and has been approved by the Board of Directors.

The scope subject matters and relevant conclusions are provided below.

| Type of assurance | Subject matter | Scope | Conclusion |
|-----------------------|---|--|--|
| Independent assurance | Percentage of employees by gender and age group, for each employee category (%) | Lysaght Galvanized Steel Berhad and its subsidiaries | Based on the limited assurance procedures performed and evidence obtained, nothing has come to our attention that would cause us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria. |
| Independent assurance | Percentage of directors by gender and age group (%) | Lysaght Galvanized Steel Berhad and its subsidiaries | |
| Independent assurance | Total number of employee turnover by employee category (No.) | Lysaght Galvanized Steel Berhad and its subsidiaries | |
| Independent assurance | Percentage of employees that are contractors or temporary staff (%) | Lysaght Galvanized Steel Berhad and its subsidiaries | |
| Independent assurance | Number of substantiated complaints concerning human rights violations (No.) | Lysaght Galvanized Steel Berhad and its subsidiaries | |
| Independent assurance | Total volume of water used (m ³) | Lysaght Galvanized Steel Berhad and its subsidiaries | |

The Independent Limited Assurance Report, please refer to pages 42 to 44 of the Annual Report.

SUSTAINABILITY REPORT

cont'd

ADDITIONAL INFORMATION – INDEPENDENT LIMITED ASSURANCE STATEMENT



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 17, Ipoh Tower
Jalan Dato' Seri Ahmad Said
30450 Ipoh
Perak Darul Ridzuan, Malaysia

Telephone +603 7721 3388
Website www.kpmg.com.my

Board of Directors
Lysaght Galvanized Steel Berhad
No.11, Jalan Majistret U1/26
Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

Independent Limited Assurance Report of Lysaght Galvanized Steel Berhad (“LGS”) and its subsidiaries (the “Group”) on Selected Sustainability Information for the financial year ended 31 December 2023

We, KPMG PLT (“KPMG”), were engaged by LGS to provide limited assurance on Selected Sustainability Information (the “Subject Matter”), published in LGS’s Annual Report for the financial year ended 31 December 2023 (the “Annual Report”), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with the Group’s definition and calculation methodologies, including any significant inherent limitations (the “Applicable Criteria”).

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement are as follows:

- (i) Percentage of employees by gender and age group, for each employee category (%);
- (ii) Percentage of directors by gender and age group (%);
- (iii) Total number of employee turnover by employee category (No.);
- (iv) Percentage of employees that are contractors or temporary staff (%);
- (v) Number of substantiated complaints concerning human rights violations (No.); and
- (vi) Total volume of water used (m3).

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information covers the Group’s operations.

Board of Directors’ and Management’s Responsibilities

The Board of Directors and the Management of LGS (the “Directors” and “Management”, respectively) are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

SUSTAINABILITY REPORT

cont'd



Lysaght Galvanized Steel Berhad ("LGS")
*Independent Limited Assurance Report on Selected Sustainability
 Information of LGS for the financial year ended 31 December 2023*
 19 April 2024

Board of Directors' and Management's Responsibilities (continued)

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against the Group.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures, amongst others, included:

- ☒ Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- ☒ Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Annual Report;
- ☒ Compared the Subject Matter presented in the Annual Report to underlying sources on a sample basis to determine whether all the relevant information has been appropriately disclosed; and
- ☒ Read the Subject Matter presented in the Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Group,

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

SUSTAINABILITY REPORT

cont'd



Lysaght Galvanized Steel Berhad ("LGS")
*Independent Limited Assurance Report on Selected Sustainability
Information of LGS for the financial year ended 31 December 2023
19 April 2024*

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention to cause us to believe that the Subject Matter for the financial year ended 31 December 2023, in all material respects, is not prepared in accordance with the Applicable Criteria.

Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any other party.

We consent to the inclusion of this report in LGS Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ipoh

Date: 19 April 2024

DIRECTORS' PROFILE

EE BENG GUAN

*Chairman/Independent Non-Executive Director
68 years of age, Malaysian, Male*

Mr. Ee Beng Guan, was elected to the Board as an Independent Non-Executive Director on 30 June 2015 and was appointed as the Senior Independent Non-Executive Director on 30 March 2017. On 15 June 2023, he was redesignated as the Chairman of the Company. He is presently a member of our Risk Management Committee. He resigned as the Chairman of the Nomination Committee and member of the Audit Committee on 15 June 2023.

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 six (6) Board Meetings held during the financial year ended 31 December 2023.

CHONG SAI SIN

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

Mr. Chong Sai Sin, was appointed to the Board as Independent Non-Executive Director on 17 June 2016. On 15 June 2023, he was appointed as the Senior Independent Non-Executive Director. He is currently the Chairman of our Audit and Nomination Committees and a member of our Remuneration Committee.

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

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

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

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

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

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

Mr. Chong has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

CHEW MEU JONG

*Non-Independent Non-Executive Director
68 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. She resigned as member of the Risk Management Committee and Nomination Committee on 15 June 2023.

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

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

Madam Chew has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

IR. AIK SIAW KONG, KMN

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

Ir. Aik Siaw Kong, was appointed to the Board as an Independent Non-Executive Director on 20 August 2014. On 20 August 2023, he was redesignated as Non-Independent Non-Executive Director. 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.

Presently, he is on the Board of Mitrajaya Holdings Berhad as an Independent Non-Executive Director and a member of its Audit Committee and Nomination & Remuneration Committee.

Ir. Aik has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

CHEAM LOW SOO

*Non-Independent Non-Executive Director
72 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. On 25 June 2023, he was redesignated as Non-Independent Non-Executive Director. He is currently a member of our Audit and Nomination Committees.

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

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

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

Mr. Cheam has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

YEOH SHEONG LEE

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

Mr. Yeoh Sheong Lee, was appointed to the Board as Independent Non-Executive Director on 1 April 2023. He is currently the member of our Audit, Risk Management and Nomination Committees.

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

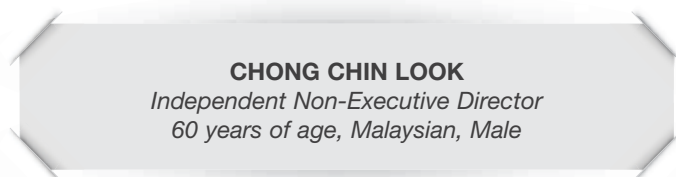
He began his career with Ernst & Young in the Audit Department in 1998 where he was involved in statutory audits for clients in various industries as well as in special assignments relating to financial due diligence, limited review and profit forecast. He left and joined Chew & Associates, a public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

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

Since his appointment on 1 April 2023, Mr. Yeoh has attended all five (5) Board Meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd



Mr. Chong Chin Look, was appointed to the Board as Independent Non-Executive Director on 1 April 2024.

Mr. Chong obtained his Bachelor of Economics degree with major in Business Administration from University of Malaya in 1987. He is also a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant with the Malaysia Institute of Accountants (MIA).

Mr. Chong Chin Look began his career with KPMG Peat Marwick (now known as KPMG) as an Audit Assistant in 1987 and was later promoted to Audit Senior in 1990 where he was involved in assurance, audit, taxation and management consultancy. He left KPMG in 1992 to join Bonia Corporation Berhad as Financial Controller where he was responsible for the overall financial and corporate functions of Bonia Corporation Berhad and its group companies. In 1994, he was appointed as a director of Bonia Corporation Berhad and assumed the position of Group Finance Director. He held the position of Financial Controller and Group Finance Director of Bonia Corporation Berhad up until his retirement in 2022. He presently sits on the Board of Bonia Corporation Berhad as Non-Independent Non-Executive Director.

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

He is also on the Board of TSA Group Berhad as an Independent Non-Executive Director, the Chairman of its Audit and Risk Management Committee, and a member of its Remuneration Committee and Nomination Committee, respectively.

Besides, he holds directorships in several private companies.

Mr. Chong did not attend any Board Meetings held during the financial year ended 31 December 2023 as he was newly appointed to the Board on 1 April 2024.

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.

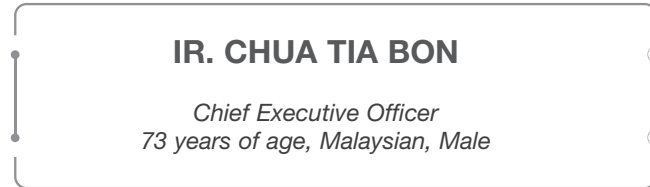
3. Conviction of Offences

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 2023.

4. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on page 129 of the Annual Report.

CHIEF EXECUTIVE OFFICER PROFILE



Ir. Chua Tia Bon, was appointed as Chief Executive Officer of the Company on 1 February 2024.

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 he was redesignated to Director Operations from July 2014. He was elected to the Board as Non-Independent Non-Executive Director on 30 June 2015 and was redesignated as Executive Director and Chief Executive Officer of the Company on 9 July 2015 and 1 January 2017 respectively. On 31 January 2024, he resigned as Executive Director of the Company.

Ir. Chua has a direct shareholding of 12,600 shares in the Company and indirect shareholding of 10,600 shares, deemed interest through his spouse shareholding in the Company.

He does not have any directorships in public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company nor does he has any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years, other than traffic offences, if any, and no public sanctions or penalties were imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2023.

KEY MANAGEMENT PROFILE

FOO KOK SENG
General Manager
70 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
61 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
49 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
52 years of age, Malaysian, Male

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

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

As General Manager of LGS, his responsibilities include overseeing and managing sales and marketing of domestic customers.

LIEW SUI KUM
Technical & Design Manager
71 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
69 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 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 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) presents this Statement to provide our shareholders and investors with an overview of the corporate governance (“**CG**”) practices of the Group during the financial year ended 31 December (“**FYE**”) 2023. This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance (“**MCCG**”).

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 2023 (“**CG Report**”) which is available on the Company’s website at www.lysaghtgalvanizedsteelbhd.com.

The CG Report provides the explanations on how the Group applied each Practice set out in the MCCG during FYE 2023.

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

Mr Ee Beng Guan assumed the role of Board Chairman, following the retirement of Dato’ Ir. Wan Razali bin Wan Muda as Independent Non-Executive Director during the 44th Annual General Meeting (“**AGM**”) on 15 June 2023. Our chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner.

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

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

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

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

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.

The Directors and Senior Management should conduct themselves with integrity, impartiality, honesty, and professionalism at all times, and to avoid any conflict arising between their role with the Group and their private interests.

Terms of reference of the Board Committees were reviewed to reflect the changes in the roles and responsibilities of the Board Committees arising from the amendments to the MMLR in relation to Conflict of Interest ("COI") and potential COI of key persons.

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 Company'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 the corporate secretarial administrative responsibilities, Company Secretary also advises the Board on the 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 integrates the principles of sustainability into the Group's strategies, policies and procedures and create a culture of sustainability within the Group and the community, with an emphasis on incorporating the economic, environmental, social and governance considerations into decision making and the delivery of outcomes. More details of our sustainability activities are entailed in the Sustainability Report in this Annual Report.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(a) Board Responsibilities *cont'd*

The Board is satisfied with the level of the time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings during the FYE 2023, as follows:

| Director | No. of meetings attended/No. of meetings held ⁽¹⁾ | % |
|--|--|-----|
| Dato' Ir. Wan Razali bin Wan Muda ⁽²⁾ | 3/3 | 100 |
| Ir. Chua Tia Bon ⁽⁴⁾ | 6/6 | 100 |
| Chew Meu Jong | 6/6 | 100 |
| Ir. Aik Siaw Kong | 6/6 | 100 |
| Cheam Low Soo | 6/6 | 100 |
| Ee Beng Guan ⁽³⁾ | 6/6 | 100 |
| Chong Sai Sin ⁽⁵⁾ | 6/6 | 100 |
| Yeoh Sheong Lee ⁽⁶⁾ | 5/5 | 100 |

(1) Number of meetings held during the respective director's tenure of office during FYE 2023

(2) Retired as Director on 15 June 2023

(3) Appointed as Chairman on 15 June 2023

(4) Resigned as Executive Director on 31 January 2024

(5) Redesignated as Senior Independent Non-Executive Director on 15 June 2023

(6) Appointed as Director on 1 April 2023

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 sustainability, corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office in FYE 2023 were as follows:

| Director | Training Programmes/Seminars/Conferences |
|-------------------|--|
| Ir. Chua Tia Bon | <ul style="list-style-type: none"> Potential Areas to Trigger Tax Audit |
| Chew Meu Jong | <ul style="list-style-type: none"> BDO Tax Seminar on Budget 2024 |
| Ir. Aik Siaw Kong | <ul style="list-style-type: none"> MIA Webinar Series : Mergers and Acquisition of Companies : Liabilities of Directors Under Section 17A MACC Act 2001 & Internal Controls |
| Cheam Low Soo | <ul style="list-style-type: none"> Management of Cyber Risk Programme BDO Tax Seminar on Budget 2024 |
| Ee Beng Guan | <ul style="list-style-type: none"> HCCLC Session 3 : Malaysian-Listed Companies – Managing Conflicts of Interest and Other Topical Issues |

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 : General Accepted Accounting Practice in Applying MPERS • 2023 Budget Seminar • Cross Border Transaction and Withholding Tax Zoom Webinar • Webinar on ISQM : Undertaking a Quality Risk Assessment and Developing a Quality Management Strategy • 2024 Budget Seminar • Webinar on Transfer Pricing Rules 2023 • The 2024 Budget Forum • SC's AOB Conversation with Audit Committees • MIA Forum with Practitioners • E-Invoicing Zoom Webinar |
| Yeoh Sheong Lee | <ul style="list-style-type: none"> • Addressing Conflict of Interest ("COI") and Potential COI pursuant to the Amendments to the Listing Requirements • MIA AccTech Conference 2023 • Managing Practice and Compliance Issues under the Companies Act 2016 • ISA 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements • MFRS/IFRS Technical Update 2024 – Including a brief on IFRS Sustainability Standards |

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

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

(b) Board Composition

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(b) Board Composition *cont'd*

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

(c) Activities of Nomination Committee

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director.

This evaluation which is done annually is facilitated by the Company Secretary and conducted using the evaluation forms set out in Bursa Malaysia Securities Berhad's Corporate Governance Guide (3rd Edition) covering the following aspects:

- (i) Board and Board committees
 - Board mix and composition
 - Quality of information and decision making
 - Boardroom activities
 - Board's relationship with the management
 - Environmental, social and governance issues
- (ii) Directors
 - Fit and proper
 - Contribution and performance
 - Calibre and personality

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

- (i) The AC as a whole
 - Quality and composition
 - Skills and competencies
 - Meeting administration and conduct
- (ii) Self and peer evaluation by the AC members

Based on the evaluation carried out for FYE 2023, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

During FYE 2023 and up to the date of this Statement, the Board had appointed Mr Yeoh Sheong Lee and Mr Chong Chin Look as Independent Non-Executive Directors. NC had gone through a robust assessment and interview to ensure they are suitable and met required skill set. Their diverse background, knowledge, integrity, competency, experience, time commitment and potential contribution to the Group were diligently considered by the NC.

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

The Board is mindful of the recommendation of the MCCG on limiting the tenure of Independent Directors to nine (9) years of service. However, the Board may, in appropriate cases and subject to the assessment of the NC on an annual basis, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to serve as Independent Director subject to shareholders' approval.

Dato' Ir. Wan Razali bin Wan Muda did not seek re-election at the 44th AGM on 15 June 2023 and hence he retired at the conclusion of the 44th AGM as his 9 years tenure as the Independent Director would be completed on 20 August 2023.

On 25 June 2023 and 20 August 2023, the Board re-designated Mr Cheam Low Soo and Ir Aik Siaw Kong as Non-Independent Directors. They had exceeded the mandatory 9 years tenure limit for Independent Directors.

Currently, the Company does not have any long serving Independent Director who has exceeded a cumulative term limit of nine (9) years.

One-third of the Directors are required by rotation to submit themselves for re-election by shareholders at every AGM of the Company. NC also nominated the Directors who will be retiring at the forthcoming AGM and recommended to the Board for their re-election be tabled at the forthcoming AGM.

(d) Activities of Remuneration Committee

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

The aggregate remuneration paid or payable to the Directors by the Group and the Company during FYE 2023 is as follows:

| | Fees RM'000 | Allowance RM'000 | Remuneration RM'000 | Benefits- in-kind RM'000 | Other emoluments RM'000 | Total RM'000 |
|-------------------------------------|----------------|---------------------|------------------------|--------------------------------|-------------------------------|-----------------|
| Ee Beng Guan | 91.6 | 16.5 | - | - | - | 108.1 |
| Dato Ir. Wan Razali bin Wan Muda | 54.0 | 6.0 | - | - | - | 60.0 |
| Ir. Chua Tia Bon | - | - | 823.2 | 20.5 | 156.4 | 1,000.1 |
| Chew Meu Jong | 72.0 | 14.5 | - | - | - | 86.5 |
| Ir. Aik Siaw Kong | 72.0 | 14.5 | - | - | - | 86.5 |
| Cheam Low Soo | 72.0 | 16.5 | - | - | - | 88.5 |
| Chong Sai Sin | 72.0 | 22.5 | - | - | - | 94.5 |
| Yeoh Sheong Lee | 54.0 | 12.0 | - | - | - | 66.0 |
| Total | 487.6 | 102.5 | 823.2 | 20.5 | 156.4 | 1,590.2 |

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) Audit Committee

The AC currently comprises of three members, two of them are Independent Directors, including the Chairman. The AC Chairman is 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”). 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 66 to 68 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 FYE 2023 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 63 to 65 of this Annual Report.

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

(a) Communication with Stakeholders

The Group engages regularly with its stakeholders at Group and/or business level, depending on the particular issue. At a Group level we engage with a variety of stakeholder groups including shareholders, investing public in general and governments, through a range of methods.

As part of daily business activities and through structured processes, our businesses routinely engage with customers, suppliers, regulators and industry bodies. Detailed information about our approach to stakeholder engagement and specific activities this year can be found on pages 19 to 21 of Sustainability Report.

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 Company'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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(a) Communication with Stakeholders *cont'd*

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

No. 11, Jalan Majistret U1/26, Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Telephone no.: +603-7880 3750
Facsimile no.: +603-7880 3720

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

(b) Conduct of General Meetings

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

All Directors attended the 44th AGM held on 15 June 2023. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 45th AGM to address shareholders' queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

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

In line with Practice 13.1, the Company's Notice of the forthcoming 45th AGM shall be given to shareholders at least 28 days prior to the meeting.

The Minutes of the 44th AGM (including all the Questions raised at the meeting and the Answers thereto) held on 15 June 2023 was uploaded to the Company's website on 28 June 2023 which was not later than 30 business days after the conclusion of the 44th 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 19 April 2024.

ADDITIONAL DISCLOSURE REQUIREMENTS

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

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Group did not carry out any fund raising corporate proposals during the financial year ended 31 December (“**FYE**”) 2023.

MATERIAL CONTRACTS

Save for the related party transactions as disclosed in Note 26 to the Financial Statements, neither the Company nor any of its subsidiary companies have entered into any material contracts which involved the Directors’ and/or major shareholders’ interests, which were still subsisting at the end of FYE 2023 or which were entered into since the end of FYE 2022.

AUDIT AND NON-AUDIT FEES

The audit fees paid or payable by the Company and the Group to the external auditors for FYE 2023 amounted to RM90,000 and RM193,423 respectively. As for non-audit fees incurred for services rendered to the Company and the Group by the external auditors or a firm or corporation affiliated to the external auditors during FYE 2023, the amount concerned was RM28,000 for the Company and the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

BOARD'S RESPONSIBILITY

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

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

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

RISK MANAGEMENT PROCESS

The risk management framework adopts a structured and integrated approach in managing key business risks to safeguard the Group's assets and shareholders' interests.

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

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

The members of the RMC during the financial year ended (“**FYE**”) 31 December 2023 and as at the date of this Statement were:

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

Ee Beng Guan (*Independent Non-Executive Chairman*)

Yeoh Sheong Lee (*Independent Non-Executive Director*) (*appointed on 15 June 2023*)

Chew Meu Jong (Madam) (*Non-Independent Non-Executive Director*) (*resigned on 15 June 2023*)

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT PROCESS *cont'd*

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

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

INTERNAL CONTROL SYSTEM

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

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

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

1. An organisation structure with defined lines of responsibility, authority and accountability;
2. Approval and authority limits are imposed on Executive Management in respect of day-to-day operations as well as major non-operating transactions;
3. Formalised standard operating procedures are in place to ensure compliance with internal controls and the relevant laws and regulations;
4. Internal quality audits and periodic surveillance audits (by LLOYD's Register Quality Assurance) are conducted to provide assurance of compliance for continuous certification with ISO 9001:2015 - Quality Management System;
5. The Board and the AC meet at least every quarter to discuss the Group's financial performance, business operations and strategies, corporate updates and internal audit findings, if any;
6. Management financial statements and reports are prepared monthly while consolidated reports are prepared quarterly for monitoring of actual performance by the CEO and senior management;
7. Key functions such as finance, taxation, treasury, corporate secretarial and compliance and legal matters are controlled centrally;
8. A fully independent AC comprising exclusively Independent Directors with full and unrestricted access to both internal and external auditors; and
9. The quarterly financial results and yearly audited financial statements reviewed by the AC prior to their approval by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

MANAGEMENT'S RESPONSIBILITIES

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal controls for FYE 2023 and up to the date of this Statement and necessary actions have been and are being taken to remedy any significant failings or weaknesses for the period. There were no significant risk management and internal control aspects that would have resulted in any material losses or contingencies that would require disclosure in this Annual Report. The Board is of the view that the risk management process and system of internal controls are in place for the period.

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

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

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

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

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

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

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 19 April 2024.

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 (“**MMLR**”), the Board has, through Nomination Committee, reviewed the terms of office and performance of the AC members annually through the AC Evaluation Form. The Board is satisfied that for the financial year ended 31 December (“**FYE**”) 2023, the AC members have been able to discharge their functions, duties and responsibilities in accordance with the ToR.

MEMBERSHIP AND MEETINGS

The AC is chaired by Chong Sai Sin. It comprises three Non-Executive Directors, a majority of whom are independent, which is in line with the MMLR.

The members of the AC during FYE 2023 and as of the date of this Report together with their attendance record at AC meetings held during FYE 2023 are as follows:

| Name | Designation | Status of Directorship | No. of meetings attended/No. of meetings held ⁽¹⁾ |
|-----------------------------------|-------------|---|--|
| Chong Sai Sin ⁽²⁾ | Chairman | Senior Independent Non-Executive Director | 5/5 |
| Cheam Low Soo | Member | Non-Independent Non-Executive Director | 5/5 |
| Yeoh Sheong Lee ⁽²⁾⁽³⁾ | Member | Independent Non-Executive Director | 2/2 |
| Ee Beng Guan ⁽⁴⁾ | Member | Independent Non-Executive Chairman | 3/3 |

(1) Number of meetings held during the respective member’s tenure of office during FYE 2023

(2) A member of the Malaysian Institute of Accountants

(3) Yeoh Sheong Lee appointed as a member of AC on 15 June 2023

(4) Ee Beng Guan resigned as a member of AC on 15 June 2023

Whilst the AC’s ToR requires the AC to meet at least four times in a financial year, it met five times during FYE 2023. The Company Secretary who is also the secretary to the AC was in attendance during the meetings.

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

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

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES

The following activities were carried out by the AC in the discharge of its functions and duties to meet its responsibilities during FYE 2023:

(a) Financial Results

- Reviewed and recommended the quarterly financial results of the Group (including announcements) and the annual financial statements of the Group and Company for Board's approval.
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Executive Management, any significant and unusual events or transactions and management's reports and updates on actions recommended by the external auditors for improvement.

(b) External Audit

- Reviewed and approved the external auditors' scope of work and audit plan prior to commencement of the annual audit.
- Analysed and reviewed the proposed external audit fees for approval of the Board.
- Analysed and reviewed the non-audit fees and related costs in respect of non-audit services rendered by the external auditors to ensure that their independence is not impaired.
- Reviewed and discussed with the external auditors, significant matters arising from the audit, significant judgements made by Executive Management and compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with and the audit report, and reported the same to the Board.
- Evaluated the performance, suitability and independence of the external auditors and recommended their re-appointment to the Board for approval.
- Met twice during FYE 2023 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 and Conflict of Interest ("COI")

- 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.
- Reviewed and monitored all COI situations within the Group and the COI review was further extended to encompass the Directors, Chief Executive Officer and Senior Management.

(e) Annual Report

- Reviewed and issued this Report for inclusion in the 2023 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 2023 Annual Report and the Corporate Governance Report.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION

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

The internal auditors present their audit reports which include their findings and recommendations for improvements to the AC for its review and deliberation. The AC also appraised the adequacy of the comments, actions and measures to be taken by Executive Management in resolving the audit issues reported and recommended for further improvement. The internal auditors also carried out follow-up review to monitor the implementation of the said action plans and measures for reporting to the AC.

For FYE 2023, the internal audit scope covered the review of the adequacy and effectiveness of the system of internal controls of the following processes:

- Revenue and Collection Cycle
- Purchase and Payment System

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

The total costs paid or payable for the internal audit function for FYE 2023 was RM34,250.

Chong Sai Sin
Chairman of Audit Committee
19 April 2024

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 2023 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 19 April 2024.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

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

HOLDING COMPANIES

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

SUBSIDIARIES

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

RESULTS

| | GROUP RM | COMPANY RM |
|--------------------------------------|-------------|---------------|
| Profit for the year attributable to: | | |
| Owners of the Company | 11,248,436 | 4,732,387 |

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 20 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividend paid by the Company were as follows:

- (i) In respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year:
 - a final single tier dividend of 3 sen per ordinary share totalling RM1,247,400 declared on 27 April 2023 and paid on 14 July 2023.
- (ii) In respect of the financial year ended 31 December 2023:
 - an interim single tier dividend of 3 sen per ordinary share totalling RM1,247,400 declared on 17 August 2023 and paid on 29 September 2023.

The final single tier dividends recommended by the Directors in respect of the financial year ended 31 December 2023 is 5 sen per ordinary share amounting to RM2,079,000, which is subject to shareholders' approvals at the forthcoming Annual General Meeting ("AGM") of the Company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023
cont'd

DIVIDENDS *cont'd*

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 2024.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Ee Beng Guan
Chew Meu Jong
Chong Sai Sin
Ir. Aik Siaw Kong
Cheam Low Soo
Yeoh Sheong Lee (Appointed on 1 April 2023)
Chong Chin Look (Appointed on 1 April 2024)
Chua Tia Bon (Resigned on 31 January 2024)
Dato' Ir. Wan Razali bin Wan Muda (Retired on 15 June 2023)

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

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

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares | | | At 31.12.2023 |
|--|--|--------|--------|------------------|
| | At 1.1.2023/ date of appointment | Bought | (Sold) | |
| Direct interest in the Company | | | | |
| Chua Tia Bon | 12,600 | - | - | 12,600 |
| Yeoh Sheong Lee | 100 | - | - | 100 |
| 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 2023 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 2023

cont'd

DIRECTORS' BENEFITS

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

The Directors' benefits paid to or receivable by Directors of the Company in respect of the financial year ended 31 December 2023 are as follows:

| | From the Company |
|---------------------------|-----------------------------|
| | RM |
| Directors of the Company: | |
| Fees | 487,600 |
| Remuneration | 979,540 |
| Allowance | 102,500 |
| Benefits-in-kind | 20,525 |
| | <u>1,590,165</u> |

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

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

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023
cont'd

OTHER STATUTORY INFORMATION *cont'd*

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

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

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

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

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

In the opinion of the Directors, except for the forfeiture of advance payments from customers as disclosed in Note 9, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are as follows:

| | GROUP | COMPANY |
|----------------|----------------|----------------|
| | RM | RM |
| KPMG PLT | 148,000 | 118,000 |
| Other auditors | 73,423 | - |
| | 221,423 | 118,000 |

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023
cont'd

AUDITORS *cont'd*

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

EE BENG GUAN
Director

CHONG SAI SIN
Director

Date: 19 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Note | GROUP | | COMPANY | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Assets | | | | | |
| Property, plant and equipment | 3 | 27,794,742 | 28,942,457 | 27,751,890 | 28,896,710 |
| Right-of-use assets | 4 | 12,076,750 | 12,452,735 | 9,140,303 | 9,486,836 |
| Goodwill | | 7,871 | 7,871 | - | - |
| Investments in subsidiaries | 5 | - | - | 128,561 | 128,561 |
| Deferred tax assets | 6 | 246,957 | 246,564 | - | - |
| Total non-current assets | | 40,126,320 | 41,649,627 | 37,020,754 | 38,512,107 |
| Inventories | 7 | 31,053,607 | 43,669,094 | 30,807,022 | 43,197,685 |
| Trade and other receivables | 8 | 20,713,232 | 13,610,889 | 496,229 | 750,339 |
| Contract assets | 9 | 88,074 | 68,424 | - | - |
| Current tax assets | | 822,504 | 1,766,074 | 678,338 | 1,687,074 |
| Fixed deposits placed with licensed banks | 10 | 14,736,024 | 8,902,229 | 3,232,779 | 1,145,062 |
| Cash and cash equivalents | 10 | 79,789,543 | 65,219,133 | 36,426,942 | 20,750,009 |
| Total current assets | | 147,202,984 | 133,235,843 | 71,641,310 | 67,530,169 |
| Total assets | | 187,329,304 | 174,885,470 | 108,662,064 | 106,042,276 |
| Equity | | | | | |
| Share capital | 11 | 41,580,000 | 41,580,000 | 41,580,000 | 41,580,000 |
| Other reserves | 12 | 9,938,261 | 7,190,095 | - | - |
| Retained earnings | | 128,024,363 | 119,270,727 | 60,935,396 | 58,697,809 |
| Total equity attributable to owners of the Company | | 179,542,624 | 168,040,822 | 102,515,396 | 100,277,809 |
| Liabilities | | | | | |
| Lease liabilities | | 151,785 | 30,920 | 151,785 | 30,920 |
| Deferred tax liabilities | 6 | 1,424,000 | 658,000 | 1,424,000 | 658,000 |
| Total non-current liabilities | | 1,575,785 | 688,920 | 1,575,785 | 688,920 |
| Lease liabilities | | 237,860 | 516,540 | 237,860 | 516,540 |
| Tax payable | | 845,711 | 699,045 | - | - |
| Trade and other payables | 13 | 4,613,067 | 3,662,446 | 4,333,023 | 4,559,007 |
| Contract liabilities | 9 | 514,257 | 1,277,697 | - | - |
| Total current liabilities | | 6,210,895 | 6,155,728 | 4,570,883 | 5,075,547 |
| Total liabilities | | 7,786,680 | 6,844,648 | 6,146,668 | 5,764,467 |
| Total equity and liabilities | | 187,329,304 | 174,885,470 | 108,662,064 | 106,042,276 |

The notes on pages 82 to 119 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

| GROUP | Note | ← Attributable to owners of the Company → | | | Retained profits RM | Total RM |
|--|------|---|-----------------------|---------------------------|------------------------|-------------|
| | | Share capital RM | Capital reserve RM | Translation reserve RM | | |
| At 1 January 2022 | | 41,580,000 | 499,998 | 4,216,121 | 112,595,624 | 158,891,743 |
| Total comprehensive income for the year | | - | - | 2,473,976 | 7,090,903 | 9,564,879 |
| Dividends to owners of the Company | 20 | - | - | - | (415,800) | (415,800) |
| At 31 December 2022/ 1 January 2023 | | 41,580,000 | 499,998 | 6,690,097 | 119,270,727 | 168,040,822 |
| Total comprehensive income for the year | | - | - | 2,748,166 | 11,248,436 | 13,996,602 |
| Dividends to owners of the Company | 20 | - | - | - | (2,494,800) | (2,494,800) |
| At 31 December 2023 | | 41,580,000 | 499,998 | 9,438,263 | 128,024,363 | 179,542,624 |
| | | Note 11 | Note 12 | Note 12 | | |

The notes on pages 82 to 119 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

| COMPANY | Note | Distributable | | Total RM |
|---|------|------------------------|----------------------------|-------------|
| | | Share capital RM | Retained earnings RM | |
| At 1 January 2022 | | 41,580,000 | 57,108,684 | 98,688,684 |
| Total comprehensive income for the year | | - | 2,004,925 | 2,004,925 |
| Dividends to owners of the Company | 20 | - | (415,800) | (415,800) |
| At 31 December 2022/1 January 2023 | | 41,580,000 | 58,697,809 | 100,277,809 |
| Total comprehensive income for the year | | - | 4,732,387 | 4,732,387 |
| Dividends to owners of the Company | 20 | - | (2,494,800) | (2,494,800) |
| At 31 December 2023 | | 41,580,000 | 60,935,396 | 102,515,396 |

Note 11

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | GROUP | | COMPANY | |
|---|------|-------------|-------------|-------------|--------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 13,805,731 | 9,206,900 | 5,726,675 | 2,870,299 |
| Adjustments for: | | | | | |
| Impairment loss on trade receivables | | 159,979 | - | - | - |
| Depreciation of right-of-use assets | 4 | 965,900 | 954,404 | 763,333 | 763,901 |
| Depreciation of property, plant and equipment | 3 | 1,324,919 | 1,324,928 | 1,310,971 | 1,309,358 |
| Interest expense | 16 | 13,949 | 22,505 | 13,949 | 22,505 |
| Gain on disposal of property, plant and equipment | | (13,617) | (7,500) | (13,207) | (7,500) |
| Interest income | 15 | (2,648,243) | (1,033,372) | (1,010,029) | (547,057) |
| Inventories written down | 7 | 136,299 | - | 136,299 | - |
| Property, plant and equipment written off | | 21,676 | 3 | 21,676 | 3 |
| Forfeiture of advance payments from customers | 9 | (389,158) | - | - | - |
| Unrealised loss on foreign exchange, net | | 18,985 | 21,931 | 210 | 9,857 |
| Operating profit before changes in working capital | | | | | |
| Changes in working capital: | | 13,396,420 | 10,489,799 | 6,949,877 | 4,421,366 |
| Contract assets | | (19,650) | 83,263 | - | - |
| Inventories | | 12,479,188 | 1,273,941 | 12,254,364 | 1,202,220 |
| Trade and other receivables | | (4,492,500) | 5,624,730 | 347,189 | 67,463 |
| Trade and other payables | | 950,831 | (1,859,424) | (226,194) | (16,083,909) |
| Contract liabilities | | (374,282) | (400,045) | - | - |
| Cash generated from/ (used in) operations | | | | | |
| Net tax (paid)/refunded | | (745,364) | (1,231,070) | 780,448 | (32,500) |
| Net cash from/ (used in) operating activities | | | | | |
| | | 21,194,643 | 13,981,194 | 20,105,684 | (10,425,360) |

The notes on pages 82 to 119 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
cont'd

| | Note | GROUP | | COMPANY | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | 3 | (198,533) | (846,743) | (187,830) | (833,818) |
| Proceeds from disposal of property, plant and equipment | | 13,620 | 8,500 | 13,210 | 8,500 |
| Interest received | | 2,497,259 | 798,304 | 916,950 | 454,413 |
| (Placement)/Withdrawal of fixed deposits placed with licensed banks | | (5,833,795) | 34,577,156 | (2,087,717) | 19,297,376 |
| Net cash (used in)/from investing activities | | (3,521,449) | 34,537,217 | (1,345,387) | 18,926,471 |
| Cash flows from financing activities | | | | | |
| Dividends paid | 20 | (2,494,800) | (415,800) | (2,494,800) | (415,800) |
| Repayment of lease liabilities | | (574,615) | (565,555) | (574,615) | (565,555) |
| Interest paid | | (13,949) | (22,505) | (13,949) | (22,505) |
| Net cash used in financing activities | | (3,083,364) | (1,003,860) | (3,083,364) | (1,003,860) |
| Net increase in cash and cash equivalents | | 14,589,830 | 47,514,551 | 15,676,933 | 7,497,251 |
| Effect of foreign exchange rate changes | | (19,420) | (5,051) | - | - |
| Cash and cash equivalents at 1 January | | 65,219,133 | 17,709,633 | 20,750,009 | 13,252,758 |
| Cash and cash equivalents at 31 December | 10 | 79,789,543 | 65,219,133 | 36,426,942 | 20,750,009 |

The notes on pages 82 to 119 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
cont'd

Cash outflows for leases as a lessee

| | GROUP | | COMPANY | |
|---|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Included in net cash from operating activities | | | | |
| Payment relating to short-term leases | (167,520) | (49,088) | (167,520) | (49,088) |
| Included in net cash from financing activities | | | | |
| Repayment of lease liabilities | (574,615) | (565,555) | (574,615) | (565,555) |
| Interest paid | (13,949) | (22,505) | (13,949) | (22,505) |
| Total cash outflows for leases | (756,084) | (637,148) | (756,084) | (637,148) |

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

| GROUP/ COMPANY | At | Net | Remeasurement | At | Net | Remeasurement | At |
|-------------------|----------|---------------------------------|---------------|-------------------------|---------------------------------|---------------|------------|
| | 1.1.2022 | changes | | 31.12.2022/ 1.1.2023 | changes | | 31.12.2023 |
| | RM | from financing cash flows | | RM | from financing cash flows | | RM |
| Lease liabilities | 392,511 | (565,555) | 720,504 | 547,460 | (574,615) | 416,800 | 389,645 |

The notes on pages 82 to 119 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 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

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

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

These financial statements were authorised for issue by the Board of Directors on 19 April 2024.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

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

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

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION *cont'd*

1.1 Statement of compliance *cont'd*

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 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The Group and the Company do not plan to apply Amendments to 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 and the Company.

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

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’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 MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 6 – Deferred tax assets
- Note 22.4.1 – Measurement of expected credit loss (“ECL”)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. CHANGES IN MATERIAL ACCOUNTING POLICIES

2.1 Global minimum top-up tax

The Group has adopted the amendments to MFRS 112, *Income Taxes – International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see note 6).

The temporary mandatory relief applies retrospectively. However, there was no new legislation enacted or substantively enacted to implement the top-up tax at 31 December 2022 in the jurisdictions in which the Group operates. The retrospective application has no impact on the Group's financial statements.

2.2 Material accounting policy information

The Group also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies from 1 January 2023*. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT

| GROUP | 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 |
|--|---------------------|---|------------|---------------------------|----------------------|---|--------------------------------|-------------|
| | | RM | RM | | | | | |
| Cost | | | | | | | | |
| At 1 January 2022 | 9,457,959 | 18,108,528 | 35,105,777 | 1,613,825 | 2,186,166 | 906,187 | 67,378,442 | |
| Additions | - | 39,700 | 20,890 | 25,743 | 72,558 | 687,852 | 846,743 | |
| Disposals | - | - | - | (210,081) | - | - | (210,081) | |
| Written off | - | - | (803,759) | - | (1,200) | - | (804,959) | |
| Transfers | - | 726,358 | 55,632 | - | - | (781,990) | - | |
| Effect of movements in exchange rates | - | - | - | 21,970 | 24,747 | - | 46,717 | |
| At 31 December 2022/ 1 January 2023 | 9,457,959 | 18,874,586 | 34,378,540 | 1,451,457 | 2,282,271 | 812,049 | 67,256,862 | |
| Additions | - | - | 8,400 | 91,321 | 14,295 | 84,517 | 198,533 | |
| Disposals | - | - | - | (119,054) | (48,138) | - | (167,192) | |
| Written off | - | - | (552,039) | - | (39,434) | (21,664) | (613,137) | |
| Transfers | - | - | 868,646 | - | - | (868,646) | - | |
| Effect of movements in exchange rates | - | - | - | 22,484 | 25,323 | - | 47,807 | |
| At 31 December 2023 | 9,457,959 | 18,874,586 | 34,703,547 | 1,446,208 | 2,234,317 | 6,256 | 66,722,873 | |

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 |
|--|---------------------|---|------------------------------|-------------------------|--|---------------------------------------|-------------|
| GROUP <i>cont'd</i> | | | | | | | |
| Accumulated depreciation | | | | | | | |
| At 1 January 2022 | - | 5,091,029 | 29,284,467 | 1,603,823 | 1,978,289 | - | 37,957,608 |
| Depreciation for the year | - | 369,419 | 904,811 | 4,290 | 46,408 | - | 1,324,928 |
| Disposal | - | - | - | (209,081) | - | - | (209,081) |
| Written off | - | - | (803,757) | - | (1,199) | - | (804,956) |
| Effect of movements in exchange rates | - | - | - | 21,970 | 23,936 | - | 45,906 |
| At 31 December 2022/ 1 January 2023 | - | 5,460,448 | 29,385,521 | 1,421,002 | 2,047,434 | - | 38,314,405 |
| Depreciation for the year | - | 377,492 | 872,585 | 27,838 | 47,004 | - | 1,324,919 |
| Disposal | - | - | - | (119,052) | (48,137) | - | (167,189) |
| Written off | - | - | (552,036) | - | (39,425) | - | (591,461) |
| Effect of movements in exchange rates | - | - | - | 22,484 | 24,973 | - | 47,457 |
| At 31 December 2023 | - | 5,837,940 | 29,706,070 | 1,352,272 | 2,031,849 | - | 38,928,131 |
| Carrying amounts | | | | | | | |
| At 1 January 2022 | 9,457,959 | 13,017,499 | 5,821,310 | 10,002 | 207,877 | 906,187 | 29,420,834 |
| At 31 December 2022/ 1 January 2023 | 9,457,959 | 13,414,138 | 4,993,019 | 30,455 | 234,837 | 812,049 | 28,942,457 |
| At 31 December 2023 | 9,457,959 | 13,036,646 | 4,997,477 | 93,936 | 202,468 | 6,256 | 27,794,742 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

| COMPANY | Freehold land RM | Buildings and electrical installation RM | Plant and machinery RM | Motor vehicles RM | Furniture, fittings and office equipment and renovation RM | Capital work-in-progress RM | Total RM |
|--|---------------------|---|---------------------------|----------------------|---|--------------------------------|-------------|
| | | | | | | | |
| Cost | | | | | | | |
| At 1 January 2022 | 9,457,959 | 18,108,527 | 35,061,298 | 1,192,639 | 982,736 | 906,188 | 65,709,347 |
| Additions | - | 39,700 | 20,890 | 25,743 | 59,633 | 687,852 | 833,818 |
| Disposals | - | - | - | (210,081) | - | - | (210,081) |
| Written off | - | - | (803,759) | - | (1,200) | - | (804,959) |
| Transfers | - | 726,358 | 55,632 | - | - | (781,990) | - |
| At 31 December 2022/ 1 January 2023 | 9,457,959 | 18,874,585 | 34,334,061 | 1,008,301 | 1,041,169 | 812,050 | 65,528,125 |
| Additions | - | - | 8,400 | 91,322 | 3,592 | 84,516 | 187,830 |
| Disposals | - | - | - | (119,054) | (18,300) | - | (137,354) |
| Written off | - | - | (552,039) | - | (39,434) | (21,664) | (613,137) |
| Transfers | - | - | 868,646 | - | - | (868,646) | - |
| At 31 December 2023 | 9,457,959 | 18,874,585 | 34,659,068 | 980,569 | 987,027 | 6,256 | 64,965,464 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2022 | - | 5,091,029 | 29,239,988 | 1,182,638 | 822,439 | - | 36,336,094 |
| Depreciation for the year | - | 369,419 | 904,811 | 4,290 | 30,838 | - | 1,309,358 |
| Disposals | - | - | - | (209,081) | - | - | (209,081) |
| Written off | - | - | (803,757) | - | (1,199) | - | (804,956) |
| At 31 December 2022/ 1 January 2023 | - | 5,460,448 | 29,341,042 | 977,847 | 852,078 | - | 36,631,415 |
| Depreciation for the year | - | 377,492 | 872,585 | 27,838 | 33,056 | - | 1,310,971 |
| Disposals | - | - | - | (119,052) | (18,299) | - | (137,351) |
| Written off | - | - | (552,036) | - | (39,425) | - | (591,461) |
| At 31 December 2023 | - | 5,837,940 | 29,661,591 | 886,633 | 827,410 | - | 37,213,574 |

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 and renovation RM | Furniture, fittings and office equipment RM | Capital work-in- progress RM | Total RM |
|--|---------------------|--|---------------------------|--|--|------------------------------------|-------------|
| COMPANY <i>cont'd</i> | | | | | | | |
| Carrying amounts | | | | | | | |
| At 1 January 2022 | 9,457,959 | 13,017,498 | 5,821,310 | 10,001 | 160,297 | 906,188 | 29,373,253 |
| At 31 December 2022/ 1 January 2023 | 9,457,959 | 13,414,137 | 4,993,019 | 30,454 | 189,091 | 812,050 | 28,896,710 |
| At 31 December 2023 | 9,457,959 | 13,036,645 | 4,997,477 | 93,936 | 159,617 | 6,256 | 27,751,890 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

3.1 Material accounting policy information

(a) Recognition and measurement

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

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

(b) Depreciation

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% |

4. RIGHT-OF-USE ASSETS

| | Land RM | Premises RM | Total RM |
|---------------------------------------|------------|----------------|-------------|
| GROUP | | | |
| At 1 January 2022 | 9,140,276 | 3,366,188 | 12,506,464 |
| Remeasurement | - | 720,504 | 720,504 |
| Depreciation for the year | (193,006) | (761,398) | (954,404) |
| Effect of movements in exchange rates | - | 180,171 | 180,171 |
| At 31 December 2022 / 1 January 2023 | 8,947,270 | 3,505,465 | 12,452,735 |
| Remeasurement | - | 416,800 | 416,800 |
| Depreciation for the year | (193,005) | (772,895) | (965,900) |
| Effect of movements in exchange rates | - | 173,115 | 173,115 |
| At 31 December 2023 | 8,754,265 | 3,322,485 | 12,076,750 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

| | Land RM | Premises RM | Total RM |
|--------------------------------------|------------|----------------|-------------|
| COMPANY | | | |
| At 1 January 2022 | 9,140,276 | 389,957 | 9,530,233 |
| Remeasurement | - | 720,504 | 720,504 |
| Depreciation for the year | (193,006) | (570,895) | (763,901) |
| At 31 December 2022 / 1 January 2023 | 8,947,270 | 539,566 | 9,486,836 |
| Remeasurement | - | 416,800 | 416,800 |
| Depreciation for the year | (193,005) | (570,328) | (763,333) |
| At 31 December 2023 | 8,754,265 | 386,038 | 9,140,303 |

The parcels of leasehold land of the Group and the Company are depreciated over the lease terms of 63 to 85 years. Included in premises of the Group is leasehold office space with carrying amount of RM2,936,447 (2022: RM2,965,899) depreciated over the lease term of 26 years. The Company leases two factory buildings from related companies that run for 2 years.

4.1 Material accounting policy information

(a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Lease and non-lease components

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 their 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.

(c) Recognition exemption

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.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENTS IN SUBSIDIARIES

| | COMPANY | |
|-------------------------|---------|---------|
| | 2023 | 2022 |
| | 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 | |
|---|--|---|--|------|
| | | | 2023 | 2022 |
| 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.

5.1 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. DEFERRED TAX ASSETS/(LIABILITIES)

6.1 Recognised deferred tax assets/(liabilities)

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

| | ← Assets → | | ← (Liabilities) → | | ← Net → | |
|-------------------------------|------------|-------------|-------------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM | RM | RM |
| GROUP | | | | | | |
| Property, plant and equipment | - | - | (1,689,000) | (1,967,000) | (1,689,000) | (1,967,000) |
| Unutilised tax losses | 147,000 | 380,000 | - | - | 147,000 | 380,000 |
| Unabsorbed capital allowances | - | 815,000 | - | - | - | 815,000 |
| Provisions | 362,957 | 357,564 | - | - | 362,957 | 357,564 |
| Others | 2,000 | 3,000 | - | - | 2,000 | 3,000 |
| Tax assets/(liabilities) | 511,957 | 1,555,564 | (1,689,000) | (1,967,000) | (1,177,043) | (411,436) |
| Set-off of tax | (265,000) | (1,309,000) | 265,000 | 1,309,000 | - | - |
| Net tax assets/(liabilities) | 246,957 | 246,564 | (1,424,000) | (658,000) | (1,177,043) | (411,436) |
| COMPANY | | | | | | |
| Property, plant and equipment | - | - | (1,684,000) | (1,962,000) | (1,684,000) | (1,962,000) |
| Unutilised tax losses | 147,000 | 380,000 | - | - | 147,000 | 380,000 |
| Unabsorbed capital allowances | - | 815,000 | - | - | - | 815,000 |
| Provisions | 111,000 | 106,000 | - | - | 111,000 | 106,000 |
| Others | 2,000 | 3,000 | - | - | 2,000 | 3,000 |
| Tax assets/(liabilities) | 260,000 | 1,304,000 | (1,684,000) | (1,962,000) | (1,424,000) | (658,000) |
| Set-off of tax | (260,000) | (1,304,000) | 260,000 | 1,304,000 | - | - |
| Net tax assets/(liabilities) | - | - | (1,424,000) | (658,000) | (1,424,000) | (658,000) |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

6.2 Movement in temporary differences during the year

| | At 1.1.2022 | | Recognised in profit or loss (Note 17) | | Effect of movements in exchange rates | | At 31.12.2022 | |
|-------------------------------|-------------|-----------|--|-------------|---------------------------------------|-----|---------------|----|
| | RM | RM | RM | RM | RM | RM | RM | RM |
| GROUP | | | | | | | | |
| Property, plant and equipment | (1,329,000) | (638,000) | - | (1,967,000) | 278,000 | - | (1,689,000) | |
| Unutilised tax losses | 185,000 | 195,000 | - | 380,000 | (233,000) | - | 147,000 | |
| Unabsorbed capital allowances | 1,108,000 | (293,000) | - | 815,000 | (815,000) | - | - | |
| Provisions | 357,179 | - | 385 | 357,564 | 5,000 | 393 | 362,957 | |
| Others | 164 | 2,836 | - | 3,000 | (1,000) | - | 2,000 | |
| | 321,343 | (733,164) | 385 | (411,436) | (766,000) | 393 | (1,177,043) | |
| COMPANY | | | | | | | | |
| Property, plant and equipment | (1,324,000) | (638,000) | - | (1,962,000) | 278,000 | - | (1,684,000) | |
| Unutilised tax losses | 185,000 | 195,000 | - | 380,000 | (233,000) | - | 147,000 | |
| Unabsorbed capital allowances | 1,108,000 | (293,000) | - | 815,000 | (815,000) | - | - | |
| Provisions | 106,000 | - | - | 106,000 | 5,000 | - | 111,000 | |
| Others | 3,000 | - | - | 3,000 | (1,000) | - | 2,000 | |
| | 78,000 | (736,000) | - | (658,000) | (766,000) | - | (1,424,000) | |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

6.2 Movement in temporary differences during the year *cont'd*

The Directors are in the view that the recognised deferred tax assets are realisable as the subsidiaries have been profitable in the current and past years and it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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

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

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

| Year of expiry | GROUP/COMPANY | |
|----------------|----------------|----------------|
| | 2023 | 2022 |
| | RM | RM |
| 2030 | - | 23,000 |
| 2031 | 147,000 | 357,000 |
| | <u>147,000</u> | <u>380,000</u> |

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

6.3 Global minimum top-up tax

As at 31 December 2023, the governments of the Malaysia ("MY") has enacted new Pillar Two legislation, to implement the global minimum top-up tax. Group with consolidated revenue more than Euro750mil in at least two of the preceding four financial years, is subject to Pillar Two top-up taxes. The Group is not subjected to Pillar Two top-up taxes as the Group does not meet the consolidated revenue threshold of more than Euro750mil.

7. INVENTORIES

| | GROUP | | COMPANY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Raw materials | 13,497,123 | 22,663,429 | 13,497,123 | 22,663,434 |
| Work-in-progress | 6,491,749 | 6,481,323 | 6,491,749 | 6,481,323 |
| Finished goods | 10,507,018 | 13,832,620 | 10,260,433 | 13,361,206 |
| Production supplies | 557,717 | 691,722 | 557,717 | 691,722 |
| | <u>31,053,607</u> | <u>43,669,094</u> | <u>30,807,022</u> | <u>43,197,685</u> |
| Recognised in profit or loss: | | | | |
| Inventories recognised as cost of sales | 59,761,704 | 49,773,955 | 52,563,326 | 44,469,905 |
| Inventories written down (included in cost of sales) | 136,299 | - | 136,299 | - |
| | <u>59,898,003</u> | <u>49,773,955</u> | <u>52,700,000</u> | <u>44,469,905</u> |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

7. INVENTORIES *cont'd*

7.1 Material accounting policy information

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.

8. TRADE AND OTHER RECEIVABLES

| | Note | GROUP | | COMPANY | |
|-----------------------------------|------|------------|------------|------------|------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Trade | | | | | |
| Trade receivables | | 19,945,319 | 12,950,734 | - | 7,809 |
| Amount due from a subsidiary | a | - | - | - | 273,373 |
| Amount due from a related company | a | 32,865 | 19,372 | 32,865 | 19,372 |
| | | 19,978,184 | 12,970,106 | 32,865 | 300,554 |
| Non-trade | | | | | |
| Other receivables | | 63,505 | 22,324 | 45,850 | 11,350 |
| Interest income receivables | | 386,052 | 235,068 | 153,723 | 92,644 |
| Deposits | b | 285,491 | 300,191 | 263,791 | 262,591 |
| Prepayments | | - | 83,200 | - | 83,200 |
| | | 735,048 | 640,783 | 463,364 | 449,785 |
| | | 20,713,232 | 13,610,889 | 496,229 | 750,339 |

Note a

The amounts due from a subsidiary and a related company arise from trade transactions are unsecured, interest free and repayable within the credit term of 60 days (2022: 60 days).

Note b

Included in deposits of the Group and the Company is RM110,510 (2022: RM110,510) representing utilities deposits for rental of factory buildings from related companies.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

9. CONTRACT ASSETS/(LIABILITIES)

| GROUP | Note | 2023 RM | 2022 RM |
|----------------------|------|------------|-------------|
| Contract assets | a | 88,074 | 68,424 |
| Contract liabilities | b | (514,257) | (1,277,697) |

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 represent considerations received in advance from certain customers for sales of galvanised products, which revenue is recognised upon transfer of goods.

Significant changes to contract liabilities

| | 2023 RM | 2022 RM |
|--|------------|------------|
| Contract liabilities at the beginning of the year recognised as revenue | 797,732 | 1,223,464 |
| Contract liabilities at the beginning of the year recognised as forfeiture income due to the advance payments are time-barred from any refund claims | 389,158 | - |

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

| | GROUP | | COMPANY | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Cash and cash equivalents | | | | |
| Short-term deposits | 67,074,056 | 53,257,549 | 34,093,743 | 19,102,349 |
| Cash and bank balances | 12,715,487 | 11,961,584 | 2,333,199 | 1,647,660 |
| | <u>79,789,543</u> | <u>65,219,133</u> | <u>36,426,942</u> | <u>20,750,009</u> |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

10. CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS PLACED WITH LICENSED BANKS *cont'd*

Short-term deposits placed with licensed banks have maturity periods of 6 to 92 days (2022: 6 to 92 days). The effective interest rates per annum of the short-term deposits of the Group and of the Company during the year range from 2.60% to 3.95% (2022: 2.75% to 4.00%) and 2.60% to 3.95% (2022: 1.50% to 4.00%) respectively.

| | GROUP | | COMPANY | |
|--|------------|-----------|-----------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Fixed deposits placed with licensed banks | | | | |
| Fixed deposits with more than 3 months maturity period | 14,736,024 | 8,902,229 | 3,232,779 | 1,145,062 |

Fixed deposits placed with licensed banks have maturity periods of 181 to 183 days (2022: 181 to 182 days). The effective interest rates per annum of the fixed deposits of the Group and of the Company range from 3.40% to 4.00% (2022: 2.85% to 3.10%) and 3.70% to 3.75% (2022: 2.95%) respectively.

11. SHARE CAPITAL

| | ← 2023 → | | ← 2022 → | |
|---|------------------|------------|------------------|------------|
| | Number of shares | Amount RM | Number of shares | Amount RM |
| GROUP/COMPANY | | | | |
| 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.

12. OTHER RESERVES

| | ← Non-distributable → | | |
|------------------------------------|-----------------------|---------------------------|-------------|
| | Capital reserve RM | Translation reserve RM | Total RM |
| GROUP | | | |
| At 1 January 2022 | 499,998 | 4,216,121 | 4,716,119 |
| Foreign currency translation | - | 2,473,976 | 2,473,976 |
| At 31 December 2022/1 January 2023 | 499,998 | 6,690,097 | 7,190,095 |
| Foreign currency translation | - | 2,748,166 | 2,748,166 |
| At 31 December 2023 | 499,998 | 9,438,263 | 9,938,261 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

12. OTHER RESERVES *cont'd*

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. TRADE AND OTHER PAYABLES

| | Note | GROUP | | COMPANY | |
|---------------------------------|------|------------|------------|------------|------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Trade | | | | | |
| Trade payables | | 1,466,834 | 795,536 | 1,370,680 | 771,165 |
| Amounts due to subsidiaries | a | - | - | 814,852 | 1,698,542 |
| Amount due to a related party | b | 367,393 | 242,630 | - | - |
| Amount due to a related company | c | 25,672 | 8,114 | 25,672 | 8,114 |
| | | 1,859,899 | 1,046,280 | 2,211,204 | 2,477,821 |
| Non-trade | | | | | |
| Other payables | | 445,800 | 791,823 | 354,095 | 603,858 |
| Accruals | | 2,130,783 | 1,776,254 | 1,767,724 | 1,477,328 |
| Indirect tax payable | | 176,585 | 48,089 | - | - |
| | | 2,753,168 | 2,616,166 | 2,121,819 | 2,081,186 |
| | | 4,613,067 | 3,662,446 | 4,333,023 | 4,559,007 |

Note a

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

Note b

The amount due to a related party arose from trade purchases from a company in which a Director of the Company is deemed to have substantial financial interests. The amount is unsecured, interest free and repayable within the credit term of 60 days (2022: 60 days).

Note c

The amount due to a related company is unsecured, interest free and repayable within the credit term of 60 days (2022: 60 days).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. REVENUE

| | GROUP | | COMPANY | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Revenue from contracts with customers | | | | |
| - Point in time | 82,469,932 | 69,141,609 | 64,303,164 | 53,450,775 |
| - Overtime | 1,853,019 | 1,268,521 | 1,834,532 | 1,177,022 |
| | 84,322,951 | 70,410,130 | 66,137,696 | 54,627,797 |

14.1 Disaggregation of revenue

| | Sales of galvanized steel products | Installation services | Delivery services | Total |
|--|--|--------------------------|----------------------|-------------------|
| | RM | RM | RM | RM |
| GROUP | | | | |
| 2023 | | | | |
| Primary geographical markets | | | | |
| Malaysia | 37,140,684 | 351,590 | 1,177,121 | 38,669,395 |
| Singapore | 33,813,726 | - | - | 33,813,726 |
| New Zealand | 8,517,863 | - | 268,757 | 8,786,620 |
| United Arab Emirates | 1,272,627 | - | 34,533 | 1,307,160 |
| Others | 1,725,032 | - | 21,018 | 1,746,050 |
| Total revenue from contracts with customers | 82,469,932 | 351,590 | 1,501,429 | 84,322,951 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | 82,469,932 | - | - | 82,469,932 |
| Services transferred over time | - | 351,590 | 1,501,429 | 1,853,019 |
| | 82,469,932 | 351,590 | 1,501,429 | 84,322,951 |
| 2022 | | | | |
| Primary geographical markets | | | | |
| Malaysia | 31,027,686 | 126,302 | 858,949 | 32,012,937 |
| Singapore | 27,481,839 | - | - | 27,481,839 |
| New Zealand | 7,611,772 | - | 211,310 | 7,823,082 |
| United Arab Emirates | 760,964 | - | 21,702 | 782,666 |
| Others | 2,259,348 | - | 50,258 | 2,309,606 |
| Total revenue from contracts with customers | 69,141,609 | 126,302 | 1,142,219 | 70,410,130 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | 69,141,609 | - | - | 69,141,609 |
| Services transferred over time | - | 126,302 | 1,142,219 | 1,268,521 |
| | 69,141,609 | 126,302 | 1,142,219 | 70,410,130 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. REVENUE *cont'd*

14.1 Disaggregation of revenue *cont'd*

| | Sales of galvanized steel products RM | Installation services RM | Delivery services RM | Total RM |
|--|--|--------------------------------|----------------------------|-------------------|
| COMPANY | | | | |
| 2023 | | | | |
| Primary geographical markets | | | | |
| Malaysia | 43,330,775 | 321,066 | 1,022,303 | 44,674,144 |
| Singapore | 20,972,389 | - | 491,163 | 21,463,552 |
| Total revenue from contracts with customers | 64,303,164 | 321,066 | 1,513,466 | 66,137,696 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | 64,303,164 | - | - | 64,303,164 |
| Services transferred overtime | - | 321,066 | 1,513,466 | 1,834,532 |
| | 64,303,164 | 321,066 | 1,513,466 | 66,137,696 |
| COMPANY | | | | |
| 2022 | | | | |
| Primary geographical markets | | | | |
| Malaysia | 37,274,208 | 114,095 | 741,924 | 38,130,227 |
| Singapore | 16,176,567 | - | 321,003 | 16,497,570 |
| Total revenue from contracts with customers | 53,450,775 | 114,095 | 1,062,927 | 54,627,797 |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | 53,450,775 | - | - | 53,450,775 |
| Services transferred overtime | - | 114,095 | 1,062,927 | 1,177,022 |
| | 53,450,775 | 114,095 | 1,062,927 | 54,627,797 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. REVENUE *cont'd*

14.2 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 |
|---|--|---|--|
| Sales of galvanized steel products (i.e. masts, poles and other related products) | Revenue is recognised at the point when the goods are delivered and accepted by the customers based on incoterms. | Credit period of 30 days to 90 days (2022: 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 |
| 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 (2022: 30 days to 90 days) from invoice date or cash on delivery. | Not applicable |

15. INTEREST INCOME

| | GROUP | | COMPANY | |
|--|-----------|-----------|-----------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Interest income of financial assets calculated using the effective interest method that is at amortised cost | 2,648,243 | 1,033,372 | 1,010,029 | 547,057 |

16. INTEREST EXPENSE

| | GROUP/COMPANY | |
|---------------------------------------|---------------|--------|
| | 2023 | 2022 |
| | RM | RM |
| Interest expense on lease liabilities | 13,949 | 22,505 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

17. TAX EXPENSES

17.1 Recognised in profit or loss

| | GROUP | | COMPANY | |
|--|-----------|-----------|-----------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Major components of tax expenses include: | | | | |
| Income tax expenses | | | | |
| Malaysian tax expenses | | | | |
| - Current year | 978,288 | 679,374 | 228,288 | 129,374 |
| - Overprovision in prior year | (13,418) | (19,613) | - | - |
| Foreign tax expenses | | | | |
| - Current year | 826,384 | 680,916 | - | - |
| - Underprovision in prior year | 41 | 42,156 | - | - |
| | 1,791,295 | 1,382,833 | 228,288 | 129,374 |
| Deferred tax expenses (Note 6) | | | | |
| - Relating to origination of temporary differences | 1,056,000 | 518,164 | 1,056,000 | 521,000 |
| - (Over)/Under provision in prior year | (290,000) | 215,000 | (290,000) | 215,000 |
| | 766,000 | 733,164 | 766,000 | 736,000 |
| | 2,557,295 | 2,115,997 | 994,288 | 865,374 |

Malaysian current taxation is calculated at the Malaysian corporate statutory tax rate of 24% (2022: 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% (2022: 17%).

17.2 Reconciliation of tax expense

| | GROUP | | COMPANY | |
|---|------------|-----------|-----------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Profit before tax | 13,805,731 | 9,206,900 | 5,726,675 | 2,870,299 |
| Income tax calculated using Malaysian tax rate of 24% (2022: 24%) | 3,313,375 | 2,209,656 | 1,374,402 | 688,871 |
| Effect of tax rate in foreign jurisdiction | (353,289) | (290,566) | - | - |
| Non-taxable income | (11,000) | (1,800) | (11,000) | (1,800) |
| Non-deductible expenses | 183,635 | 216,495 | 143,000 | 162,530 |
| Special deductions | (279,232) | (296,097) | (220,000) | (222,392) |
| Others | 7,183 | 40,766 | (2,114) | 23,165 |
| | 2,860,672 | 1,878,454 | 1,284,288 | 650,374 |
| (Over)/Under provision in prior year | | | | |
| - Income tax | (13,377) | 22,543 | - | - |
| - Deferred tax | (290,000) | 215,000 | (290,000) | 215,000 |
| | 2,557,295 | 2,115,997 | 994,288 | 865,374 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

18. PROFIT FOR THE YEAR

| | Note | GROUP | | COMPANY | |
|--|------|-------------|-------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Profit for the year is arrived at after charging/(crediting): | | | | | |
| Auditors' remunerations: | | | | | |
| Statutory audit KPMG PLT | | | | | |
| - Current year | | 120,000 | 93,000 | 90,000 | 70,000 |
| Other auditors | | | | | |
| - Current year | | 73,423 | 63,936 | - | - |
| Non-audit fees | | | | | |
| - KPMG PLT | | 28,000 | 8,000 | 28,000 | 8,000 |
| Material expenses/(income) | | | | | |
| Depreciation of property, plant and equipment | | | | | |
| | 3 | 1,324,919 | 1,324,928 | 1,310,971 | 1,309,358 |
| Depreciation of right-of-use assets | | | | | |
| | 4 | 965,900 | 954,404 | 763,333 | 763,901 |
| Inventories written down | | | | | |
| | 7 | 136,299 | - | 136,299 | - |
| Impairment loss on trade receivables | | | | | |
| | | 159,979 | - | - | - |
| Interest expense on lease liabilities | | | | | |
| | 16 | 13,949 | 22,505 | 13,949 | 22,505 |
| Property, plant and equipment written off | | | | | |
| | | 21,676 | 3 | 21,676 | 3 |
| Repair and maintenance expenses | | | | | |
| | | 1,002,073 | 1,091,749 | 1,002,073 | 1,091,749 |
| Unrealised loss on foreign exchange, net | | | | | |
| | | 18,985 | 21,931 | 210 | 9,857 |
| Gain on disposal of property, plant and equipment | | | | | |
| | | (13,617) | (7,500) | (13,207) | (7,500) |
| Interest income | | | | | |
| | 15 | (2,648,243) | (1,033,372) | (1,010,029) | (547,057) |
| Other income consists mainly of: | | | | | |
| - sales of scraps, zinc ash and dross | | (1,409,086) | (1,702,362) | (1,409,086) | (1,702,362) |
| - Realised(gain)/loss on foreign exchange, net | | (16,706) | 196,658 | (9,054) | 227,643 |
| - Rental income | | - | - | (120,000) | (120,000) |
| - Bad debt recovered | | (7,394) | (267) | - | - |
| - Forfeiture of advance payments from customers | 9 | (389,158) | - | - | - |
| Personnel expenses (including key management personnel): | | | | | |
| - Wages and salaries | | 17,859,085 | 17,966,089 | 15,078,682 | 15,477,065 |
| - Employees' Provident Fund | | 2,037,946 | 1,926,620 | 1,877,376 | 1,773,560 |
| - Central Provident Fund (Singapore) | | 149,053 | 141,637 | - | - |
| - SOCSO & EIS | | 203,208 | 184,927 | 188,586 | 171,133 |
| - Other staff related expenses | | 210,339 | 207,693 | 191,587 | 202,748 |
| Expenses arising from leases | | | | | |
| Expenses relating to short-term leases | a | 167,520 | 49,088 | 167,520 | 49,088 |

Note a

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

19. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2023 and 31 December 2022 was based on the Group's profit attributable to ordinary shareholders and the number of ordinary shares outstanding, calculated as follows:

| | 2023 | 2022 |
|--|------------|------------|
| Profit for the year attributable to owners of the Company (RM) | 11,248,436 | 7,090,903 |
| Number of ordinary shares | 41,580,000 | 41,580,000 |
| Basic earnings per ordinary share (sen) | 27.05 | 17.05 |

(b) Diluted

There is no dilutive effect on earnings per share as the Group has no potential shares or other instruments with dilutive effects.

20. DIVIDENDS

Dividends recognised and paid by the Company were as follows:

| | Sen per share | Total amount RM | Date of payment |
|-----------------------------------|------------------|-----------------------|-------------------|
| 2023 | | | |
| Final single tier 2022 ordinary | 3 | 1,247,400 | 14 July 2023 |
| Interim single tier 2023 ordinary | 3 | 1,247,400 | 29 September 2023 |
| | | <u>2,494,800</u> | |
| 2022 | | | |
| Final single tier 2021 ordinary | 1 | <u>415,800</u> | 15 July 2022 |

In respect of the financial year ended 31 December 2023, the Directors recommended the payment of a final single tier dividend of 5 sen per ordinary share amounting to RM2,079,000, which is subject to shareholders' approvals 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 2024.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. SEGMENT INFORMATION

Group

Business segments

The Group operates within a single business segment.

Geographical segments

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

| | 2023 | 2022 |
|----------------------|-------------------|-------------------|
| | RM | RM |
| GROUP | | |
| Malaysia | 38,669,395 | 32,012,937 |
| Singapore | 33,813,726 | 27,481,839 |
| New Zealand | 8,786,620 | 7,823,082 |
| United Arab Emirates | 1,307,160 | 782,666 |
| Others | 1,746,050 | 2,309,606 |
| | <u>84,322,951</u> | <u>70,410,130</u> |

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

| | 2023 | 2022 |
|--------------------------------------|-------------------|-------------------|
| | RM | RM |
| Right-of-use assets | | |
| Malaysia | 9,140,303 | 9,486,836 |
| Singapore | 2,936,447 | 2,965,899 |
| | <u>12,076,750</u> | <u>12,452,735</u> |
| Property, plant and equipment | | |
| Malaysia | 27,787,205 | 28,933,924 |
| Singapore | 7,537 | 8,533 |
| | <u>27,794,742</u> | <u>28,942,457</u> |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

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

| 2023 | Carrying Amount RM | AC RM |
|---|--------------------------|--------------------|
| Financial assets | | |
| GROUP | | |
| Trade and other receivables | 20,713,232 | 20,713,232 |
| Fixed deposits placed with licensed banks | 14,736,024 | 14,736,024 |
| Cash and cash equivalents | 79,789,543 | 79,789,543 |
| | <u>115,238,799</u> | <u>115,238,799</u> |
| COMPANY | | |
| Trade and other receivables | 496,229 | 496,229 |
| Fixed deposits placed with licensed banks | 3,232,779 | 3,232,779 |
| Cash and cash equivalents | 36,426,942 | 36,426,942 |
| | <u>40,155,950</u> | <u>40,155,950</u> |
| Financial liabilities | | |
| GROUP | | |
| Trade and other payables** | (4,436,482) | (4,436,482) |
| COMPANY | | |
| Trade and other payables | (4,333,023) | (4,333,023) |
| 2022 | | |
| Financial assets | | |
| GROUP | | |
| Trade and other receivables* | 13,527,689 | 13,527,689 |
| Fixed deposits placed with licensed banks | 8,902,229 | 8,902,229 |
| Cash and cash equivalents | 65,219,133 | 65,219,133 |
| | <u>87,649,051</u> | <u>87,649,051</u> |
| COMPANY | | |
| Trade and other receivables* | 667,139 | 667,139 |
| Fixed deposits placed with licensed banks | 1,145,062 | 1,145,062 |
| Cash and cash equivalents | 20,750,009 | 20,750,009 |
| | <u>22,562,210</u> | <u>22,562,210</u> |
| Financial liabilities | | |
| GROUP | | |
| Trade and other payables** | (3,614,357) | (3,614,357) |
| COMPANY | | |
| Trade and other payables | (4,559,007) | (4,559,007) |

* Exclude prepayments

** Exclude indirect tax payables

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.2 Net gains and losses arising from financial instruments

| | 2023 RM | 2022 RM |
|---|------------|------------|
| GROUP | | |
| Net gains/(losses) on: | | |
| Financial assets at amortised cost | 2,484,116 | 1,052,550 |
| Financial liabilities at amortised cost | 9,263 | (237,500) |
| | 2,493,379 | 815,050 |
| COMPANY | | |
| Net gains/(losses) on: | | |
| Financial assets at amortised cost | 1,010,029 | 547,057 |
| Financial liabilities at amortised cost | 8,844 | (237,500) |
| | 1,018,873 | 309,557 |

22.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

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

22.4.1 Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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

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

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

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or fully) 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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.4 Credit risk *cont'd*

22.4.1 Trade receivables and contract assets *cont'd*

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

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

| | GROUP | | COMPANY | |
|-------------|------------|------------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Malaysia | 10,359,145 | 7,941,642 | - | 7,809 |
| Singapore | 10,747,398 | 5,673,863 | - | - |
| New Zealand | - | 447,784 | - | - |
| Hong Kong | 48,041 | - | - | - |
| Others | - | 37,179 | - | - |
| | 21,154,584 | 14,100,468 | - | 7,809 |

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 adopts the simplified approach and uses an allowance matrix to measure ECLs of trade receivables, whereby invoices which are past due 90 days will be considered as credit impaired.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.4 Credit risk *cont'd*

22.4.1 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 | | | |
| 2023 | | | |
| Current (not past due) | 6,929,681 | (56,135) | 6,873,546 |
| 1 - 30 days past due | 7,294,250 | (43,019) | 7,251,231 |
| 31 - 60 days past due | 2,121,194 | (72,603) | 2,048,591 |
| 61 - 90 days past due | 3,409,243 | (96,839) | 3,312,404 |
| Credit impaired | 19,754,368 | (268,596) | 19,485,772 |
| More than 90 days past due | 1,117,335 | (569,714) | 547,621 |
| Individually impaired | 282,881 | (282,881) | - |
| | 21,154,584 | (1,121,191) | 20,033,393 |
| 2022 | | | |
| Current (not past due) | 4,301,055 | (66,537) | 4,234,518 |
| 1 - 30 days past due | 3,509,185 | (81,889) | 3,427,296 |
| 31 - 60 days past due | 1,677,759 | (87,233) | 1,590,526 |
| 61 - 90 days past due | 1,854,610 | (85,745) | 1,768,865 |
| Credit impaired | 11,342,609 | (321,404) | 11,021,205 |
| More than 90 days past due | 2,467,849 | (469,896) | 1,997,953 |
| Individually impaired | 290,010 | (290,010) | - |
| | 14,100,468 | (1,081,310) | 13,019,158 |
| | | 2023 | 2022 |
| | | RM | RM |
| GROUP | | | |
| Stated at net: | | | |
| Trade receivables | | 19,945,319 | 12,950,734 |
| Contract assets | | 88,074 | 68,424 |
| | | 20,033,393 | 13,019,158 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.4 Credit risk *cont'd*

22.4.1 Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment losses cont'd

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 | | | |
| At 1 January 2022 | 750,653 | 323,620 | 1,074,273 |
| Net remeasurement of loss allowance | 40,647 | (40,647) | - |
| Effect of movements in exchange rates | - | 7,037 | 7,037 |
| At 31 December 2022/1 January 2023 | 791,300 | 290,010 | 1,081,310 |
| Net remeasurement of loss allowance | 47,010 | 112,969 | 159,979 |
| Amounts written off | - | (127,300) | (127,300) |
| Effect of movements in exchange rates | - | 7,202 | 7,202 |
| At 31 December 2023 | 838,310 | 282,881 | 1,121,191 |

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

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

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

22.4.3 Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented and advances to employees.

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

As at the end of the reporting period, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

22.4.4 Financial guarantees

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

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.4 Credit risk *cont'd*

22.4.4 Financial guarantees *cont'd*

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM155,479 (2022: RM155,479) 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.

22.4.5 Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

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

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

The Group and the Company did not recognise any allowance for impairment in respect of related company's and subsidiary's balances during the financial year as the risk of non-recovery is remote.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.5 Liquidity risk

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

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

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

Maturity analysis

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

| | Carrying amount RM | Contractual interest rate % per annum | Contractual cash flows RM | Under one year RM | One to two years RM |
|--|-----------------------|---------------------------------------|------------------------------|----------------------|------------------------|
| GROUP | | | | | |
| 2023 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 4,436,482 | - | 4,436,482 | 4,436,482 | - |
| Lease liabilities | 389,645 | 2.30 - 4.10 | 403,055 | 248,788 | 154,267 |
| | <u>4,826,127</u> | | <u>4,839,537</u> | <u>4,685,270</u> | <u>154,267</u> |
| 2022 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 3,614,357 | - | 3,614,357 | 3,614,357 | - |
| Lease liabilities | 547,460 | 2.30 - 3.10 | 556,043 | 525,043 | 31,000 |
| | <u>4,161,817</u> | | <u>4,170,400</u> | <u>4,139,400</u> | <u>31,000</u> |
| COMPANY | | | | | |
| 2023 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 4,333,023 | - | 4,333,023 | 4,333,023 | - |
| Lease liabilities | 389,645 | 2.30 - 4.10 | 403,055 | 248,788 | 154,267 |
| Performance guarantee | - | - | 155,479 | 155,479 | - |
| | <u>4,722,668</u> | | <u>4,891,557</u> | <u>4,737,290</u> | <u>154,267</u> |
| 2022 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 4,559,007 | - | 4,559,007 | 4,559,007 | - |
| Lease liabilities | 547,460 | 2.30 - 3.10 | 556,043 | 525,043 | 31,000 |
| Performance guarantee | - | - | 155,479 | 155,479 | - |
| | <u>5,106,467</u> | | <u>5,270,529</u> | <u>5,239,529</u> | <u>31,000</u> |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.6 Market risk

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

Currency risk

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

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:

| | <i>← Denominated in →</i> | | | |
|--|---------------------------|--------|-----------------------|---------|
| | USD | SGD | New Zealand Dollar | Total |
| | RM | RM | RM | RM |
| GROUP | | | | |
| 2023 | | | | |
| <i>Balances recognised in the statement of financial position</i> | | | | |
| Trade receivables | 105,322 | - | - | 105,322 |
| Cash and bank balances | 450,964 | - | - | 450,964 |
| Net exposure | 556,286 | - | - | 556,286 |
| 2022 | | | | |
| <i>Balances recognised in the statement of financial position</i> | | | | |
| Trade receivables | 26,610 | 10,568 | 447,784 | 484,962 |
| Cash and bank balances | 435,309 | - | - | 435,309 |
| Net exposure | 461,919 | 10,568 | 447,784 | 920,271 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.6 Market risk

Currency risk *cont'd*

Exposure to foreign currency risk

| | ← Denominated in → | | |
|---|--------------------|--------------------|--------------------|
| | USD RM | SGD RM | Total RM |
| COMPANY | | | |
| 2023 | | | |
| Balances recognised in the statement of financial position | | | |
| Cash and cash equivalents | 1,812 | - | 1,812 |
| Amount due to a subsidiary | - | (57,591) | (57,591) |
| Net exposure | 1,812 | (57,591) | (55,779) |
| 2022 | | | |
| Balances recognised in the statement of financial position | | | |
| Cash and cash equivalents | 1,812 | - | 1,812 |
| Amount due to a subsidiary | - | (1,698,542) | (1,698,542) |
| Net exposure | 1,812 | (1,698,542) | (1,696,730) |

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% (2022: 3%) strengthening of respective functional currencies of the Group entities against following foreign currencies 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 | |
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| <i>Functional currency/ Foreign currency</i> | | | | |
| RM/USD | (4,272) | (697) | (41) | (41) |
| RM/SGD | - | (241) | 1,313 | 38,727 |
| RM/NZD | - | (10,209) | - | - |
| SGD/USD | (9,088) | (10,741) | - | - |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.6 Market risk *cont'd*

Currency risk *cont'd*

Currency risk sensitivity analysis *cont'd*

A 3% (2022: 3%) weakening of respective functional currencies of the Group entities against following foreign currencies 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. Interest bearing financial liabilities is lease liabilities. The fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group and of the Company. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

| | GROUP | | COMPANY | |
|---|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Fixed rate instruments | | | | |
| Financial assets | | | | |
| - Fixed deposits placed with licensed banks | 14,736,024 | 8,909,229 | 3,232,779 | 1,145,062 |
| - Short-term deposits (included in cash and cash equivalents) | 67,074,056 | 53,257,549 | 34,093,743 | 19,102,349 |
| | 81,810,080 | 62,166,778 | 37,326,522 | 20,247,411 |
| Financial liabilities | | | | |
| - Lease liabilities | 389,645 | 547,460 | 389,645 | 547,460 |

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. FINANCIAL INSTRUMENTS *cont'd*

22.7 Fair value information

The carrying amounts of cash and cash equivalents, fixed deposits placed with licensed banks, 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.

23. CAPITAL COMMITMENT

| | GROUP/COMPANY | |
|---------------------------------------|---------------|---------|
| | 2023 | 2022 |
| | RM | RM |
| Property, plant and equipment: | | |
| Contracted but not provided for | - | 100,000 |

24. 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 2023 and 31 December 2022.

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. For the years ended 31 December 2023 and 31 December 2022, the Group has zero gearing.

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

25. CONTINGENT LIABILITIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

25. CONTINGENT LIABILITIES *cont'd*

(a) *cont'd*

As Macsteel had exhausted all rights to appeal, Macsteel applied to the High Court to amend their Defence to include a Counterclaim against the Company and its related company, Lysaght Corrugated Pipe Sdn Bhd. Macsteel counterclaims for breach of contract of USD1,555,656 against the series of contracts allegedly entered into between Macsteel and the Company. Macsteel's amendment application was allowed and the Company had filed its Defence to counterclaim. Macsteel has also applied for a discovery of document application and the hearing was held on 2 April 2024 which will continue on 15 May 2024. The case is fixed for trial from 9 to 12 September 2024.

The above claim has not been provided for in the financial statements as based on the advice obtained from the Company's solicitor, the Board of Directors are of the opinion that the likelihood of Macsteel succeeding its claim is low.

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

The matter was referred to the Industrial Court and trial proceeded in March 2022, April 2022, November 2022, December 2022 and November 2023. The trial has not concluded and is scheduled to continue on 4 July 2024, 11 July 2024 and 16 July 2024.

The potential financial exposure has not been provided for in the financial statements as based on the advice obtained from the Company's solicitor, the Board of Directors are of the opinion that the Company has a reasonably good chance of success.

26. RELATED PARTIES

Significant related party transactions

Related party transactions have been entered in the normal course of business under negotiated terms. The balances related to the below transactions are shown in Notes 8 and 13.

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

| | GROUP | | COMPANY | |
|--|-----------|-----------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Transactions with subsidiaries | | | | |
| Rental income of office | - | - | 120,000 | 120,000 |
| Sales of galvanized products | - | - | 65,892,971 | 54,373,269 |
| Payment settled on behalf by the Company | - | - | 32,017 | 1,049,195 |
| Payment on behalf by subsidiaries | - | - | (2,874,980) | (2,443,205) |
| Transactions with related companies | | | | |
| Rental of factory buildings | (588,564) | (588,060) | (588,564) | (588,060) |
| Purchase of used motor vehicle | - | (25,000) | - | (25,000) |
| Fabricating expenses | (47,205) | (107,126) | (47,205) | (107,126) |
| Powder coating services rendered | 174,644 | 226,080 | 174,644 | 226,080 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. RELATED PARTIES *cont'd*

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

| | GROUP | | COMPANY | |
|--|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Transactions with a related party | | | | |
| Purchase of goods | 5,777,381 | 4,464,026 | - | - |
| Key management personnel | | | | |
| <i>Directors of the Company</i> | | | | |
| - Remuneration | 823,140 | 777,410 | 823,140 | 777,410 |
| - Employees' Provident Fund | 156,400 | 147,712 | 156,400 | 147,712 |
| - Benefit-in-kind | 20,525 | 20,525 | 20,525 | 20,525 |
| <i>Director of a subsidiary</i> | | | | |
| - Salaries and other emoluments | 751,991 | 679,760 | - | - |
| <i>Non-executive Directors of the Company</i> | | | | |
| - Fees | 487,600 | 432,000 | 487,600 | 432,000 |
| - Allowance | 102,500 | 95,000 | 102,500 | 95,000 |
| <i>Other key management personnel</i> | | | | |
| - Salaries and other emoluments | 1,719,411 | 1,660,854 | 1,719,411 | 1,660,854 |

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. COMPARATIVE FIGURES

In prior year, fixed deposits placed with licensed banks and short-term deposits with licensed banks of the Group and of the Company included interest income receivables, amounted to RM235,068 and RM92,644 respectively. These comparatives have been reclassified to trade and other receivables to conform with current year's presentation, as summarised below:

| | As previously reported | Reclassification | As re-presented |
|---|------------------------------|------------------|--------------------|
| GROUP | | | |
| As of 31 December 2022 | | | |
| Statements of financial position | | | |
| Trade and other receivables | 13,375,821 | 235,068 | 13,610,889 |
| Fixed deposits placed with licensed banks | 8,909,725 | (7,496) | 8,902,229 |
| Cash and cash equivalents | 65,446,705 | (227,572) | 65,219,133 |
| | 87,732,251 | - | 87,732,251 |
| COMPANY | | | |
| As of 31 December 2022 | | | |
| Statements of financial position | | | |
| Trade and other receivables | 657,695 | 92,644 | 750,339 |
| Fixed deposits placed with licensed banks | 1,152,558 | (7,496) | 1,145,062 |
| Cash and cash equivalents | 20,835,157 | (85,148) | 20,750,009 |
| | 22,645,410 | - | 22,645,410 |

The above reclassifications have no impact on total current assets and net assets as at 31 December 2022 and net profit for the financial year ended 31 December 2022.

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 75 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2023 and of their 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:

EE BENG GUAN
Director

CHONG SAI SIN
Director

Date: 19 April 2024

STATUTORY DECLARATION

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

I, Ong Siew Sung, NRIC: 741220-08-5658, the officer primarily responsible for the financial management of Lysaght Galvanized Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 75 to 119 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Ong Siew Sung,
(MIA CA: 23490)
at Ipoh in the State of Perak Darul Ridzuan
on 19 April 2024.

Ong Siew Sung

Before me:

Commissioner for Oaths
Perak Darul Ridzuan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

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

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lysaght Galvanized Steel Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 75 to 119.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. 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 and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (RM84,322,951)

Refer to Note 14 – Revenue.

The key audit matter

Revenue recognised for the financial year ended 31 December 2023 mainly consisted of sales of galvanized steel products. We have identified revenue recognition as a key audit matter as the Group has significant volume of transactions during the year and there is a risk that revenue may be misstated. Performance obligation delivered and satisfied may not be recognised based on the dates when controls are transferred to the customers and hence, there is a risk that revenue may not be recognised in the correct accounting period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

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

(Incorporated in Malaysia)

cont'd

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

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 one customer for the total sales transacted with this customer 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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

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

(Incorporated in Malaysia)

cont'd

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

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

(Incorporated in Malaysia)

cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTER

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

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

Ipoh

Date: 19 April 2024

CHEW BENG HONG

Approval Number: 02920/02/2026 J

Chartered Accountant

LIST OF PROPERTIES

AS AT 31 DECEMBER 2023

| 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 | 37 | 1,856,465 | 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 | 29 | 2,211,590 | 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 | 51 | 9,951,662 | 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 | 11 | 4,784,018 | 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 | 7 | 1,055,227 | 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 | 29 | 11,389,907 | 20.9.2013 |
| No. 50 Tuas Ave 11, #02-28, Singapore 639107 | Leasehold office building and warehouse | Office and Warehouse | 8,913 sq ft | Leasehold 99 years expiring on 31.3.2079 | 11 | 2,936,447 | 6.12.2012 |

SHAREHOLDING DISTRIBUTION SCHEDULE

AS AT 4 APRIL 2024

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 | 1.15 | 380 | 0.00 |
| 100 to 1,000 | 263 | 17.84 | 159,913 | 0.38 |
| 1,001 to 10,000 | 986 | 66.89 | 3,422,207 | 8.23 |
| 10,001 to 100,000 | 188 | 12.75 | 4,515,100 | 10.86 |
| 100,001 to less than 5% of issued shares | 18 | 1.22 | 4,127,900 | 9.93 |
| 5% and above of the issued shares | 2 | 0.14 | 29,354,500 | 70.60 |
| TOTAL | 1,474 | 100.0 | 41,580,000 | 100.00 |

THIRTY LARGEST SHAREHOLDERS

AS AT 4 APRIL 2024

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 | Chee Sai Mun | 348,600 | 0.84 |
| 5 | Liew Swee Mio @ Liew Hoi Foo | 344,400 | 0.83 |
| 6 | Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kin Kheong (E-IMO)</i> | 301,100 | 0.72 |
| 7 | Lee Keng Fah | 283,500 | 0.68 |
| 8 | Liew Wah Tang | 268,600 | 0.65 |
| 9 | CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt an for DBS Bank Ltd (SFS)</i> | 230,200 | 0.55 |
| 10 | Ng Sey Hoe | 201,800 | 0.49 |
| 11 | HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt an for Bank Julius Baer & Co. Ltd. (Singapore BCH)</i> | 182,000 | 0.44 |
| 12 | Bina Securities & Management Sdn. Bhd. | 172,200 | 0.41 |
| 13 | Lim Khuan Eng | 165,000 | 0.40 |
| 14 | Goh Eng Ngai | 159,800 | 0.38 |
| 15 | UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai</i> | 148,100 | 0.36 |
| 16 | Tan Yau Lam | 143,900 | 0.35 |
| 17 | Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Tian Sang @ Tan Tian Song (E-PPG)</i> | 128,000 | 0.31 |
| 18 | Teo Kwee Hock | 113,500 | 0.27 |
| 19 | RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yee Lee Ying</i> | 105,400 | 0.25 |
| 20 | Liew Ing Shian | 102,000 | 0.25 |
| 21 | Tan Thian Chai | 91,900 | 0.22 |
| 22 | Lee Tek Mook @ Lee Teh Moh | 87,600 | 0.21 |
| 23 | Lai Shwu Yan | 87,300 | 0.21 |
| 24 | Tew Kok Kian | 85,200 | 0.20 |
| 25 | Tan Peng Lim | 75,100 | 0.18 |
| 26 | Chan Heng Koon | 72,000 | 0.17 |
| 27 | Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chee Sai Mun (E-KLC)</i> | 70,900 | 0.17 |
| 28 | Teoh Ah Yet | 67,900 | 0.16 |
| 29 | Yee Lee Ying | 67,800 | 0.16 |
| 30 | Low Keng Lan | 66,600 | 0.16 |
| | Total | 34,254,700 | 82.38 |

SUBSTANTIAL SHAREHOLDERS

AS AT 4 APRIL 2024

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 2024

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

| No. | Name of Directors | Direct Shareholdings | | Indirect Shareholdings | |
|-----|-------------------|----------------------|------|--------------------------|-------|
| | | No. of Shares | % | No. of Shares | % |
| 1 | Ee Beng Guan | - | - | - | - |
| 2 | Chong Sai Sin | - | - | - | - |
| 3 | Chew Meu Jong | - | - | 22,957,200 ^{*1} | 55.21 |
| 4 | Ir. Aik Siaw Kong | - | - | - | - |
| 5 | Cheam Low Soo | - | - | - | - |
| 6 | Yeoh Sheong Lee | 100 | 0.00 | - | - |
| 7 | Chong Chin Look | - | - | - | - |

Notes:

^{*1} Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd. and her spouse's shareholdings in the Company

This page has been intentionally left blank.

| | |
|--------------------|--|
| 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-Fifth Annual General Meeting ("45th 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, 13 June 2024 at 10:00 a.m. and at any adjournment thereof.

| ORDINARY BUSINESS | | Resolution | FOR | AGAINST |
|-------------------|--|-----------------------|-----|---------|
| 1. | To declare a final single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2023. | Ordinary Resolution 1 | | |
| 2. | To approve the payment of Directors' Fees for an amount of up to RM550,000/- for the financial year ending 31 December 2024 to the Non-Executive Directors. | Ordinary Resolution 2 | | |
| 3. | To approve the payment of the meeting allowances for an amount of up to RM130,000/- for the financial year ending 31 December 2024 to the Non-Executive Directors. | Ordinary Resolution 3 | | |
| 4. | To re-elect Mr Ee Beng Guan as Director of the Company pursuant to Article 23.4 of the Company's Constitution. | Ordinary Resolution 4 | | |
| 5. | To re-elect Mr Chong Sai Sin as Director of the Company pursuant to Article 23.4 of the Company's Constitution. | Ordinary Resolution 5 | | |
| 6. | To re-elect Mr Chong Chin Look as Director of the Company pursuant to Article 23.11 of the Company's Constitution. | Ordinary Resolution 6 | | |
| 7. | To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2024 at such remuneration to be determined by the Directors. | Ordinary Resolution 7 | | |
| SPECIAL BUSINESS | | | | |
| 8. | Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | Ordinary Resolution 8 | | |

(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 _____, 2024

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 6 June 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 45th 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 45th 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 45th 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