



## COVER RATIONALE

The cover design for IAR2023 serves as a captivating visual representation of our corporate identity. Featuring an artful illustration derived from our corporate logo, it not only captures but embodies the strength and unity that define Leform Berhad. As we embark on another exciting year of progress, we eagerly embrace the challenge of surpassing our own achievements. Building upon our expertise in manufacturing and trading steel products, Leform Berhad is poised to redefine industry standards. Our mission transcends the realm of mere transactions; it is a dedicated commitment in crafting enduring value for our esteemed stakeholders. In the coming year, we pledge to navigate challenges with resilience and innovation, ensuring that our contributions transcend immediate gains and resonate with long-term prosperity.

# 29<sup>th</sup>

ANNUAL GENERAL MEETING

**Address :** World Trade Centre Kuala Lumpur,  
No. 41, Jalan Tun Ismail,  
50480 Kuala Lumpur, Malaysia.

**Date :** Monday, 24 June 2024

**Time :** 10:00 a.m.

# IN THIS REPORT

## 01

### OVERVIEW

- 4 Corporate Information
- 5 Corporate Structure
- 6 Group Corporate Profile
- 7 Our Presence
- 8 Key Corporate Milestones

## 02

### PERFORMANCE

- 10 Five-Year Group Financial Highlights
- 12 2023 Event Highlights
- 13 Leform in the News

## 03

### KEY MESSAGES

- 14 Chairman's Statement
- 18 Management Discussion and Analysis
- 26 Sustainability Statement

## 04

### OUR LEADERSHIP

- 67 Board of Directors' Profile
- 73 Key Senior Management's Profile

## 05

### VALUE CREATION STRATEGIC REVIEW

- 76 Our Value Creation Story
- 76 Our Group Business Model
- 76 Our Business Strengths
- 77 Our Value Creation Model
- 78 Our Value Creation Business Model
- 80 Growth Drivers
- 80 Stakeholders Engagement

## 06

### OUR GOVERNANCE

- 82 Corporate Governance Overview Statement
- 97 Audit and Risk Management Committee Report
- 101 Statement on Risk Management and Internal Control

## 07

### FINANCIAL STATEMENTS

- 105 Directors' Report
- 111 Statement by Directors
- 111 Statutory Declaration
- 112 Independent Auditors' Report
- 117 Statements of Financial Position
- 119 Statements of Profit or Loss and Other Comprehensive Income
- 120 Statements of Changes in Equity
- 122 Statements of Cash Flows
- 124 Notes to the Financial Statements

## 08

### ADDITIONAL INFORMATION

- 186 Additional Compliance Information
- 187 Statement on Directors' Responsibility
- 189 List of Properties
- 190 Analysis of Shareholdings

## 09

### AGM NOTICE AND INFORMATION

- 192 Notice of AGM Proxy Form



# About This Report

Leform Berhad (“Leform”, the “Group” or the “Company”) is pleased to present our Integrated Annual Report 2023 (“IAR2023”). This report aims to provide a comprehensive overview of Leform’s utilisation of capitals to create long-term sustainable value, for the financial year ended 31 December 2023 (“FY2023”). The report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

## REPORTING SCOPE & BOUNDARY

Unless otherwise indicated, the content of this IAR2023 reflects data and activities of the Group from 1 January 2023 to 31 December 2023. Where available, data is presented for 2-5 year time frames. Kindly refer to the Five Year Financial Highlights for more information. The report focuses on business operations information of Leform disclosed through the impact it has on the capitals as defined by International Intergrated Reporting Council (“IIRC”). All the six capitals cover information on a consolidated basis.

## RELATED INFORMATION

This IAR2023 is supplemented with additional online disclosures for our stakeholders. These include financial statements, policies and structures of governance, organisational policies and other pertinent information.

The Group’s latest corporate announcements and our corporate policies are available for viewing on our website: <https://www.leformgroup.com.my>.

The Group’s corporate governance policies and Code of Conduct and Ethics including Board Charter and its Terms of Reference, Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy can be viewed at: <https://www.leformgroup.com.my/investor-relations/corporategovernance>.

## FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements relating to Leform’s plans, objectives, goals, strategies, future operations, and performance. These statements are subject to inherent risks and uncertainties and should not be construed as guarantees or predictions of the Group’s future performance.

Accordingly, readers are cautioned not to place undue reliance on forward-looking statements as actual results and outcomes could differ significantly from those expressed or implied.

## REGULATORY FRAMEWORKS OR DISCLOSURE GUIDES

- ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad
- The Companies Act 2016 (“Act”)
- Malaysian Financial Reporting Standards (“MFRS”)
- Malaysian Code On Corporate Governance 2021 (“MCCG 2021”)
- Bursa Malaysia Sustainability Reporting Guide – Third Edition
- Global Reporting Initiative (GRI) Standards
- International Integrated Reporting Framework of IIRC
- United Nations Sustainable Development Group (“UNSDG”)
- Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations

## ONLINE VERSION AND FEEDBACK

This IAR2023 can be downloaded from: <https://www.leformgroup.com.my>. as well as Bursa Malaysia Securities Berhad’s website.







Feedback on this report may be channelled to:

**Mr Ng Tiong Lim**








Email: [tlng@leformgroup.com.my](mailto:tlng@leformgroup.com.my)

**REPORTING FRAMEWORK**

**SIX CAPITAL**

|                                                                                                               |                                                                                                               |                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|  <b>Natural Capital</b>      |  <b>Intellectual Capital</b> |  <b>Social &amp; Relationship Capital</b> |
|  <b>Manufactured Capital</b> |  <b>Human Capital</b>        |  <b>Financial Capital</b>                 |


































**KEY RISKS**

|                                                                                                                                       |                                                                                                                                  |                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
|  <b>C</b> <b>Cost of Raw Material</b>                |  <b>L</b> <b>Labour Shortage</b>                |  <b>W</b> <b>Working Capital Funding</b> |
|  <b>D</b> <b>Disruption in Processing Facilities</b> |  <b>A</b> <b>Absence of Long-term Contracts</b> |  <b>CR</b> <b>Credit Risks</b>           |
|  <b>F</b> <b>Foreign Exchange Fluctuations</b>       |                                                                                                                                  |                                                                                                                             |

**STAKEHOLDERS ENGAGEMENT**

|                                                                                                                   |                                                                                                                                  |                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
|  <b>Investors/Shareholders</b> |  <b>Government and Regulatory Authorities</b> |  <b>Customers</b> |
|  <b>Suppliers and Vendors</b>  |  <b>Senior Management Team</b>                |  <b>Employees</b> |
|  <b>Local Communities</b>      |                                                                                                                                  |                                                                                                        |

**MATERIAL MATTERS**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                    |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <p><b>ECONOMIC GROWTH</b></p> <table border="0"> <tr> <td> <b>Economic impact</b></td> <td> <b>Supply chain management</b></td> </tr> </table>                                                                                                                                                                                    |  <b>Economic impact</b>                         |  <b>Supply chain management</b>       | <p><b>GOOD GOVERNANCE</b></p> <table border="0"> <tr> <td> <b>Corporate governance and anti-corruption</b></td> <td> <b>Data and customer privacy</b></td> </tr> </table> |  <b>Corporate governance and anti-corruption</b> |  <b>Data and customer privacy</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
|  <b>Economic impact</b>                                                                                                                                                                                                                                                                                                                                                                                              |  <b>Supply chain management</b>                 |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
|  <b>Corporate governance and anti-corruption</b>                                                                                                                                                                                                                                                                                                                                                                     |  <b>Data and customer privacy</b>             |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
| <p><b>ENVIRONMENTAL STEWARDSHIP</b></p> <table border="0"> <tr> <td> <b>Energy, emission and climate resilience</b></td> <td> <b>Waste and effluent management</b></td> </tr> <tr> <td> <b>Water consumption</b></td> <td></td> </tr> </table> |  <b>Energy, emission and climate resilience</b> |  <b>Waste and effluent management</b> |  <b>Water consumption</b>                                                                                                                                                                                                                                      |                                                                                                                                     | <p><b>SOCIAL RESPONSIBILITY</b></p> <table border="0"> <tr> <td> <b>Health and safety</b></td> <td> <b>Diversity and inclusion</b></td> </tr> <tr> <td> <b>Fair-labour practices</b></td> <td> <b>Contribution to society</b></td> </tr> </table> |  <b>Health and safety</b> |  <b>Diversity and inclusion</b> |  <b>Fair-labour practices</b> |  <b>Contribution to society</b> |
|  <b>Energy, emission and climate resilience</b>                                                                                                                                                                                                                                                                                                                                                                      |  <b>Waste and effluent management</b>           |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
|  <b>Water consumption</b>                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                    |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
|  <b>Health and safety</b>                                                                                                                                                                                                                                                                                                                                                                                            |  <b>Diversity and inclusion</b>               |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |
|  <b>Fair-labour practices</b>                                                                                                                                                                                                                                                                                                                                                                                        |  <b>Contribution to society</b>               |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                              |                                                                                                                      |                                                                                                                  |                                                                                                                      |

# Corporate Information

## BOARD OF DIRECTORS

### Datuk Seri Akhil Bin Bulat

(Independent Non-Executive Chairman)

### Law Kok Thy

(Managing Director)

### Chua Leng Leek

(Independent Non-Executive Director)

### Lai Chin Yang

(Independent Non-Executive Director)

### Lee Wee Leng

(Independent Non-Executive Director)

### Phang Yew Cheong @ Phang Yew Choong

(Non-Independent Executive Director)  
(Resigned on 13 March 2024)

### Esmariza Binti Ismail

(Non-Independent Executive Director)

### AUDIT AND RISK MANAGEMENT COMMITTEE

Chua Leng Leek (Chairperson)  
Lai Chin Yang  
Lee Wee Leng

### REMUNERATION COMMITTEE

Lee Wee Leng (Chairperson)  
Chua Leng Leek  
Lai Chin Yang

### NOMINATION COMMITTEE

Lai Chin Yang (Chairman)  
Chua Leng Leek  
Lee Wee Leng

### COMPANY SECRETARIES

Tai Yit Chan  
(MAICSA No. 7009143)  
SSM PC No. 202008001023  
Tan Ai Ning  
(MAICSA No. 7015852)  
SSM PC No. 202008000067

### REGISTERED OFFICE

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Tel : (03) 7890 4800  
Fax : (03) 7890 4650

### HEADQUARTERS

PT16077 & PT16078  
Jalan Kesidang 4  
Kawasan Perindustrian Sungai Choh  
48200 Serendah  
Selangor  
Tel : (03) 6099 0666  
Fax : (03) 6099 0696  
Website: [www.leformgroup.com.my](http://www.leformgroup.com.my)  
Email : [sales@leformgroup.com.my](mailto:sales@leformgroup.com.my)

### AUDITORS

Crowe Malaysia PLT  
Level 16, Tower C  
Megan Avenue 2  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : (03) 2788 9999

### SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya, Selangor  
Tel : (03) 7890 4700  
Fax : (03) 7890 4670

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock name : LEFORM  
Stock code : 0266  
Listed on : 30 November 2022

### PRINCIPAL BANKERS

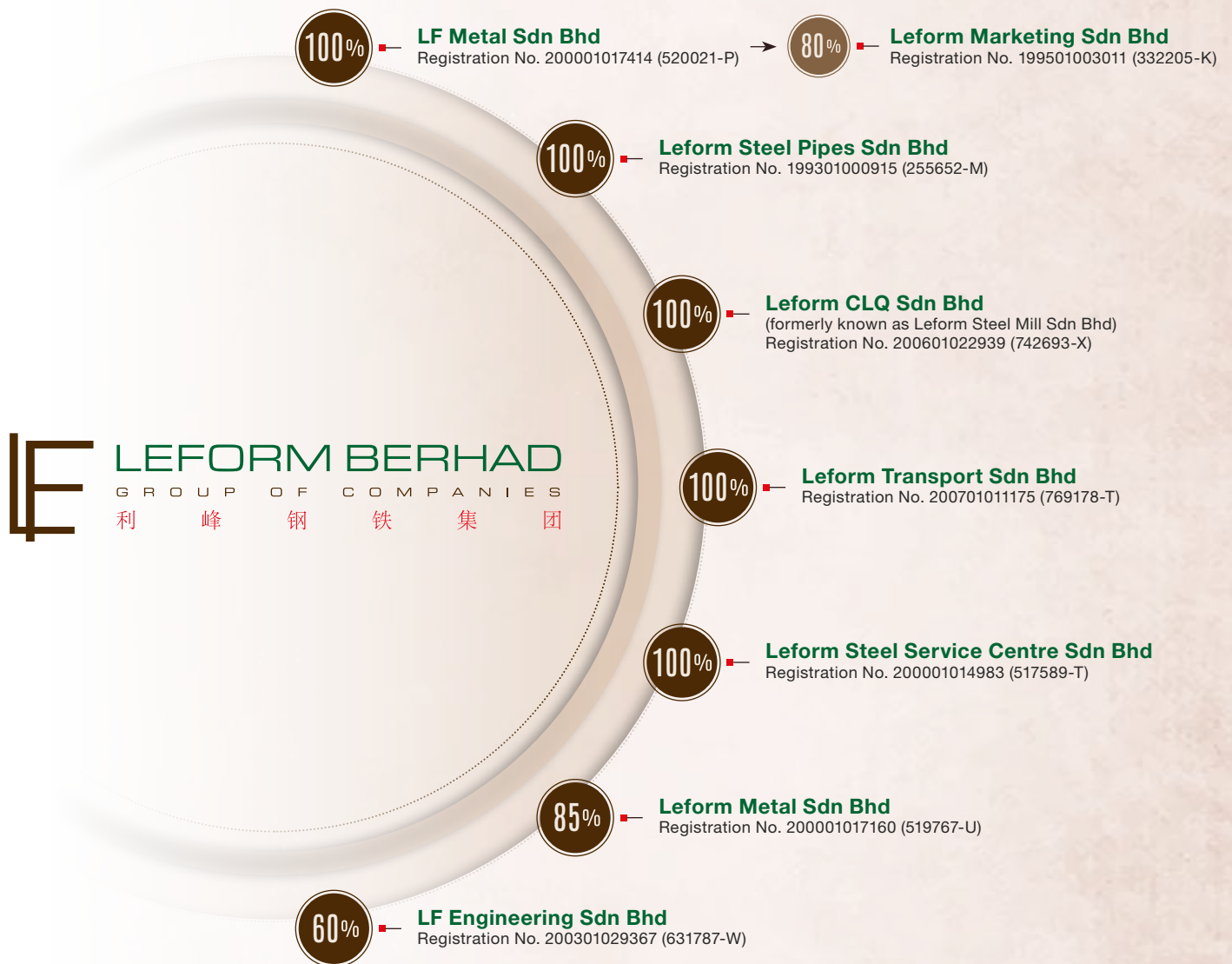
- OCBC Bank (Malaysia) Berhad
- Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
- CIMB Bank Berhad
- HSBC Bank Malaysia Berhad
- Ambank (M) Berhad
- Citibank Berhad

### SPONSOR

UOB Kay Hian Securities (M) Sdn Bhd  
Suite 19.03, 19<sup>th</sup> Floor, Menara Keck  
Seng, 203, Jalan Bukit Bintang  
55100, Kuala Lumpur  
Tel : (03) 2147 1888  
Fax : (03) 2147 1950



# Corporate Structure

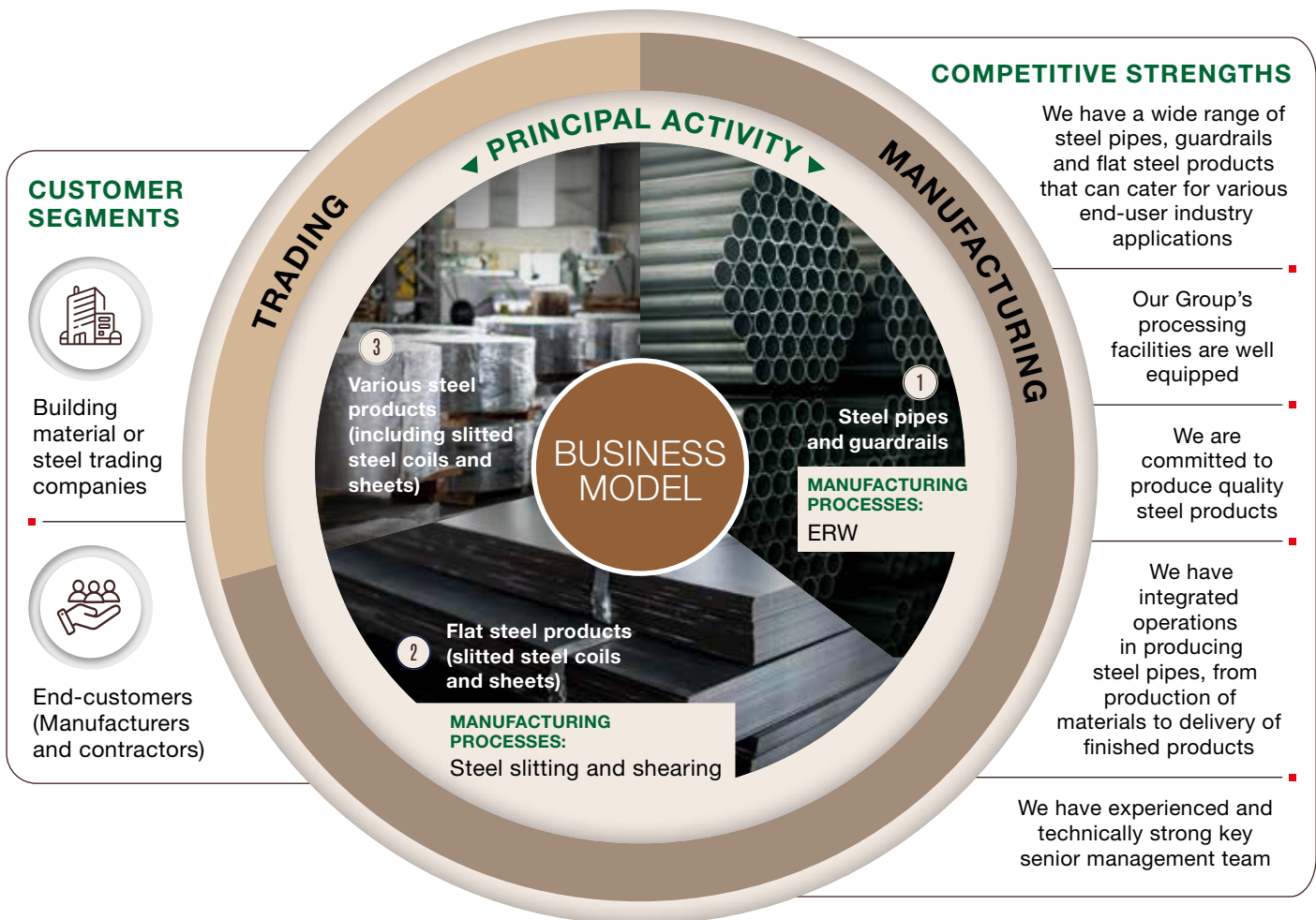


# Group Corporate Profile

Our Group is principally involved in the following business segments:

- (i) manufacturing of steel products; and
- (ii) trading in steel products.

The following diagram illustrates our Group's business model:





## Our Presence



CAMBODIA

MALAYSIA



NEW ZEALAND

### Reliable Steel Product Manufacturer

Our Group's headquarters and processing facilities are based in Malaysia and our sales are primarily generated from Malaysia. Our Group also exports our products to international markets such as New Zealand and Cambodia.

# Key Corporate Milestones

1995

Incorporation of Leform Sdn Bhd



2003

Started with 3 pipe mills with total annual production capacity of 11,323MT



2005-2008

Purchased Lot 4306 - 4312



2009

Completion of Plant 1 in Lot 4306 - 4309



2010

Awarded ISO 9001:2008 by TUV Nord Cert. GmbH



2011

Completion of Plant 2 in Lot 4310 - 4312.

Annual production output of 56,937 MT



## Key Corporate Milestones

### 2017

Completion of Plant 3 in Lot 858



### 2018

Steel pipes were first approved by CIDB to be used as scaffolding



### 2019

Guardrails were approved by Construction Industry Development Board (“CIDB”)

Commence operation in Plant 3



### 2022

Listing on the ACE Market



### 2023

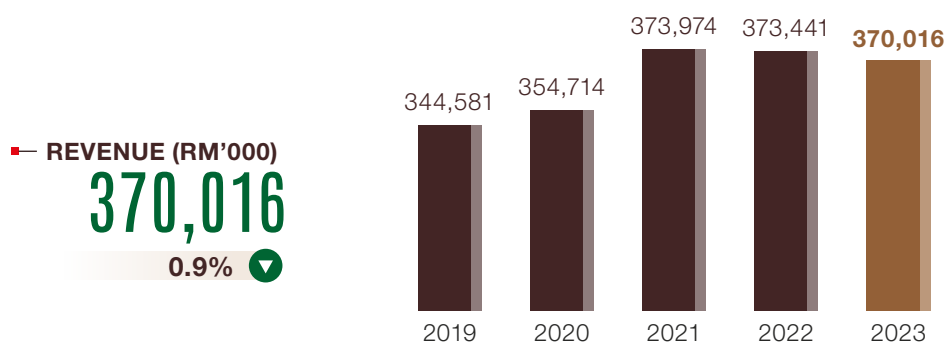
Successfully convened our first Annual General Meeting (“AGM”) as a public listed company. This historic event took place amidst the elegant surroundings of the Sheraton Hotel in Petaling Jaya on Tuesday, June 27, 2023, commencing promptly at 10:00 a.m. It marked a significant milestone in our journey, symbolising our commitment to transparency, accountability, and stakeholder engagement. The AGM provided a platform for shareholders, board members, and management to come together, reflect on our achievements, address pertinent issues, and chart the course for our future endeavors.





# Five-Year Group Financial Highlights

|                                                                       | 2019      | 2020      | 2021      | 2022      | 2023             |
|-----------------------------------------------------------------------|-----------|-----------|-----------|-----------|------------------|
| <b>Operating Results (RM'000)</b>                                     |           |           |           |           |                  |
| Revenue                                                               | 344,581   | 354,714   | 373,974   | 373,441   | <b>370,016</b>   |
| Gross Profit ("GP")                                                   | 21,293    | 31,200    | 79,889    | 14,452    | <b>13,242</b>    |
| Earnings Before Interest, Tax, Depreciation & Amortisation ("EBITDA") | 19,225    | 27,434    | 76,252    | 13,042    | <b>11,208</b>    |
| Profit/(Loss) Before Taxation                                         | 1,213     | 10,661    | 61,873    | (3,295)   | <b>(8,296)</b>   |
| (Loss)/Profit After Taxation                                          | (1,631)   | 7,137     | 45,410    | (7,281)   | <b>(5,141)</b>   |
| <b>Key Financial Position Data (RM'000)</b>                           |           |           |           |           |                  |
| Total Assets                                                          | 359,586   | 348,397   | 390,011   | 516,158   | <b>456,547</b>   |
| Total Equity                                                          | 120,599   | 125,758   | 169,810   | 234,430   | <b>215,960</b>   |
| Total Liabilities                                                     | 238,987   | 222,639   | 220,201   | 281,728   | <b>240,587</b>   |
| <b>Financial Ratios</b>                                               |           |           |           |           |                  |
| GP Margin (%)                                                         | 6.2       | 8.8       | 21.4      | 3.9       | <b>3.6</b>       |
| Profit/(Loss) Before Taxation Margin (%)                              | 0.4       | 3.0       | 16.5      | (0.9)     | <b>(2.2)</b>     |
| (Loss)/Profit After Taxation Margin (%)                               | (0.5)     | 2.0       | 12.1      | (1.9)     | <b>(1.4)</b>     |
| Weighted Average Number of Ordinary Shares in Issue ('000)            | 1,170,000 | 1,170,000 | 1,170,000 | 1,197,267 | <b>1,481,013</b> |
| Basic (Loss)/Earnings Per Share (sen)                                 | (0.1)     | 0.6       | 3.8       | (0.6)     | <b>(0.3)</b>     |



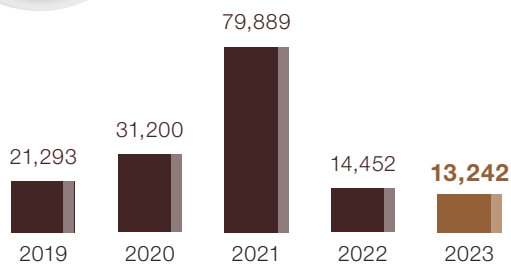
## Five-Year Group Financial Highlights



— GROSS PROFIT (RM'000)

**13,242**

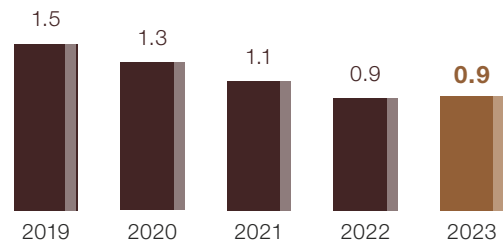
8.4% ▼



— GEARING RATIOS (TIMES)

**0.9**

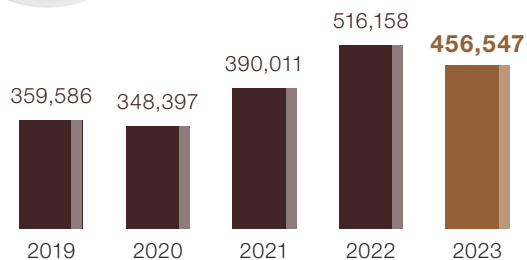
Nil ➡



— TOTAL ASSETS (RM'000)

**456,547**

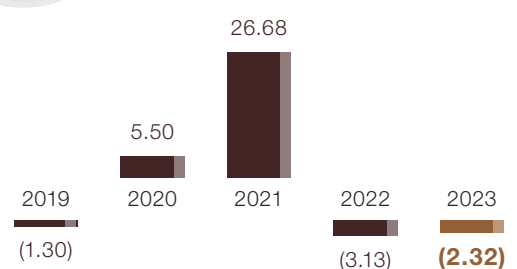
11.5% ▼



— RETURN ON EQUITY (%)

**(2.32)**

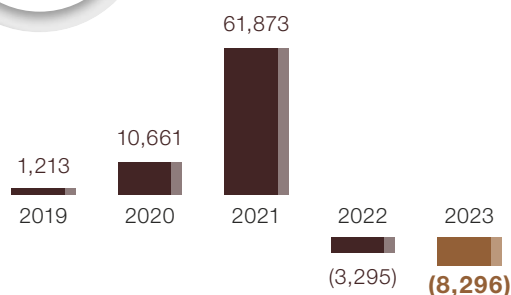
25.9% ▲



— (LOSS)/PROFIT BEFORE TAXATION (RM'000)

**(8,296)**

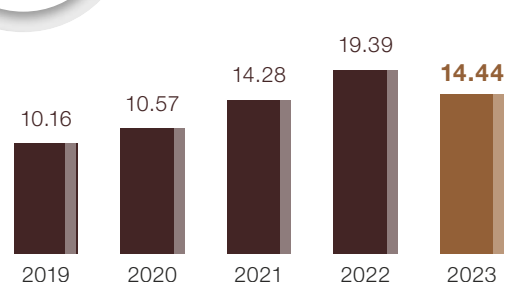
151.8% ▼



— NET ASSETS PER SHARE (SEN)

**14.44**

25.5% ▼



# 2023 Event Highlights



**JUN 2023**

**ANNUAL GENERAL  
MEETING 2023**



**JUN 2023**

**SPONSORSHIP FOR  
KARNIVAL AMAL SJK(C)  
BUKIT TANGGA**



**NOV 2023**

**BOARD OF  
DIRECTORS' MEETING**





# Leform In The News

< > [https://leform.listedcompany.com/media\\_releases.html](https://leform.listedcompany.com/media_releases.html)



## Leform wins RM19.53mil contract from IJM Construction

KUALA LUMPUR: **Leform Bhd** has secured a contract worth RM19.53mil from IJM Construction Sdn Bhd to supply and install guardrails at Section 11 of the Beruas Interchange to Taiping South Interchange.

In a filing with Bursa Malaysia, the steel product manufacturer said the work is expected to be completed by Aug 30, 2023.

"The expressway, once completed, will be the third longest highway in Peninsular Malaysia, spanning 233 kilometres, after the 966 kilometres North-South Expressway and the 330 kilometres East Coast Highway."

Leform managing director Law Kok Thye said the contract marks the continuous effort towards securing projects since becoming a listed entity.

"We believe this award also signifies a vote of confidence and trust by our business partners in the management, thus providing a huge encouragement for us to further strengthen our position.

"We have no doubts in executing our expansion plan, which includes the construction of a new warehouse storage facility to scale up our storage area and operational efficiency while allowing us to expand our product variety to include thicker gauge steel pipes," he said in the same statement.

## The Malaysian Reserve



## Leform bags US\$1.95m Cambodian highway guardrail contract

**LEFORM** Bhd, a steel products manufacturer, has secured a supply contract worth USD 1.95 million from Nim Meng Group Co Ltd in Cambodia.

The contract, executed by Leform Metal Sdn Bhd, a subsidiary owned 85% by Leform, involves supplying highway guardrail products for the National Road No 5 Improvement Project.

The project aims to enhance transportation capacity and logistics efficiency in Cambodia, with work expected to start in August 2024 and conclude by December 2024.

Leform sees this contract as a significant step in expanding its regional business footprint and gaining a larger market share in the steel industry.

Leform's shares increased by 1 sen or 3.51% today, concluding at 29.5 sen each and achieving a market capitalisation of RM437 million. —

**TMR**

# Chairman's Statement

## DEAR VALUED SHAREHOLDERS

Leform Berhad (“Leform”, “the Group”, or “the Company”) has made great strides in our second year as a public listed company on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). With the support of all our stakeholders, we have continued to expand our presence, firmly positioning ourselves as a reputable manufacturer of steel products.

I am pleased to present to you Leform’s Integrated Annual Report for the financial year ended 31 December 2023 (“FY2023”).

# Chairman's Statement

## ■ RISING TO THE CHALLENGE

Malaysia's economy performed relatively well in 2023, with sustained economic expansion and growth in various sectors. As the gradual global recovery helped to offset a slowdown in China, Malaysia recorded a gross domestic product (GDP) of 3.7%<sup>i</sup> for the year, which was slightly below the target of 4%.

While Malaysia's economy experienced growth and improvement, the country did not escape the continued global supply chain disruptions which affected various sectors in the economy and posed risks to its growth prospects.

After a period of gradual recovery in the first quarter of 2023, steel prices declined<sup>ii</sup> later in the year. After a turbulent period of global economic disruptions, the steel industry witnessed a gradual recovery in demand and prices. This recovery was driven by factors such as rebounding construction activities, increasing infrastructure investments, and a resurgence in manufacturing sectors.

Although Leform saw an increased demand for our products, lower average steel prices, higher production and delivery costs, and the high interest rate environment eroded our margins. The Group's strategy to minimise the impact of an unfavourable external environment was to increase our sales volume and optimise costs across our operations.

We also turned our focus internally, developing our capacity, building relationships, implementing sustainability initiatives, and ensuring the quality of our products. As a result, the Group has managed to secure several projects during the financial year in review.

<sup>i</sup> NikkeiAsia; Malaysia annual GDP misses target at 3.7% amid weak exports; N.Goh; 16 February 2024

<sup>ii</sup> Trading Economics; Steel price summary

## ■ OUR PERFORMANCE

Revenue for FY2023 declined by 0.9% from RM373.44 in the previous year to RM370.02 million, mainly due to the lower average selling price of steel. However, this impact was offset by the increase in our sales volume. Both the above factors resulted in a lower gross profit margin by 0.3% to 3.6%, from 3.9% in FY2022. Loss before taxation widened from RM3.30 million to RM8.30 million mainly due to lower margins, higher finance expenses, higher carriage outwards, and higher impairment loss on financial assets.



**Revenue**  
**RM370.02** million  
FY2022: 373.44 million



**Gross Profit Margin**  
**3.6%**  
FY2022: 3.9%



**Loss Before Taxation**  
**RM8.30** million  
FY2022: RM3.30 million

## ■ DIVIDENDS

The Group did not declared a dividend for the FY2023. However, moving forward, we endeavour to reward our shareholders, subject to the Group's financial position, financial requirements, and the Board's approval.



# Chairman's Statement



## CREATING VALUE THROUGH SUSTAINABILITY

At Leform, we have always placed customer satisfaction and quality products at the forefront of our business. But we realised that there is more we could do to create value for our stakeholders - not just our customers, but also our employees, shareholders, and the environment. That's why we embarked on a journey to integrate environmental, social and governance ("ESG") matters into our business strategy. It will create new opportunities for us while delivering on our core business goals.

There is still much work to be done, and we remain dedicated to continuous improvement in our efforts to integrate sustainability into every aspect of our operations.

For more information on our sustainability initiatives, kindly refer to our Sustainability Statement on pages 26 to 66 of this Integrated Annual Report.

## OUTLOOK AND PROSPECTS

We anticipate a growth in demand for steel as infrastructure projects commence, and we are well positioned to capitalise on the increased demand. Progress on our facility in Serendah, Selangor, is on track for completion in the second quarter of 2025.

The new facility will serve as a comprehensive "one-stop" center, consolidating our manufacturing, warehousing, and transportation operations. This expansion provides us with additional warehouse storage space, allowing us to optimise the utilisation rates of our machinery and operate at full capacity, producing up to 290,813MT of steel pipes per year. We will be able to reduce lead times, ensuring faster and more efficient delivery to our customers, while reducing our environmental impact and ensuring the well-being of our employees.

While the construction, automotive parts manufacturing, and furniture manufacturing industries form the base of our clientele, the new facility will allow the Group to diversify into other industries, ensuring long-term value for our stakeholders.

Looking ahead, we remain cautiously optimistic about our prospects despite an ever-evolving business landscape. We will continue to prioritise customer satisfaction to maintain our competitive advantage and drive sustainable growth.

# Chairman's Statement



## ■ ACKNOWLEDGEMENTS

I would like to express my satisfaction with the preventative measures taken by the Board, senior management, and all Leform personnel in ensuring our long-term interests and that of our stakeholders. Your unwavering dedication and efforts have steered the Group through challenging times, and I am truly grateful for your commitment.

I would also like to extend my appreciation to our external stakeholders, including our esteemed shareholders, customers, business partners, suppliers, and bankers. Your support and collaboration have been fundamental to our progress, and I am grateful for the trust you have placed in us.

Lastly, I would like to thank the relevant authorities for their guidance and assistance. Their expertise and guidance have helped us navigate through regulatory frameworks and ensure compliance to the highest standards.

As we move forward, I am confident that with the dedication and collective efforts of our team and the continued support of our stakeholders, we will reach new heights and achieve even greater success.

Thank you.

Datuk Seri Akhil bin Bulat  
Independent Non-Executive Chairman

# Management Discussion and Analysis

**Leform is primarily involved in the manufacturing and trading of steel products. Our product range includes steel pipes, guardrails, and flat steel products such as slitted steel coil and sheets. These products find applications in a wide range of industries, including furniture, construction, and automotive parts manufacturing.**

As a socially conscious company, Leform is committed to align with the sustainability initiatives of the Malaysian Government and participating in the growing green steel movement. As we continue to expand, we aim to reduce our carbon footprint across all our operations. This entails implementing measures to minimise emissions and exploring alternative energy sources to replace fossil fuels as part of our organisational strategy.

Leform's journey began on January 14, 1995, as a private limited company called Leform Sdn Bhd. On the same date 27 years later, on January 14, 2022, Leform was listed on the ACE Market of Bursa Securities.

While our primary focus is on serving the domestic market, we have extended our footprint to international markets such as New Zealand and Cambodia, with these markets contributing 0.39% to the Group's revenue. Our diverse customer base includes building material and steel trading companies, manufacturers, and contractors.

With our extensive range of steel pipes, guardrails, and flat steel products, we cater to various end-user industry applications. Furthermore, our integrated operations ensure seamless coordination from production to the delivery of finished products.

Our range of steel products are as follows:

## Round Steel Pipes

Cylindrical-shaped steel pipes made from hot rolled steel pipes and cold rolled steel pipes, generally without coatings. We offer

pre-coated products for protection against corrosion.

Usage ranges from furniture manufacturing to industrial product manufacturing such as automotive parts.



## Steel Hollow Sections

Square or rectangular shaped steel pipes. Typically used in furniture, construction of structures, lightweight industrial structures and hand railings for construction.



## Oval Steel Pipes and Ellipse Steel Pipes

These have a slightly flatter shape compared to round steel pipes and conform to design preference for aesthetic purposes.

Usage includes furniture manufacturing and industrial product manufacturing such as automotive parts.





## Management Discussion and Analysis

### Gate Channels, Trolley Track and U-Channels

Rolled steel products formed into U or C shape with unwelded ends. Gate channels are used as tracks for collapsible gates in construction sites, while trolley tracks are used to guide trolleys and carts at construction sites. The u-channels are typically used as railings for stairs and escalators.



### Guardrails

Formed from slitted steel coils. Used in construction of a boundary as a means to prevent or deter access from one side of the road or bridge to another.

Our range of flat steel products are as follows:

### Slitted Steel Coils

The above products is a finished steel sheets that have been slitted, rolled and wounded up. The usages for these slitted steel coils are wide including for furniture manufacturing, construction and industrial products manufacturing (such as automotive parts).



### Steel Sheets

The above products include electro galvanised and galvanised steel sheets, hot-rolled pickled and oiled steel sheets and cold-rolled steel sheets that have been re-rolled at room temperature to achieve exact dimensions and better surface qualities. The usages for these steel sheets are wide including in furniture, construction, and industrial products manufacturing (such as automotive parts).



# Management Discussion and Analysis

FY2023 is Leform's second financial year as a public listed entity on the ACE Market of Bursa Securities, following the Group's initial public offering ("IPO") on 30 November 2022. The IPO raised gross proceeds of RM71.5 million towards the Group's expansion plans which include the construction of a new headquarters, new workers' accommodation, and expansion of our warehouse storage facilities.

The utilisation of the proceeds of the IPO as of 31 December 2023 are as follows:

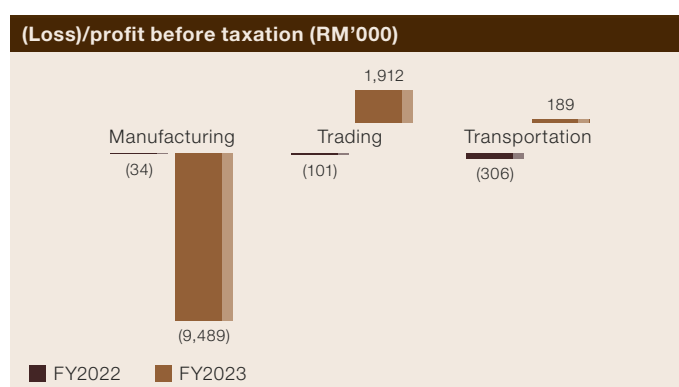
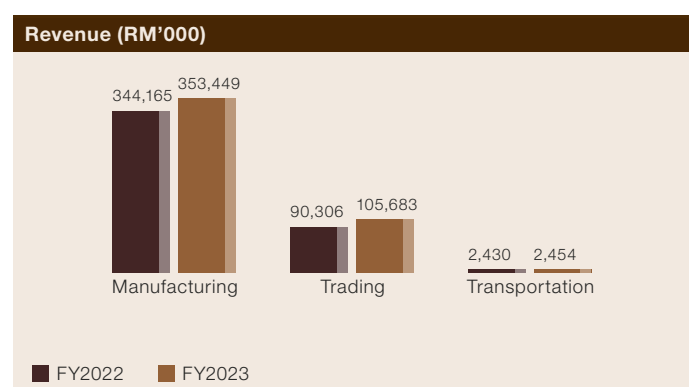
| Details                                                                                 | RM'000/ Percentage of gross proceeds (%) |                 | RM'000/ Percentage of gross proceeds utilised (%) |                 | Estimated timeframe for use upon listing |
|-----------------------------------------------------------------------------------------|------------------------------------------|-----------------|---------------------------------------------------|-----------------|------------------------------------------|
| Construction of new headquarters, warehouse storage facility and workers' accommodation | 30,038                                   | (42.0%)         | 18,527                                            | (30.9%)         | Within 18 months                         |
| Repayment of bank borrowings                                                            | 13,185 <sup>(1)</sup>                    | (18.4%)         | 13,185                                            | (21.9%)         | Within 10 months                         |
| Working capital                                                                         | 23,561 <sup>(1)</sup>                    | (32.9%)         | 23,561                                            | (39.3%)         | Within 12 months                         |
| Estimated listing expenses                                                              | 4,749 <sup>(1)</sup>                     | (6.7%)          | 4,749                                             | (7.9%)          | Within 3 months                          |
|                                                                                         | <b>71,533</b>                            | <b>(100.0%)</b> | <b>60,022</b>                                     | <b>(100.0%)</b> |                                          |

<sup>1.</sup> The balance of unutilised portion that were initially allocated for the listing expenses and repayment of bank borrowings of RM451,000 and RM1,200,000 respectively has been re-allocated for working capital.

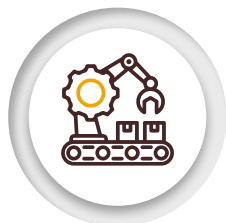
## SEGMENTAL REVIEW

|                       | Revenue (RM'000) |                |                | (Loss)/profit before taxation (RM'000) |                |                |
|-----------------------|------------------|----------------|----------------|----------------------------------------|----------------|----------------|
|                       | FY2022           | FY2023         | Variance       | FY2022                                 | FY2023         | Variance       |
| <b>Manufacturing</b>  | 344,165          | 353,449        | 9,284          | (34)                                   | (9,489)        | (9,455)        |
| <b>Trading</b>        | 90,306           | 105,683        | 15,377         | (101)                                  | 1,912          | 2,013          |
| <b>Transportation</b> | 2,430            | 2,454          | 24             | (306)                                  | 189            | 495            |
| <b>Elimination</b>    | (63,460)         | (91,570)       | (28,110)       | (2,854)                                | (908)          | 1,946          |
| <b>Total</b>          | <b>373,441</b>   | <b>370,016</b> | <b>(3,425)</b> | <b>(3,295)</b>                         | <b>(8,296)</b> | <b>(5,001)</b> |

The Group is principally involved in the manufacture of steel products, comprising of steel pipes, guardrails, and flat steel products.



# Management Discussion and Analysis



## — MANUFACTURING

Revenue had slightly increased by 2.7% to RM353.4 million. Despite the slight increase, the segment incurred a loss of RM9.5 million mainly due to lower margins, higher carriage outwards, higher administrative expenses, higher interest rates and higher impairment loss on financial assets.

The details of contracts secured by the Group during FY2023 are as follows:

### Cambodia National Road Improvement

On 23 November 2023, our 85% owned subsidiary, Leform Metal Sdn Bhd (“LMSB”) secured a contract with Nim Meng Group Co, Ltd of Cambodia for the supply of highway guardrail products under the National Road No. 5 Improvement Project. The contract is valued at USD1.95 million and will be effective from August 2024 to December 2024. The contract is expected to contribute positively to the revenue, earnings, and net assets of Leform and its subsidiaries for FY2024.

### IJMC-KEB Joint Venture Subcontractor

On 29 May 2023, LF Engineering Sdn Bhd (“LF Engineering”), a 60%- owned subsidiary of Leform, was awarded the Subcontract Agreement for the IJM Construction Sdn Bhd and WCE Holdings Berhad joint venture (“IJMC-KEB”) for the construction of Section 7 (Part 1 of 2) (Assam Jawa Interchange to Tanjung Karang Interchange) of Lebuhraya Pesisiran Pantai Barat (Taiping - Banting).

The one-year subcontract, valued at RM6.25 million, is for the supply and installation of guardrails and is expected to be completed by the fourth quarter of 2024, following a delay due to unforeseen circumstances. The subcontract, the fourth for the Group for Lebuhraya Pesisiran Pantai Barat, is expected to contribute positively to the revenue, earnings, and net assets of Leform for FY2024.

### SKVE Interchange-SAE Interchange Subcontractor

On 2 May 2023, LF Engineering executed a RM2.89 million Subcontract Agreement from Prebore Piling & Engineering Sdn Bhd (“Prebore P&E”). Prebore P&E is one of the contractors appointed for the construction of Section 2 of South Klang Valley Expressway (“SKVE”) Interchange to Shah Alam Expressway (“SAE”) Interchange (the “Project”). The subcontract is to undertake amongst others, the supply and installation of guardrails for the Project. Although there was a delay in commencement, the project is scheduled for completion in 2024.

### Lebuhraya Pesisiran Pantai Barat Subcontractor

On 20 March 2023, LF Engineering secured a RM19.53 million subcontract from IJM Construction Sdn Bhd for the supply and installation of guardrails for Section 11 (Beruas Interchange to Taiping South Interchange) of Lebuhraya Pesisiran Pantai Barat (Taiping - Banting). Work on the project was delayed, and a new completion date has been set for 2024.

# Management Discussion and Analysis



## ■ TRADING

Leform is involved in the trading of steel products, which is complementary to the Group's core business activity of manufacturing. We purchase and resell selected steel products that we do not manufacture to provide a broader range of products for our customers.

Revenue increased by 17.0% to RM105.7 million mainly due to higher demand for our products, with a profit before taxation of RM1.9 million compared to a loss of 0.1 million mainly due to the gain on disposal of machinery.



## ■ TRANSPORTATION

Leform is involved in the provision of transport and carrier services of the Group's finished steel products.

Revenue for the segment increased slightly year-on-year, with lower staff costs and lower depreciation resulting in a profit before taxation of RM0.2 million.

## ■ REVIEW OF FINANCIAL PERFORMANCE

Revenue in FY2023 decreased 0.9% to RM370.0 million from RM373.4 million previously, mainly attributed to the lower average selling price per MT. The lower average selling price was offset with an increase in sales volume of 18.1%.

Loss before taxation widened to RM8.3 million (FY2022: RM3.3 million) mainly due to lower margins, higher administrative expenses, higher carriage outwards, increased finance expenses due to higher drawdown and higher OPR rate, and higher impairment loss on financial assets.

The Group's total assets and total liabilities decreased by 11.5% to RM456.5 million, and 14.6% to RM240.6 million, respectively. The decrease in total assets was mainly attributed to the maturity of our fixed deposits, utilisation of inventories and reduction in cash and bank balances. Our cash and bank balances were utilised to repay our bank borrowings, trade payables and to purchase fixed assets for the construction of our new facilities.

The decrease in total assets is offset with the increase in trade and other receivables from outstanding debts that were not due, discounts from advance payments to suppliers, deposits for the installation of solar panels and costs incurred for the construction of our new facilities.

Total liabilities decreased mainly due to the decrease in term loans, bank overdrafts, and trade and other payables. The term loans were repaid from the IPO proceeds, while trade payables reduced as the Group had purchased less in the last quarter compared to the previous financial year.

## ■ DIVIDENDS

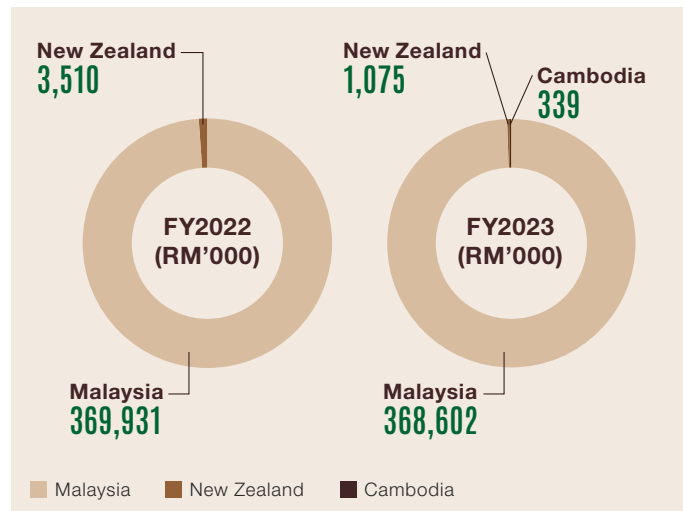
The Group did not declare a dividend for the FY2023. However, moving forward Leform endeavours to maintain a dividend payout ratio of not less than 20% of annual audited net earnings, subject to the recommendation of the Board and approval of our shareholders at our Annual General Meeting ("AGM").



# Management Discussion and Analysis

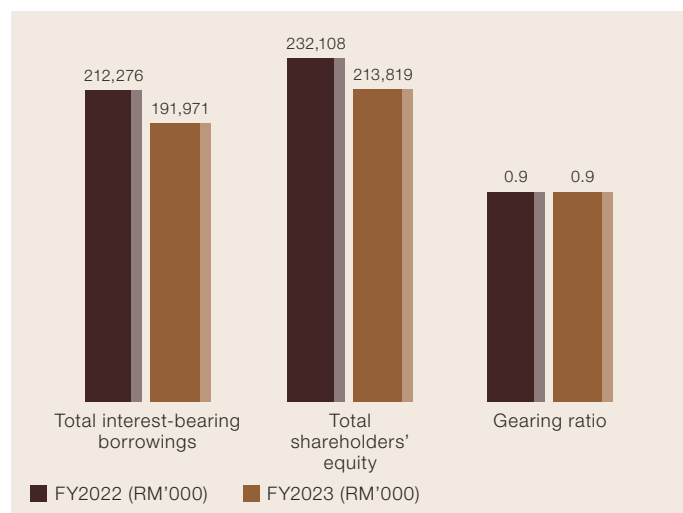
## REVIEW BY GEOGRAPHICAL LOCATION

The Group is primarily focused on the domestic market, with exports to the international market complementing our revenue.



| Country/Revenue (RM'000) | FY2022         | FY2023         |
|--------------------------|----------------|----------------|
| Malaysia                 | 369,931        | 368,602        |
| New Zealand              | 3,510          | 1,075          |
| Cambodia                 | -              | 339            |
|                          | <b>373,441</b> | <b>370,016</b> |

## GROUP CAPITAL STRUCTURE

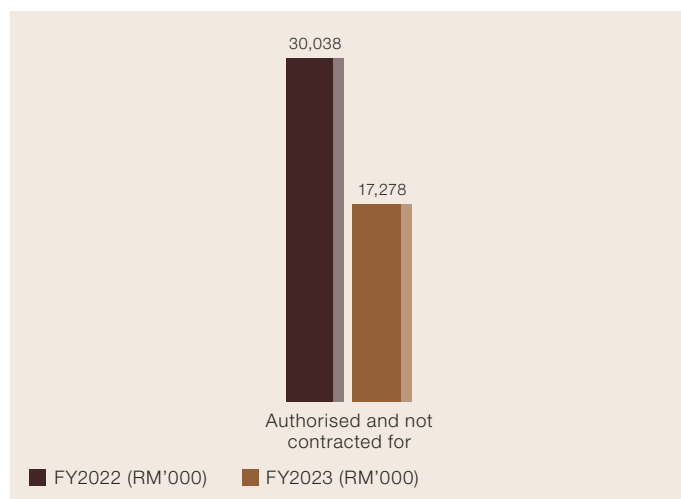


|                                    | FY2022 ('000) | FY2023 ('000) |
|------------------------------------|---------------|---------------|
| Total interest-bearing borrowings* | 212,276       | 191,971       |
| Total shareholders' equity         | 232,108       | 213,819       |
| Gearing ratio (times)              | 0.9           | 0.9           |

\* Total interest-bearing borrowings include banker's acceptance, revolving credit, bank overdrafts, term loans, trust receipts and hire purchase owing to financial institutions for the purchase of motor vehicles.

Gearing ratios remain the same compared to previous years. The group remains prudent in maintaining the capital structure to ensure sustainable growth and to create long term shareholder value.

## CAPITAL COMMITMENT



| in thousands of                   | 31-Dec-22     | 31-Dec-23     |
|-----------------------------------|---------------|---------------|
| Authorised and not contracted for | 30,038        | -             |
| Purchase of equipment             | -             | 3,196         |
| Construction of property          | -             | 14,082        |
|                                   | <b>30,038</b> | <b>17,278</b> |

Our capital commitment consists of the construction of new headquarters, warehouse storage facilities, and workers accommodation, which are in conjunction with our listing. However, there are additions to capital commitment which include the installation of solar panels and the implementation of our new SAP accounting system.

# Management Discussion and Analysis

## RISK MANAGEMENT

As a manufacturer and trader of steel, the Group recognises that our core operations can be affected by adverse economic indicators in both the domestic and global economies. We are also mindful that our business is reliant on the performance of the Malaysian economy and other countries in which we operate and/or supply our products.

The Group has identified five risks and mitigation measures to address them:

| RISK                                                                            | MITIGATION                                                                                       |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Foreign exchange risks and impact on cost or raw materials                      | Hedging exchange rates and passing cost increase to customers                                    |
| Exposure to fluctuations in global steel prices                                 | Utilising a weighted average model to manage our inventory                                       |
| Lack of long-term contracts to ensure sustainable growth                        | Built on the strong foundation of relationship with our long-standing existing and new customers |
| Labour-intensive nature of the industry is dependent on skilled foreign workers | Providing a conducive work environment for all employees, including accommodation                |
| Working capital funding requirement                                             | Establishing long-term relationships with financial institutions                                 |

## REVIEW OF OPERATING ENVIRONMENT

At the start of 2023, international steel prices started gaining traction and firming up, marking an improvement from the lacklustre performance of 2022. The initial shift in the steel market was primarily driven by China's recovery from Covid-19 restrictions and a more lenient approach towards monetary policies in the US. However, as the second quarter progressed, steel demand began to weaken due to negative market sentiment linked to uncertainties in the Chinese market and unfavourable macroeconomic conditions. This resulted in a noticeable decline in steel prices.

The geopolitical instability also played a role, as local customers exercised caution in making significant purchases. Furthermore, the continuous increase in US interest rates contributed to the depreciation of the ringgit.

## SUSTAINABILITY

As a responsible employer, we adhere to all relevant laws and regulations. Above all, Leform endeavours to create a working environment where every person is treated equally, irrespective of age, gender, and religion.

To ensure our activities do not harm the environment, liquids from our manufacturing process are recycled to cool our pipes and are not disposed of into the drainage system. In 2023, to reduce our carbon footprint and ensure mindful consumption of energy, the Group embarked on the installation of solar panels on our facilities. As of the end of February 2024, we have successfully completed the installation and commissioning process.

As an active member of the communities in which we are present, we have made contributions to schools, charitable organisations, societies, and associations throughout the financial year. Leform continues to engage with our stakeholders to address their needs and concerns.

# Management Discussion and Analysis

## ■ PROSPECTS AND OUTLOOK

To address the issues faced by the domestic industry, the government extended its moratorium on all steel investment in the country by two years, from 15 August 2023. The suspension covers all inquiries, assessment of current applications, new applications, license transfers, expansions, regularisations, and diversifications for manufacturer licenses, as well as the issuance of certificates for exemption from manufacturing license (ICA10) under the Industrial Coordination Act, 1975 (Act 156) for manufacturing activities in the iron and steel industry, including recycling activities for the non-ferrous segment. The moratorium is intended to address the overcapacity in the industry and align its direction with the New Industrial Master Plan 2030 (NIMP 2030), while supporting industry players in achieving their carbon neutrality objectives.

This temporary suspension, along with the implementation of local projects announced during Budget 2024, have the potential to boost steel demand.

In anticipation of an increase in demand, the Group is currently in the process of constructing a new facility in Serendah, Selangor. At present, our Group's existing headquarters, processing facilities and warehouse have a total built-up area of 316,459 sq ft. The new facility will have a total built-up area 285,547 sq ft and comprises our new headquarters and workers' accommodation, and additional warehouse storage facility. The additional warehouse storage facility will expand our storage space capacity by 93.2% to 311,720 MT, from the current 161,372 MT, allowing our machinery utilisation rate to reach the full capacity of 290,813 MT per annum.

Our integrated "one-stop" operations will allow us to provide a wide range of in-house manufacturing capabilities to support scale procurement of supplies with a better price structure and quick turnaround time to meet customer requirements. Logistics and transportation are supported by twenty-four (24) trucks and a delivery team comprising ten (10) personnel.

We have invested in various automated machineries and equipment to support our operations, comprising 17 pipe mill machines, three guardrail machines, three slitting machines and four shearing machines.

Following the completion of the new facility in the second quarter of 2025, Leform plans to expand our range of steel pipes to include thicker gauge steel pipes (for applications such as infrastructure pipes or large structure poles in construction), which will allow us to serve a wider customer base.

While the Group has built longstanding relationships with our customers, we are also expanding our reach to markets outside Malaysia to provide us with a more diversified revenue stream. Our contract wins in FY2023 represent this strategic step forward in expanding our regional footprint and increasing our share of the steel market.

Looking ahead, Leform remains cautiously optimistic, prioritising long-term strategies to ensure relevance and sustainability in the face of evolving market dynamics.



# SUSTAINABILITY STATEMENT

## 27

### ABOUT THIS STATEMENT

- 27 About Leform Berhad
- 27 Towards A Sustainable and Prosperous Future
- 28 Reporting Scope and Boundary
- 28 Reporting Frameworks and Standards
- 28 Feedback
- 28 Membership
- 28 Assurance Statement

## 29

### SUSTAINABILITY PERFORMANCE IN REVIEW

## 30

### NAVIGATING SUSTAINABILITY

- 30 Setting Our ESG Framework
- 31 Leform's Sustainability Policy
- 32 Responsible Governance
- 32 The Group's Contribution to the UN SDGs
- 33 Collaboration with Stakeholders
- 35 Materiality Assessment
- 35 Materiality Matrix
- 36 Mapping of Material Sustainability Matters
- 37 Sustainability Key Performance Indicators ("KPIs")

## 38

### TOWARDS A LOW CARBON FUTURE

- 38 Task Force on Climate-Related Financial Disclosures ("TCFD") Reporting Recommendations

## 39

### ECONOMIC GROWTH

- 40 Economic Impact
- 41 Supply Chain Management

## 42

### GOOD GOVERNANCE

- 43 Corporate Governance and Anti-Corruption
- 44 Data Privacy and Cybersecurity

## 45

### ENVIRONMENTAL STEWARDSHIP

- 46 Energy, Emissions and Climate Resilience
- 48 Water Consumption
- 48 Waste and Effluent Management – Minimising Environmental Impact

## 50

### SOCIAL RESPONSIBILITY

- 51 Occupational Health and Safety
- 53 Labour Practices and Standards
- 57 Diversity and Inclusion
- 59 Product Quality and Reliability
- 61 Community Enrichment

## 62

### SECURING A SUSTAINABLE FUTURE

## 62

### PERFORMANCE DATA TABLE

## 65

### GRI CONTENT INDEX

# About This Statement

## ABOUT LEFORM BERHAD

Leform Berhad (“Leform” or “the Group”) is an integrated manufacturer and trader of steel products providing for end-users in diverse industries such as construction, automotive, furniture and telecommunications. Leform commenced operations in 1995 and was listed on the ACE Market of Bursa Malaysia Securities Berhad in 2022. The Group also exports a wide range of quality steel products to an international clientele across places like New Zealand and Cambodia.

## TOWARDS A SUSTAINABLE AND PROSPEROUS FUTURE

Leform believes in embedding sustainability principles across the Group spanning from our operations and business strategy to organisational objectives. Along with the drive to diminish our carbon footprint, eco-friendly practices are implemented and meaningful contributions are made to society.

In FY2023, we had our first materiality assessment culminating in a materiality matrix that identified and prioritised our ESG matters relevant to our business and stakeholders. Through this concerted effort, we addressed pertinent matters and aligned them with our sustainability initiatives doing our part as a responsible corporate citizen. Our newly-formulated Sustainability Policy articulates our steadfast commitment in making a positive impact in the evolving sustainability landscape.

Realising our role in mitigating climate change, we adopted the Task Force on Climate-Related Financial Disclosures (“TCFD”) Transition Plan Disclosure recommendations where we strive to reduce our climate-related risks while increasing our climate-related opportunities. In line with this transition to a low-carbon economy, we focused on climate risk management and on reducing our Scope 1 Greenhouse Gas (“GHG”) emissions. In FY2023, there was a reduction of 12.45% in our Scope 1 GHG emissions.

Leform strategically incorporates a spectrum of training programmes for our employees encompassing technical, health and safety as well as soft skills. These contribute to a dynamic and highly-skilled workforce encouraging personal growth and career progression. Additionally, in FY2023, we invested substantially in community programmes which served to uplift people in need. Leform adopted 5 of the United Nations’ Sustainable Development Goals (“UN SDGs”), demonstrating our support for the 5Ps: People, Planet, Prosperity, Peace and Partnerships.

As we continue charting our upward trajectory, Leform is set on creating sustainable value for our stakeholders and achieving an equilibrium in our economic goals in concert with environmental and social considerations.



## About This Statement

### REPORTING SCOPE AND BOUNDARY

The Group's Sustainability Statement covers the period from January 1, 2023 until December 31, 2023 ("FY2023"). Our sustainability disclosures for this reporting period comprise data from Leform Berhad and its subsidiaries as listed below:

|                                                                  |                                     |
|------------------------------------------------------------------|-------------------------------------|
| Leform Steel Pipes Sdn Bhd                                       | Leform Steel Service Centre Sdn Bhd |
| Leform CLQ Sdn Bhd (formerly known as Leform Steel Mill Sdn Bhd) | LF Metal Sdn Bhd                    |
| Leform Metal Sdn Bhd                                             | Leform Marketing Sdn Bhd            |
| Leform Transport Sdn Bhd                                         | LF Engineering Sdn Bhd              |

### REPORTING FRAMEWORKS AND STANDARDS

The Group's Sustainability Statement was prepared with reference to the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad, Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> edition) and the recent Illustrative Reporting Guidelines. Our statement also references the Global Reporting Initiative ("GRI") Standards, the UN SDGs and the TCFD recommendations. These guidelines ensure transparent and reliable reporting with regards to our sustainability performance and goals.



### FEEDBACK

As part of our efforts to continuous improvement, we strive to enhance our sustainability reporting progressively. We value the input of our stakeholders and welcome any questions, feedback or suggestions you may have. Please feel free to contact:

**Mr Ng Tiong Lim**

Email: [tlng@leformgroup.com.my](mailto:tlng@leformgroup.com.my)

### MEMBERSHIP

Leform is a member of the Malaysia Steel and Metal Distributors' Association (MSMDA). Through this membership, we are informed of the latest trends and best practices, staying at the forefront of the steel manufacturing industry.



### ASSURANCE STATEMENT

All data contained in Leform Berhad's FY2023 Sustainability Statement has been internally sourced, verified and validated by the respective business divisions and information owners. We uphold the integrity and reliability of the information disclosed, ensuring its adherence to the highest standards of transparency and accountability.



# Sustainability Performance In Review

FY2023 unfolded as a year of numerous accomplishments for the Group in terms of our sustainability performance. These stand as a testament of our continuous endeavour to elevate ESG integration across our operations as well as our pursuit of excellence in the current business landscape. As we continue making strides towards a more sustainable future, we aspire to surpass our targets and fortify our sustainability agenda.

## ECONOMIC GROWTH



**RM370,016,079**

Economic Value Generated

## GOOD GOVERNANCE



**ZERO** reported incidents of anti-bribery and anti-corruption



**ZERO** substantiated complaints concerning breaches of customer privacy and losses of customer data

## ENVIRONMENTAL STEWARDSHIP



**100%** scrap metal collected by licenced recyclers annually



**ZERO** discharge of wastewater annually

## SOCIAL RESPONSIBILITY



**ZERO** reported cases of human rights violation, non-compliance and whistleblowing

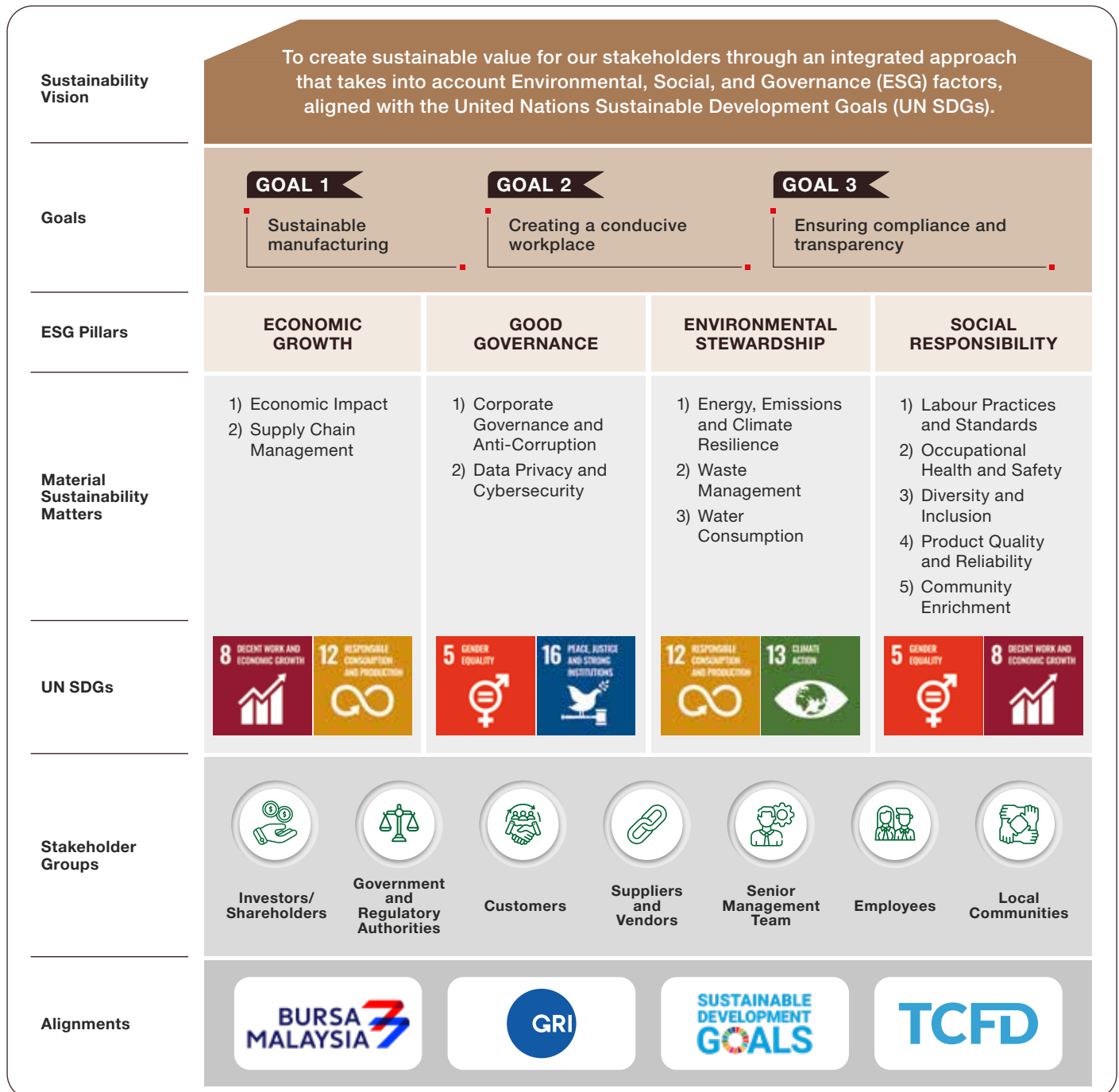


**ZERO** reported cases of workplace harassment and discrimination

# Navigating Sustainability

## SETTING OUR ESG FRAMEWORK

At the forefront of our sustainability framework lie our vision and mission statement anchoring the core of our sustainability strategy. This comprehensive framework also encapsulates our dedicated contributions to our four sustainability pillars and aligns with the United Nations Sustainable Development Goals (“UN SDGs”), delineating our ESG focus areas. Through this holistic approach, we orchestrate sustainability principles that resonate with our stakeholders.



# Navigating Sustainability

## LEFORM'S SUSTAINABILITY POLICY

Leform's Sustainability Policy embodies our core principles, mirrors our ESG aspirations, steers our initiatives and strategies and propels us towards a more sustainable future. The Policy is an acknowledgment of the need to achieve a harmonious balance between economic prosperity, environmental preservation, social well-being and long-term sustainability.



### — ECONOMIC GROWTH

- Adopting a sustainable business model emphasising quality products, value-added services and ethical practices.
- Conducting regular assessments to identify and mitigate potential risks associated within our value chain, ensuring compliance with ethical and responsible sourcing practices.
- Prioritising the delivery of returns to our shareholders while considering the long-term impacts of our actions.



### — GOOD GOVERNANCE

- Maintaining transparent and open communication with our stakeholders, ensuring disclosure of accurate information regarding our sustainability practices, performance and goals.
- Upholding the highest level of ethics and integrity in our business operations, encouraging a culture of honesty, fairness and accountability.



### — ENVIRONMENTAL STEWARDSHIP

- Maintaining and improving our level of environmental management by strictly complying with environmental-related laws and regulations.
- Implementing efficient resource management practices, aiming to minimise waste generation, reduce energy consumption and promote the use of renewable resources.
- Continuously investing in technology and processes that reduce our production cost, carbon footprint and other emissions by striving for environmentally-friendly manufacturing processes.



### — SOCIAL RESPONSIBILITY

- Prioritising the health, safety and well-being of our employees, implementing stringent safety guidelines as well as protocols, at the same time providing regular training to promote a safe and healthy work environment.
- Fostering an inclusive and diverse workplace where all employees are treated with respect and dignity through provision of opportunities for professional development, ensuring the well-being and job satisfaction of our workforce.



# Navigating Sustainability

## RESPONSIBLE GOVERNANCE



Leform's sound sustainability governance structure serves as the bedrock of our business ensuring that our sustainability practices are aligned with the overarching goals of the organisation. We define the roles and responsibilities of the Board of Directors, the Executive Director and Sustainability Committee within this structure to control and assure sustainability in all aspects of our steel manufacturing business.

| LEFORM'S SUSTAINABILITY GOVERNANCE STRUCTURE                                                                                                                                                                                                                                                                                                                                       | ROLES AND RESPONSIBILITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>BOARD OF DIRECTORS</b></p> <p>↓</p>  <p><b>EXECUTIVE DIRECTOR</b></p> <p>↓</p>  <p><b>SUSTAINABILITY COMMITTEE</b></p> | <ul style="list-style-type: none"> <li>To provide strategic oversight over the Group's overall sustainability agenda, policies, strategies and ESG performance.</li> <li>To approve the material sustainability matters, materiality matrix and annual Sustainability Statement.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>To recommend sustainability strategies, initiatives and targets in line with the Group's business strategy to the Board.</li> <li>To provide oversight over the implementation of the Group's sustainability initiatives, targets and ESG performance and report progress to the Board.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>To identify and propose material sustainability matters that are significant to the Group's business operations and stakeholder groups to the Executive Director.</li> <li>To integrate sustainability strategies and initiatives into the Group's day-to-day operations.</li> </ul> |

## THE GROUP'S CONTRIBUTION TO THE UN SDGs

The UN SDGs call for decisive action on the part of countries to address global challenges and guide international efforts towards sustainable development. Embracing 5 UN SDGs, Leform aligned our initiatives with specific targets and indicators having a global perspective on matters that are essential for long-term sustainability.

### LEFORM'S CONTRIBUTION TO THE UN SDGs

|                                                                                     |                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>Target 5.5</b> Ensure women's full and effective participation for leadership</p> <p><b>Target 5.c</b> Enhance policies and laws for gender equality and empowerment of women and girls at all levels</p> | <p><b>Our Initiatives:</b></p> <ul style="list-style-type: none"> <li>Ensured the Board is comprised of at least 30% women</li> <li>Established the Gender Diversity Policy and conduct annual reviews on the scope and applicability of the policy</li> </ul>                                                                                                                                                                                                                                   |
|  | <p><b>Target 8.7</b> End modern slavery, trafficking, and child labour</p> <p><b>Target 8.8</b> Protect labour rights and promote safe and secure working environments for all workers</p>                      | <p><b>Our Initiatives:</b></p> <ul style="list-style-type: none"> <li>Ensured compliance with labour regulations, including the minimum wage, no child labour and no forced labour</li> <li>Provided well-maintained accommodation for workers and obtain the Certificate of Accommodation from the Department of Labour</li> <li>Provided continuous training programmes for employees</li> <li>Established a Safety Committee to monitor Occupational Health and Safety compliances</li> </ul> |

# Navigating Sustainability



## THE GROUP'S CONTRIBUTION TO THE UN SDGs (CONT'D)

### LEFORM'S CONTRIBUTION TO THE UN SDGs (CONT'D)

|                                                                                    |                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <p><b>Target 12.4</b> Environmentally sound management of waste</p>                                                                                                                              | <p><b>Our Initiatives:</b></p> <ul style="list-style-type: none"> <li>Enabled the responsible management of manufacturing waste by appointing an authorised Department of Environment (DOE) contractor to discard waste effluent</li> </ul>                                                                                                                    |
|   | <p><b>Target 13.2</b> Integrate climate change measures and policies</p> <p><b>Target 13.3</b> Build knowledge and capacity to meet climate change</p>                                           | <p><b>Our Initiatives:</b></p> <ul style="list-style-type: none"> <li>Actively assessed improvements in energy efficiency to lower production costs and carbon footprint</li> <li>Assessed the possibilities for the installation of solar photovoltaic (PV) panels to provide energy for the operational plant within the manufacturing facilities</li> </ul> |
|  | <p><b>16.4</b> Reduction in illicit financial and arms flow and combat all forms of organised crime</p> <p><b>Target 16.5</b> Substantially reduce corruption and bribery in all their forms</p> | <p><b>Our Initiatives:</b></p> <ul style="list-style-type: none"> <li>Established codes, policies and procedures:               <ul style="list-style-type: none"> <li>Code of Conduct and Ethics</li> <li>Related Party Transaction Policy and Procedures</li> <li>Whistleblowing Policy</li> <li>Anti-Bribery and Corruption Policy</li> </ul> </li> </ul>   |






## COLLABORATION WITH STAKEHOLDERS

Effective stakeholder engagement is crucial for building relationships, fostering transparency and ensuring that diverse perspectives are considered in decision-making processes. For Leform, this is a dynamic and interactive process where we respond consistently to stakeholders' needs and expectations.

| Stakeholders                                                                        | Areas of Concern                                                                                                                               | Engagement Channel                                                                                                                                                                                                                                                                                            | Our Response                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investors / Shareholders</b>                                                     |                                                                                                                                                |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|  | <ul style="list-style-type: none"> <li>Financial and Operational Performance</li> <li>Corporate Governance</li> <li>Risk Management</li> </ul> | <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Annual General Meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Analyst briefings</li> <li>Extraordinary General Meetings</li> <li>Road shows</li> <li>Bursa Malaysia announcements</li> <li>Media</li> </ul> | <ul style="list-style-type: none"> <li>Adopting integrated reporting for communication of our company goals, strategic direction, sustainability efforts and governance policies, with a focus on long-term value creation</li> <li>Engaging an Investor Relations team to manage communications</li> </ul> |
| <b>Government and Regulatory Authorities</b>                                        |                                                                                                                                                |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|  | <ul style="list-style-type: none"> <li>Anti-Bribery and Corruption</li> <li>Corporate Governance</li> <li>Regulatory Compliance</li> </ul>     | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Meetings and consultations</li> <li>Site visits and audits</li> </ul>                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Consistently staying abreast of legal and regulatory changes through an internal team and the engagement of external advisors</li> <li>Contributing to the Malaysian economy through taxes and employer contributions</li> </ul>                                     |

# Navigating Sustainability

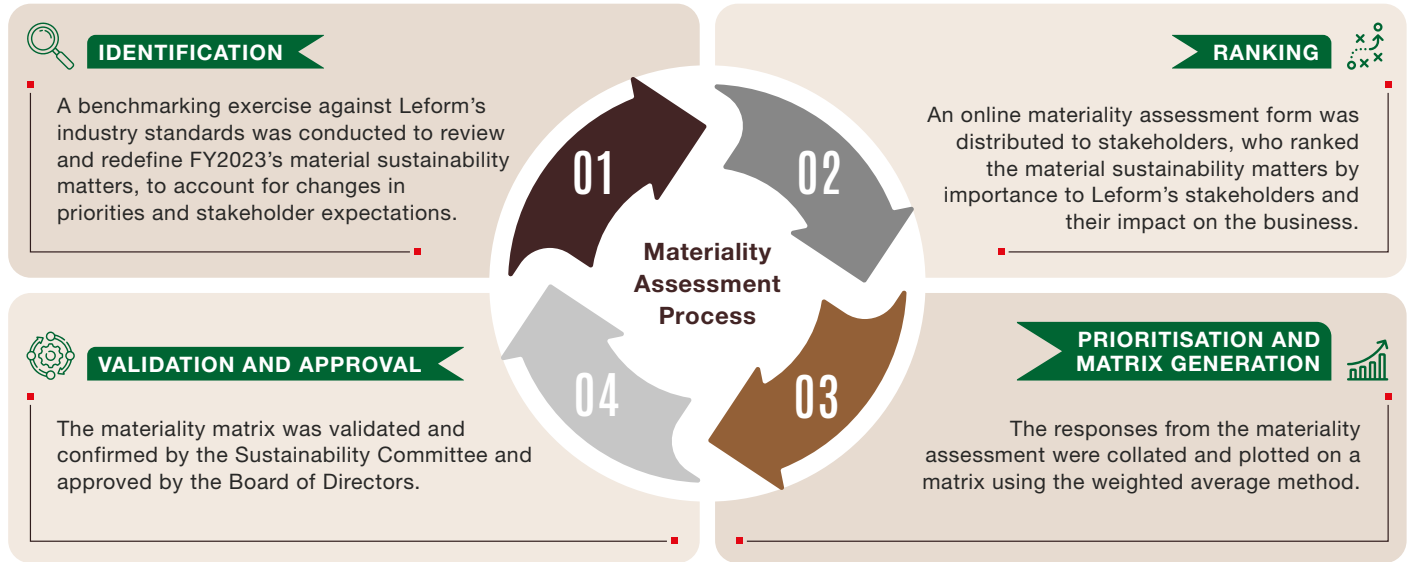
## COLLABORATION WITH STAKEHOLDERS (CONT'D)

| Stakeholders                                                                        | Areas of Concern                                                                                                                                                 | Engagement Channel                                                                                                                                                                                                                                    | Our Response                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Customers</b>                                                                    |                                                                                                                                                                  |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                              |
|    | <ul style="list-style-type: none"> <li>Product Quality and Safety</li> <li>Product Pricing and Timely Product Deliveries</li> <li>After Sales Service</li> </ul> | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Feedback channels</li> <li>Regular meetings between customers and sales and/ or technical personnel</li> </ul>                                                                         | <ul style="list-style-type: none"> <li>Raising their feedback to management for consideration and potential implementation.</li> </ul>                                                                                                       |
| <b>Suppliers and Vendors</b>                                                        |                                                                                                                                                                  |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                              |
|    | <ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Fair Procurement Practice</li> <li>Produce and Service Quality</li> </ul>                  | <p><b>Bi-annually</b></p> <ul style="list-style-type: none"> <li>Regular supplier and vendor meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Site visits</li> </ul>                                                | <ul style="list-style-type: none"> <li>Regular meetings with suppliers enable effective production planning and cost efficiency</li> <li>Periodic reviews ensure timely delivery and better quality</li> </ul>                               |
| <b>Senior Management Team</b>                                                       |                                                                                                                                                                  |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                              |
|  | <ul style="list-style-type: none"> <li>Business Strategy</li> <li>Risk Management</li> </ul>                                                                     | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Regular meetings with management teams of our segments</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>Periodic reports on performance, KPIs, etc</li> </ul> | <ul style="list-style-type: none"> <li>Aligning the Group's performance with the overall strategies and goals of the organisation</li> </ul>                                                                                                 |
| <b>Employees</b>                                                                    |                                                                                                                                                                  |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                              |
|  | <ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Fair Labour Practices</li> <li>Capacity Building</li> </ul>                       | <p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>Memos, meetings, announcements, messaging groups</li> </ul>                                                                                                                              | <ul style="list-style-type: none"> <li>Providing a safe and conducive work environment that supports their development</li> <li>Providing ongoing training opportunities for employees to support their future career advancement</li> </ul> |
| <b>Local Communities</b>                                                            |                                                                                                                                                                  |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                              |
|  | <ul style="list-style-type: none"> <li>Social and Environmental Issues</li> <li>Community Support and Development</li> </ul>                                     | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Members of the communities can contact the Group directly via phone or email</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>Enhancing our understanding on their needs</li> <li>Improving our sustainability initiatives</li> <li>Obtaining their input on business matters involving the surroundings and environment</li> </ul> |

# Navigating Sustainability

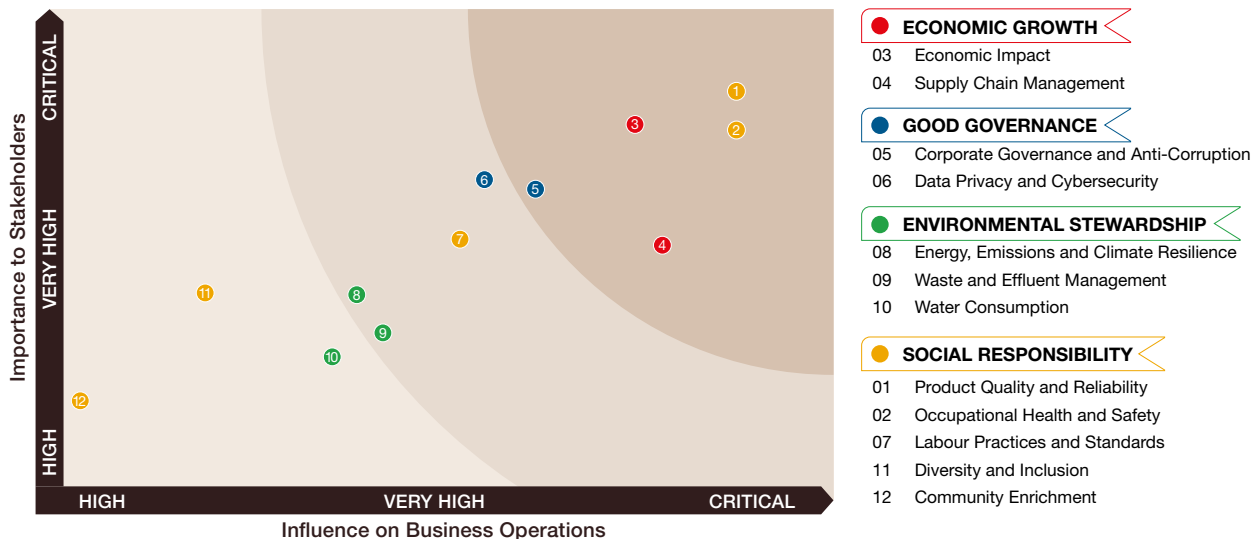
## MATERIALITY ASSESSMENT

Our materiality assessment process consists of four phases designed to address the most impactful ESG matters both to our stakeholders and business. This assessment guides the development of our sustainability strategies, reporting and disclosures.



## MATERIALITY MATRIX

In alignment with the ACE Market Listing Requirements (“AMLR”) and the Sustainability Reporting Guide (3rd edition) issued by Bursa Malaysia Securities Berhad, Leform conducted our first materiality assessment and identified 12 material sustainability matters for FY2023. Through this materiality assessment, a materiality matrix was derived to determine the importance of each material sustainability matter to stakeholders and its influence on business operations.




Based on this analysis and the input from internal stakeholders, the top five material sustainability matters for FY2023 were identified: Product Quality and Reliability, Occupational Health and Safety, Economic Impact, Supply Chain Management and Corporate Governance and Anti-Corruption.



# Navigating Sustainability

## MAPPING OF MATERIAL SUSTAINABILITY MATTERS










The Group's mapping process demonstrates the interconnectivity of our material matters with the relevant UN SDGs, stakeholder groups and our approaches, ensuring the establishment of clear objectives.

| Material Matters                                | Our Approach                                                                                                                                                                                                                          | UN SDGs                                                                                                                                                                        | Stakeholder Groups                                                                    |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Economic Growth</b>                          |                                                                                                                                                                                                                                       |                                                                                                                                                                                |                                                                                       |
| <b>Economic Impact</b>                          | Our business contributes toward supporting the local businesses and workforce as well as local economic growth.                                                                                                                       |                                                                                             |    |
| <b>Supply Chain Management</b>                  | Our procurement supports the local economy by sourcing from local suppliers wherever possible. We also procure input materials from suppliers with high quality materials.                                                            |                                                                                             |    |
| <b>Good Governance</b>                          |                                                                                                                                                                                                                                       |                                                                                                                                                                                |                                                                                       |
| <b>Corporate Governance and Anti-Corruption</b> | The Group is guided by a robust governance structure and upholds high standards of integrity in our business conduct by implementing policies, codes and procedures to ensure that Leform and those we engage with operate ethically. |                                                                                            |    |
| <b>Data and Customer Privacy</b>                | We safeguard our customers' data and privacy with established policies and procedures across our subsidiaries.                                                                                                                        |                                                                                           |  |
| <b>Environmental Stewardship</b>                |                                                                                                                                                                                                                                       |                                                                                                                                                                                |                                                                                       |
| <b>Energy, Emissions and Climate Resilience</b> | We mitigate our impact on the environment and take action on climate change by managing our energy consumption to minimise greenhouse gas emissions.                                                                                  | <br> |  |
| <b>Water Consumption</b>                        | The Group aims to manage our water consumption efficiently across our operations using adopted measures to manage consumption.                                                                                                        |                                                                                           |  |
| <b>Waste and Effluent Management</b>            | The Group minimises our environmental impact by managing our waste disposal and minimising our general waste generation. Our effluents are recycled for the Group's activities.                                                       |                                                                                           |  |
| <b>Social Responsibility</b>                    |                                                                                                                                                                                                                                       |                                                                                                                                                                                |                                                                                       |
| <b>Health and Safety</b>                        | Measures are taken to protect the health and safety of our employees and crew by maintaining a safe and conducive working environment.                                                                                                |                                                                                           |  |
| <b>Fair Labour Practices</b>                    | The Group respects the rights of employees and the community by implementing measures and procedures to safeguard their rights across our subsidiaries.                                                                               |                                                                                           |  |
| <b>Diversity and Inclusion</b>                  | We provide equal opportunity and engage with our workforce regardless of gender and social background.                                                                                                                                |                                                                                           |  |
| <b>Contribution to Society</b>                  | The Group allocates resources to contribute to a range of community initiatives to alleviate the challenges faced by vulnerable groups and communities surrounding our operations.                                                    |                                                                                           |  |

## Navigating Sustainability

### SUSTAINABILITY KEY PERFORMANCE INDICATORS (“KPIs”)

For FY2023, Leform established KPIs to quantify the effectiveness of our sustainability initiatives, track progress toward goals and communicate our ESG performance to stakeholders. This helps drive continuous improvement in achieving our sustainability targets spurring us to exceed our expectations.

| SUSTAINABILITY KEY PERFORMANCE INDICATORS (KPIs) |                                                                                                          |                                                                                                           |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Topic                                            | KPIs                                                                                                     | Performance/Progress                                                                                      |
| <b>Good Governance</b>                           |                                                                                                          |                                                                                                           |
| <b>Corporate Governance and Anti-Corruption</b>  | <b>Zero</b> reported incident of anti-bribery and anti-corruption annually                               | Achieved for FY2023    |
|                                                  | <b>Zero</b> unresolved reported grievances or whistle-blowing complaints to the Group annually           | Achieved for FY2023    |
| <b>Environmental Stewardship</b>                 |                                                                                                          |                                                                                                           |
| <b>Energy, Emissions and Climate Resilience</b>  | To establish a baseline year for GHG emissions by <b>FY2025</b>                                          | In Progress           |
| <b>Waste and Effluent Management</b>             | To achieve <b>100%</b> scrap metal collected by licensed recyclers annually                              | Achieved for FY2023  |
|                                                  | To achieve <b>zero</b> discharge of wastewater annually                                                  | Achieved for FY2023  |
| <b>Social Responsibility</b>                     |                                                                                                          |                                                                                                           |
| <b>Occupational Health and Safety</b>            | Achieve <b>zero</b> lost time injuries per <b>500,000</b> hours of work annually                         | In Progress          |
|                                                  | To ensure at least <b>60%</b> of workers received safety and health training annually                    | Achieved for FY2023  |
| <b>Labour Practices and Standards</b>            | Provide an average of <b>10</b> training hours per employee for <b>50%</b> of our local workers annually | In Progress          |
|                                                  | <b>Zero</b> substantiated complaints of human rights violation annually                                  | Achieved for FY2023  |

 Achieved     In-Progress     Not Developed Yet

# Towards A Low Carbon Future

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) REPORTING RECOMMENDATIONS

This year, we adopted the TCFD recommendations towards a more transparent and systematic approach in disclosing climate-related financial information. We aspire to integrate climate-related considerations into our steel-manufacturing operations starting with our ambition to transition towards a low-carbon economy.

### Initiating Our Transition Plan

Leform is committed to mitigate and adapt with the evolving landscape of climate-related risks and opportunities. As such, we have identified our climate-related risks and opportunities and outlined our transition direction to ensure the Group’s alignment with a low-carbon future.

| FOCUS POINTS                                      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Our Challenges in a Low-Carbon Transition         | <ul style="list-style-type: none"> <li>As a steel product manufacturer and trader for diverse industries such as construction and automotive, our biggest challenge is the transitioning to a less energy-intensive production process and adapting to potential climate-related impacts while maintaining the quality and efficiency of our products.</li> </ul>                                                          |
| Our Governance                                    | <ul style="list-style-type: none"> <li>The Board has strategic oversight over the Group’s sustainability strategies, policies and performance including those that are climate-related and convenes on a quarterly basis.</li> <li>The Sustainability Committee reviews and monitors the implementation of sustainability initiatives and sustainability performance, including those that are climate-related.</li> </ul> |
| Our Approach                                      | <ul style="list-style-type: none"> <li>In line with our low-carbon transition, we are focused in increasing our awareness on climate change across the Group, streamlining our strategic direction via the Group’s Sustainability Policy, and monitoring our environmental impacts to identify climate-related risks and opportunities for the Group.</li> </ul>                                                           |
| Our Action                                        | <ul style="list-style-type: none"> <li>Initiate tracking of Scope 1, 2, and 3 GHG emissions for the Group from FY2023 onwards.</li> <li>Align the Group’s climate-related disclosures with TCFD recommendations.</li> <li>Establish a new climate-related KPI for the Group.</li> </ul>                                                                                                                                    |
| Our Management of Material Sustainability Matters | <ul style="list-style-type: none"> <li>Our climate-related material sustainability matters identified include energy consumption, GHG emissions, water consumption and waste management. We have identified our management approach of these material sustainability matters and disclosed their performance under the Environmental Stewardship section of this report from page 46.</li> </ul>                           |
| Our Performance                                   | <ul style="list-style-type: none"> <li>Our energy consumption and GHG emissions performance can be viewed under the Energy, Emissions and Climate Resilience – Preserving Our Environment section on page 46-47.</li> </ul>                                                                                                                                                                                                |
| Metrics and Targets                               | <ul style="list-style-type: none"> <li>Establish a baseline year by FY2025</li> <li>Set Scope 1 and Scope 2 GHG emissions target by FY2025</li> </ul>                                                                                                                                                                                                                                                                      |



Investors/  
Shareholders



Suppliers and  
Vendors



Senior  
Management  
Team



Employees



Local  
Communities

# ECONOMIC GROWTH

In keeping up with the rapidly changing business landscape, Leform is mindful of the balanced role we must play in securing a sustainable future while maximising our economic and financial wealth. With the appropriate strategies in place, we respond to changes in the industry while continuing to provide quality steel products to our customers with sustained value.

ECONOMIC  
IMPACT

SUPPLY CHAIN  
MANAGEMENT



# Economic Growth

## ECONOMIC IMPACT

### Creating Economic Value for Our Stakeholders

#### Why it Matters

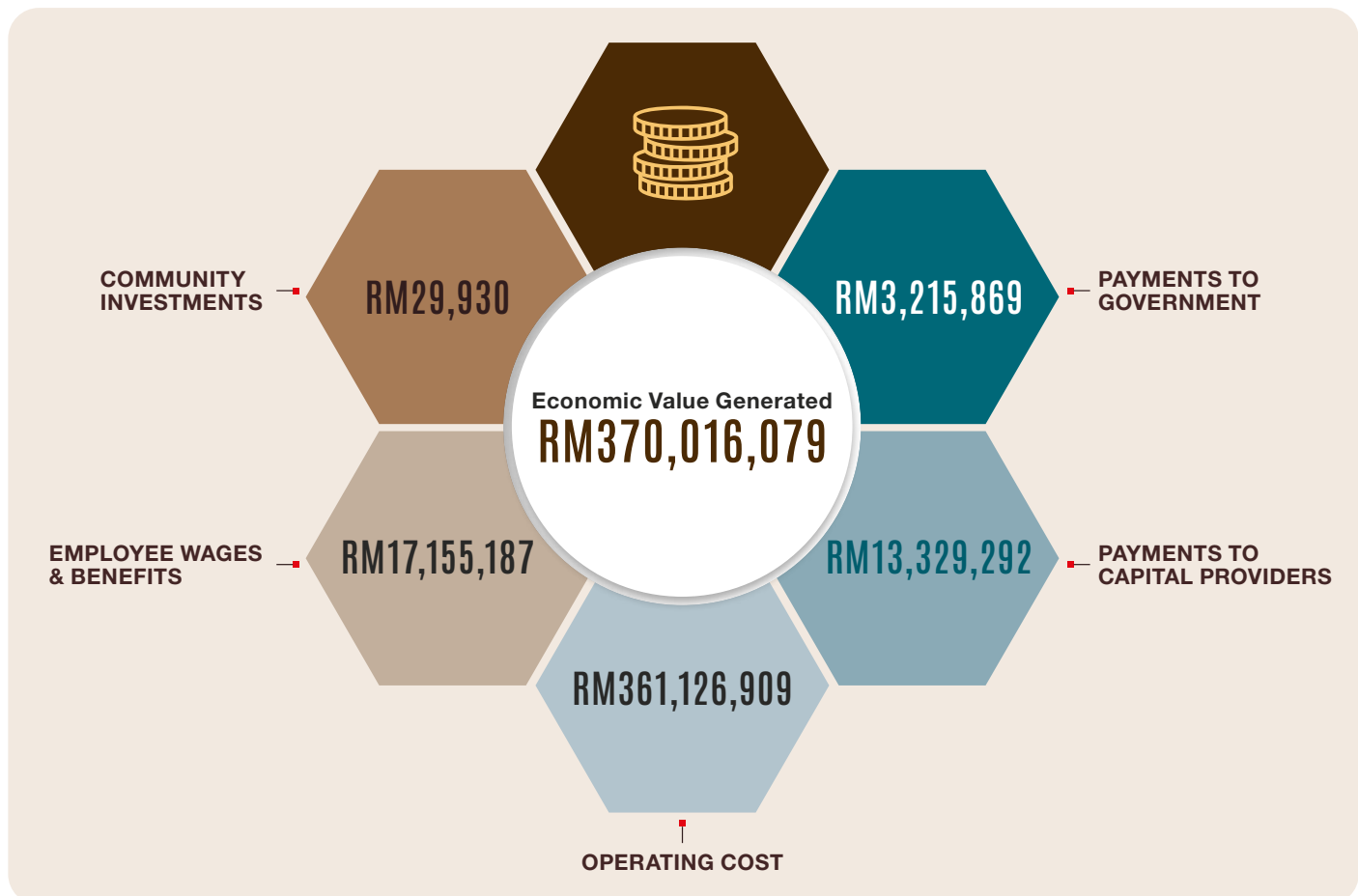
Leform's economic performance is the cornerstone for driving long-term value and furthering the Group's sustainability agenda. Economic vitality enables effective resource allocation as well as contributes towards investments in clean technologies, renewable energy and innovation.

#### Our Approach

The approach that we have adopted for sustaining and achieving good economic performance is through the execution of our business strategy. This strategy includes staying abreast of market trends, maintaining a healthy balance sheet and strong cash flow, pursuing technological advancement, mitigating identified risks relevant to our business as well as pursuing market expansion.

#### Our Performance

The Group's economic performance for FY2023:



# Economic Growth

## ■ SUPPLY CHAIN MANGEMENT

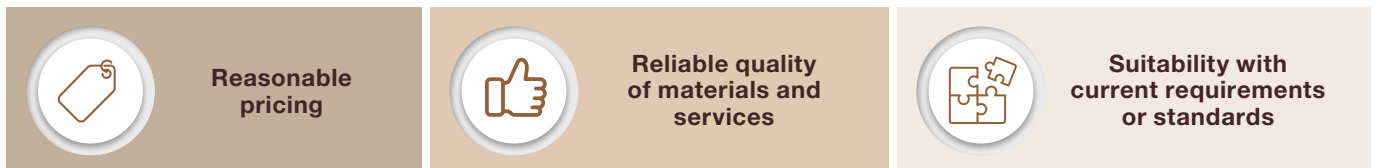
### Optimising Our Value Chain

#### ■ Why it Matters

In the fulfilment of our role in providing high quality steel products, the Group prioritises sourcing from local suppliers, providing opportunities to gain exposure and explore new business opportunities. This reflects our ability to meet market demands and fosters economic inclusivity and sustainable business practices within the community.

#### ■ Our Approach

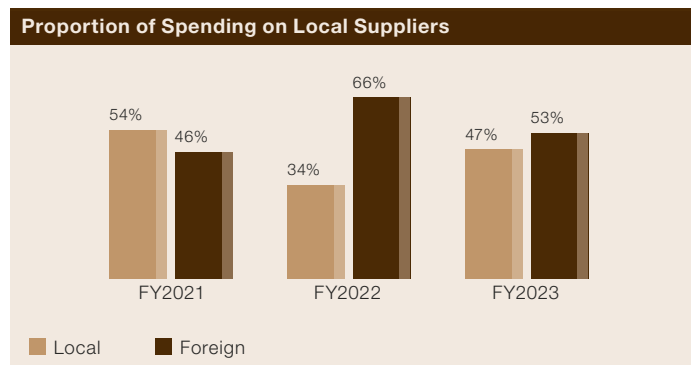
To ensure optimal management of our supply chain, we adhere to specific criteria in our sourcing and procurement processes. This ensures that the Group not only meets the highest standards of quality and efficiency but also aligns with our values of social responsibility and environmental stewardship.



Along with upholding a conscientious approach to supply chain management, we are guided by the ISO Standard and Sustainability Policy. We recently revised the supplier selection and evaluation in ensuring that the supplier we engage are competitive, top-notch, affordably priced and reliable in order to produce our products.

#### ■ Our Performance

In FY2023, Leform's expenditure on local suppliers amounted to 47%, while expenditure on foreign suppliers accounted for 53%.





Government and Regulatory Authorities



Employees



Customers



Suppliers and Vendors

# GOOD GOVERNANCE

Leform is steadfast in promoting an ethical corporate culture that prioritises integrity and accountability. With a robust governance structure in place, we ensure that our business practices are conducted with sustainability at the core of our operations. Additionally, in this era of technological advancement, we stay abreast of new measures to safeguard the data that we manage.

CORPORATE GOVERNANCE AND ANTI-CORRUPTION

DATA PRIVACY AND CYBERSECURITY



# Good Governance

## CORPORATE GOVERNANCE AND ANTI-CORRUPTION

### Serving Our Stakeholders with Integrity and Standards

#### Why it Matters

Good governance and anti-corruption practices play a significant role in shaping the ethical and responsible behaviour of our business by ensuring integrity and trust while promoting transparency and accountability. Sound corporate governance further guides our strategic direction and decision-making processes which helps us achieve our sustainability targets.

#### Our Approach

The Group has delineated clear roles and responsibilities in our Terms of Reference for each crucial committee, and we have instituted relevant policies to steer the proper governance of all our operations.

#### ESTABLISHMENT OF TERMS OF REFERENCES



AUDIT & RISK MANAGEMENT COMMITTEE



NOMINATION COMMITTEE



REMUNERATION COMMITTEE

#### LEFORM'S LIST OF POLICIES



BOARD CHARTER



ANTI-BRIBERY AND ANTI-CORRUPTION POLICY



DIRECTOR'S FIT AND PROPER POLICY



WHISTLEBLOWING POLICY



GENDER DIVERSITY POLICY

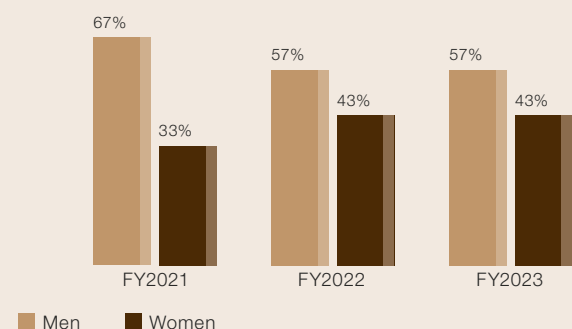
Through this, we advocate Board diversity and ensure that the nomination and remuneration processes of our Board members are prioritised according to criteria such as performance, skills, knowledge, expertise and professional experiences. The Group ardently supports equal opportunity in both the appointment of our Board of Directors and the composition of our workforce. This is reflected in our Gender Diversity Policy by which we promote an inclusive corporate environment.

Our Board Charter, Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy as well as Code of Conduct and Ethics are in place to address conflicts of interests as well as risks of bribery and corruption.

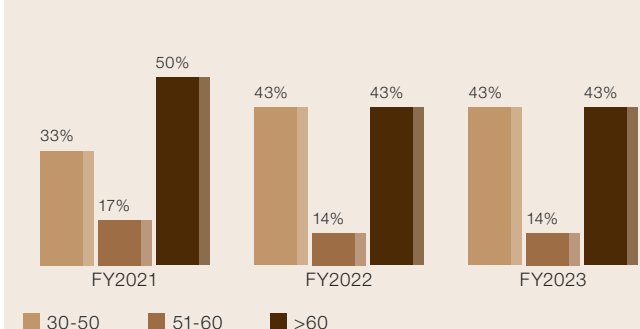
### Corporate Governance

Across our area of operations, we maintain a relatively balanced composition of men and women on the Board of Directors concurrently accelerating our efforts to ensure diversity across various age groups.

Board Diversity by Gender



Board Diversity by Age





# Good Governance

## CORPORATE GOVERNANCE AND ANTI-CORRUPTION (CONT'D)

### Serving Our Stakeholders with Integrity and Standards (Cont'd)

#### Our Performance

##### Anti-Corruption

The Group consistently communicates relevant policies to our employees to avoid the occurrence of corruption throughout our operations. We are proud to announce that there were zero incidents of corruption reported for FY2023. Leform targets to incorporate anti-corruption training for our employees next year and will implement anti-corruption risk assessments for the relevant business units in upcoming years.

## DATA PRIVACY AND CYBERSECURITY

### Safeguarding Essential Information

#### Why it Matters

Amidst the current digital landscape, it is essential to safeguard our intellectual assets to prevent data breaches or privacy violations. As such, cybersecurity measures are crucial in securing sensitive information and protecting the business from cyberattacks and other incidents of fraudulence.

#### Our Approach

We maintain the protection and security of data from our customers and our business activities by implementing rigorous standard procedures for the handling and management of data. We adhere to the stipulations of the Personal Data Protection Act (“PDPA”) 2010 and the Personal Data Protection Regulations (“PDPR”) 2013 requirements. All data received is acquired lawfully with the requisite consent ensuring transparency in how data are gathered, utilised and recorded in all our transactions with stakeholders.

#### Our Performance

|                                                                                                                 |                                                  |                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>OUR<br/>ACHIEVEMENTS</p> | <p>“</p> <p>ZERO<br/>REPORTED CASES</p> <p>”</p> | <ul style="list-style-type: none"> <li>✓ Substantiated Complaints Concerning Breaches of Customer Privacy</li> <li>✓ Losses of Customer Data</li> </ul> |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|

In FY2023, the Group achieved zero substantiated complaints concerning breaches of customer privacy and zero reported losses of customer data across the Group.



Government and Regulatory Authorities



Investors / Shareholders



Employees



Local Communities

# ENVIRONMENTAL STEWARDSHIP

Recognising the importance of climate change, Leform places environmental preservation at the cornerstone of our operations. As we strive towards the decarbonisation of our value chain, we embrace sustainable practices and initiatives that not only reduce our carbon footprint but also contribute to a greener planet.

ENERGY,  
EMISSIONS  
AND CLIMATE  
RESILIENCE

WATER  
CONSUMPTION

WASTE AND  
EFFLUENT  
MANAGEMENT



# Environmental Stewardship

## ENERGY, EMISSIONS AND CLIMATE RESILIENCE

### Addressing Energy and Emission Needs for Climate Resilience

#### Why it Matters

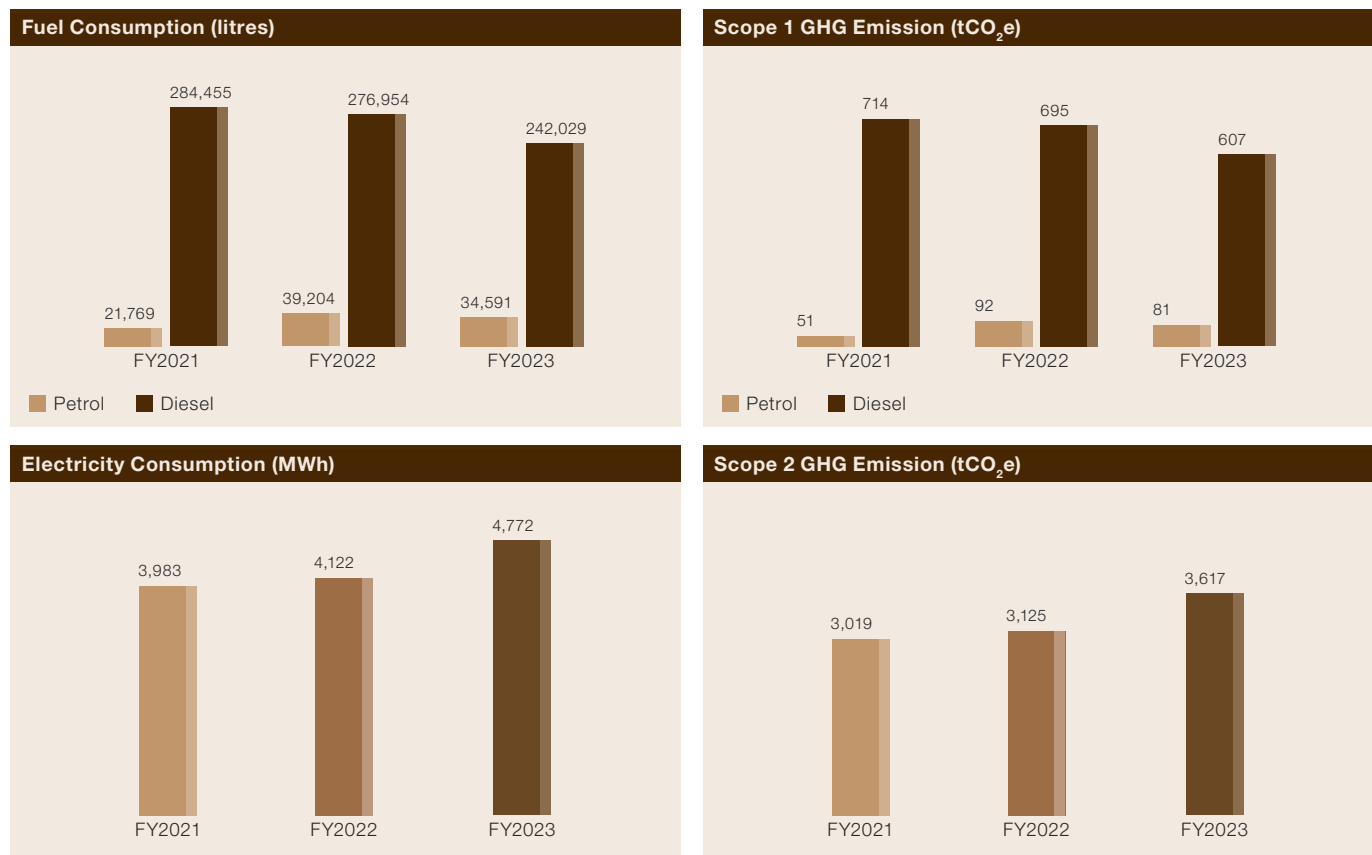
Addressing climate change is crucial to our sustainable growth and progress. As such, we recognise that environmental stewardship is intricately linked to operational efficiency, cost management and long-term resilience.

#### Our Approach

We reported our Scope 1, 2, and 3 greenhouse gas (“GHG”) emissions and, currently, we are in the installation stage for the establishment of a solar panels to adopt clean energy. The integration of solar panel system represents a significant stride towards reducing our carbon impact and is pending approval from the Malaysian Investment Development Authority (“MIDA”) and Suruhanjaya Tenaga (“ST”).

#### Our Performance

In FY2023, our energy consumption totalled 27,603 Gigajoules (“GJ”) comprising 10,426 GJ from fuel and 17,177 GJ from electricity.

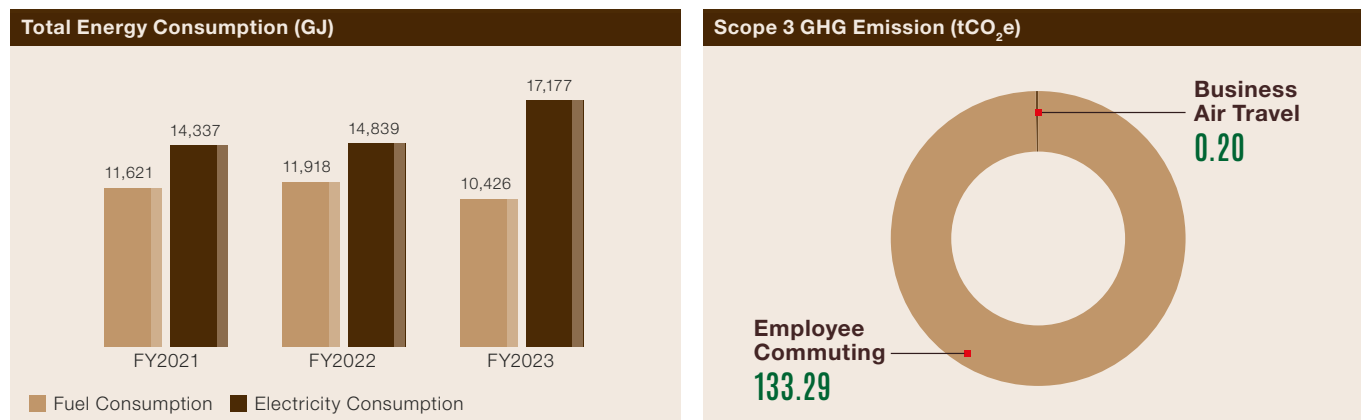


# Environmental Stewardship

## ENERGY, EMISSIONS AND CLIMATE RESILIENCE (CONT'D)

### Addressing Energy and Emission Needs for Climate Resilience (Cont'd)

#### Our Performance (Cont'd)



In FY2023, Leform recorded a total of 4,438 tCO<sub>2</sub>e GHG emissions, with 15.5% from Scope 1, 81.5% from Scope 2 and 3.0% from Scope 3. The predominant contributors to Scope 1 emissions were transportation services for the delivery of goods and company vehicles provided to employees for their daily commute<sup>1</sup>. Scope 2 emission primarily arises from electricity usage in our facilities, factories and employee accommodations<sup>2</sup>, while Scope 3 emission consist of emissions generated from employee daily commutes and business air travels<sup>3</sup>.

|                                              | FY2021       | FY2022       | FY2023       |
|----------------------------------------------|--------------|--------------|--------------|
| Scope 1 GHG Emission (tCO <sub>2</sub> e)    | 765          | 787          | 688          |
| Scope 2 GHG Emission (tCO <sub>2</sub> e)    | 3,019        | 3,125        | 3,617        |
| Scope 3 GHG Emission (tCO <sub>2</sub> e)    | -            | -            | 133          |
| <b>Total GHG Emission (tCO<sub>2</sub>e)</b> | <b>3,784</b> | <b>3,912</b> | <b>4,438</b> |

\*Data rounded to the nearest whole number

<sup>1</sup> GHG emissions resulting from the direct combustion of carbon-based fuel sources, such as diesel or petrol. Scope 1 GHG emission was calculated using emissions factors from the UK Government GHG Conversion Factors for Company Reporting 2023.

<sup>2</sup> GHG emissions resulting from the purchase of grid electricity, generated in part from the combustion of carbon fuels, such as coal or natural gas. Scope 2 GHG emission was calculated using the 2021 Grid Emission Factor (GEF) in Malaysia by the Energy Commission (EC) of Malaysia.

<sup>3</sup> GHG emissions resulting from the direct combustion of carbon-based fuel sources, such as kerosene or petrol. These emissions occur outside of the company's direct operations but are influenced by the company's activities. Scope 3 GHG emission was calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2023.



# Environmental Stewardship

## WATER CONSUMPTION

### Ensuring Every Drop Matters

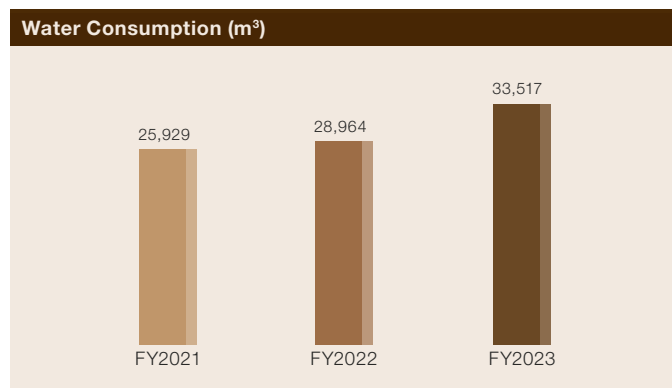
#### Why it Matters

The primary use of water within the Group's facilities is confined to sanitation purposes. The monitoring of water consumption stands as an essential practice, enabling us to preserve this invaluable natural resource for the benefit of present and future generations.

#### Our Approach

Water is an integral component utilised in processing and cooling stages, the majority of which is recycled and reintegrated into a seamless, closed-loop system instead of being consumed. In line with minimising water consumption, our processes generate no wastewater ensuring that our operations are environmentally-friendly and have no adverse impact on the surrounding ecosystems.

#### Our Performance



In FY2023, we consumed a total of 33,517 m<sup>3</sup> of water throughout our operations and facilities.

## WASTE AND EFFLUENT MANAGEMENT – MINIMISING ENVIRONMENTAL IMPACT

### Optimising Waste and Effluent Management for a Greener Environment

#### Why it Matters

Leform adheres to local laws and regulations such as the Environmental Quality Act of 1974 and the Scheduled Waste Management Regulations of 2005 established by the Department of Environment (“DOE”). Compliance with these regulations not only guarantees legal conformity but also plays a pivotal role in protecting the environment, maintaining our brand reputation and contributing to long-term sustainability and operational efficiency.

#### Our Approach

The operational waste that is emitted from our operations encompasses three distinct categories: scheduled waste, non-scheduled waste and recycled waste. Scheduled waste undergoes collection procedures by designated contractors in accordance with the regulations set forth by the DOE. Non-scheduled waste primarily includes plastics and office waste, typically directed towards landfill disposal. Notably, metal scraps are a byproduct of our operational processes. Recognising the recyclable nature of steel, we conscientiously recycle these metal scraps ensuring their reintegration into the production cycle.

# Environmental Stewardship

## WASTE AND EFFLUENT MANAGEMENT – MINIMISING ENVIRONMENTAL IMPACT (CONT'D)

### Optimising Waste and Effluent Management for a Greener Environment (Cont'd)

#### Our Approach (Cont'd)

#### SCHEDULED WASTE



##### USED OIL / COOLANT

Method of Disposal:  
Collected by Prescribed Contractor



##### CONTAMINATED COTTON RAGS

Method of Disposal:  
Collected by Prescribed Contractor

#### NON-SCHEDULED WASTE



##### PLASTICS / OFFICE WASTE

Method of Disposal:  
Collected by Prescribed Contractor

#### RECYCLED WASTE



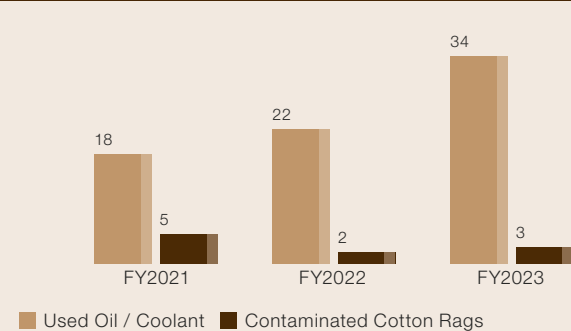
##### METAL SCRAPS

Method of Disposal:  
Recycled

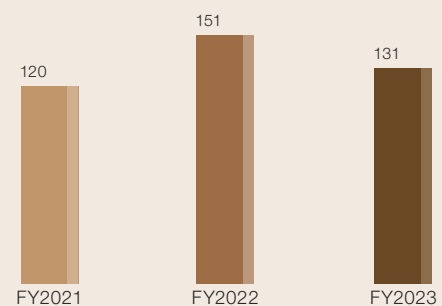
#### Our Performance

In FY2023, our operations produced a total of 168 tonnes of waste, comprising 37 tonnes of scheduled waste and 131 tonnes of non-scheduled waste. As a comparison with FY2022, we noted a 54.17% increase in Leform's scheduled waste generation, with a 13.25% decrease in non-scheduled waste. A substantial total of 977 tonnes of recyclable steel was successfully repurposed in FY2023, contributing to both environmental preservation and the circular economy.

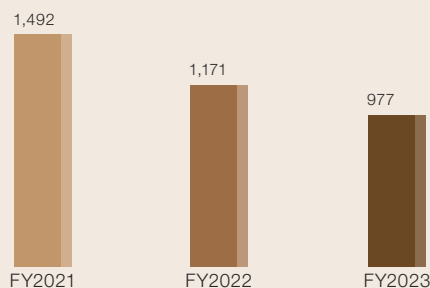
Scheduled Waste (tonnes)



Non-Scheduled Waste (tonnes)



Metal Scraps (tonnes)





Government and Regulatory Authorities



Investors / Shareholders



Customer



Employees



Local Communities

# SOCIAL RESPONSIBILITY

With people as our most valuable asset, we take our responsibility to our employees, customers and the community to heart. Promoting diversity, inclusivity, equal opportunity as well as philanthropic endeavours, our goal is to contribute to a conducive workplace and the betterment of society as a whole.

LABOUR PRACTICES AND STANDARDS

PRODUCT QUALITY AND RELIABILITY

OCCUPATIONAL HEALTH AND SAFETY

DIVERSITY AND INCLUSION

COMMUNITY ENRICHMENT



# Social Responsibility

## OCCUPATIONAL HEALTH AND SAFETY

### Putting Health and Safety First

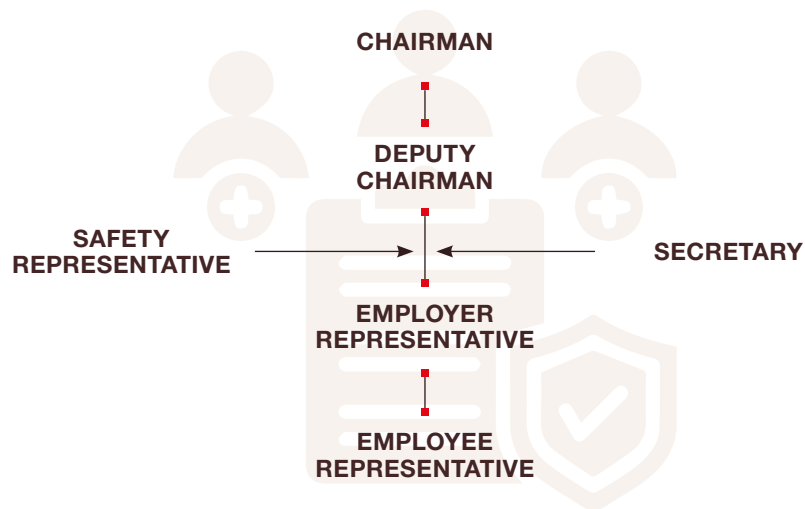
#### Why it Matters

We prioritise the well-being and safety of our employees throughout our steel manufacturing operations. This endeavour is not only integral in building trust on our brand but also crucial for safeguarding profitability and enhancing efficiency and output in our business processes.

#### Our Approach

Leform has established a Safety Committee to ensure strict adherence to regulations in ensuring the health and safety of our employees.

### LEFORM'S SAFETY COMMITTEE



#### Roles and Responsibilities of the Safety Committee

##### Risk Identification and Prevention

Regular inspections are conducted, and results are documented to identify potential risks, allowing the implementation of proactive and preventive measures.

##### Safety & Health Plan Management

The Committee actively establishes, reviews and updates the Safety & Health Plan, ensuring its alignment with evolving industry standards and best practices.

##### Incident Investigation & Mitigation

The Committee investigates accidents, near-misses, occupational health hazards and related issues, implementing effective measures to mitigate and prevent future occurrences.

##### Communication Facilitation

Serving as a vital communication channel, the Committee fosters effective dialogue between employers and workers, promoting a collaborative approach to employee health and safety.

# Social Responsibility

## ■ OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

### Putting Health and Safety First (Cont'd)

#### ■ Our Approach (Cont'd)

Leform collaborates with the Department of Occupational Safety and Health (“DOSH”) for emissions monitoring, developing a phased plan of internal initiatives aimed at enhancing our environmental performance. Additionally, health and safety training programmes are provided to our employees to provide a comprehensive understanding of workplace health and safety measures.

Noise-induced hearing loss has become a significant public health concern and, as such, we are in compliance with Occupational Safety and Health (“OSH”) (Noise Exposure) Regulations 2019 where our employees undergo annual audiometric testing.

#### ■ Our Performance

Across our work premises, we implemented various occupational health and safety training programmes in FY2023 asserting that safety is not just a policy to us but an ingrained value.

#### CHEMICAL HANDLING TRAINING

No. of Attendees: 22  
Total Training Hours: 8



#### FORKLIFT DRIVER TRAINING

No. of Attendees: 22  
Total Training Hours: 8



No. of Attendees: 23  
Total Training Hours: 5

#### NOISE AWARENESS TRAINING



No. of Attendees: 32  
Total Training Hours: 16

#### ERT & FIRE DRILL TRAINING



# Social Responsibility

## ■ OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

### Putting Health and Safety First (Cont'd)

#### ■ Our Performance (Cont'd)

In FY2023, we recorded a lost time injury rate of 2.58 across our operations. We will continue to cultivate a workplace environment that prioritises the health, safety and well-being of our most valuable asset – our people.

| Information                                                       | FY2023  |
|-------------------------------------------------------------------|---------|
| Total number of hours worked                                      | 626,306 |
| Number of fatalities as a result of work-related injury           | 0       |
| Number of recordable work-related injuries (including fatalities) | 6       |
| Number of fatalities as a result of work-related ill health       | 0       |
| Number of cases of recordable work-related ill health             | 0       |
| Lost time injury rate (LTIR)                                      | 1.92    |

\* LTIR is calculated as per Bursa Sustainability Reporting Guideline, per 200,000 hours worked per year.

## ■ LABOUR PRACTICES AND STANDARDS

### Upholding A Fair Workplace

#### ■ Why it Matters

A stable and content workforce is the foundation for sustainable business advancement. By investing in the well-being of employees and providing them with workspaces that are conducive, companies can foster loyalty and dedication which leads to increasing efficiency, innovation and adaptability which are fundamental for sustained success.

#### ■ Our Approach

Leform operates in strict compliance with applicable laws and regulations, ensuring fair treatment, competitive remuneration and a safe workplace. The expansion of our hostel facilities supplements our current accommodation and we have been officially issued with a Certificate for Accommodation by the Department of Labour.

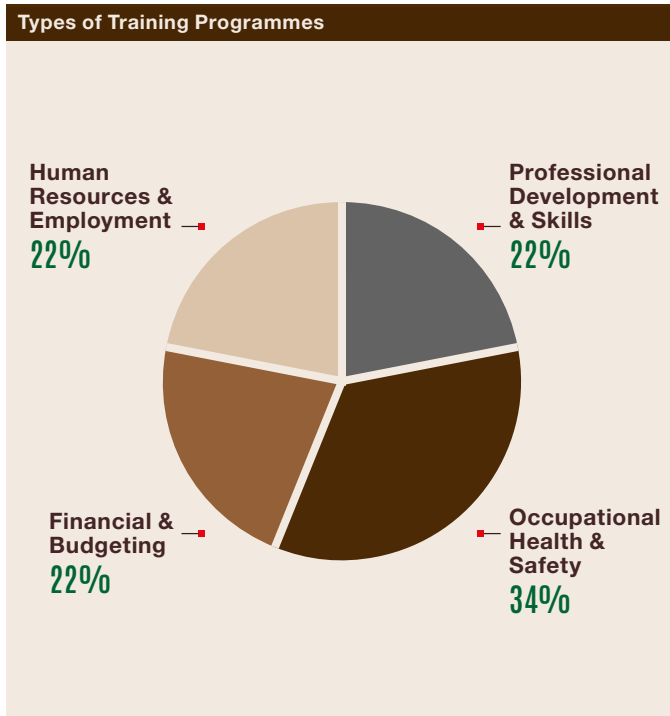
In the pursuit of a skilled and empowered workforce, Leform allocates an annual budget for comprehensive training programmes. These encompass technical, health and safety as well as soft skills training, enabling our employees to pursue career development and personal growth within our Group.

# Social Responsibility

## LABOUR PRACTICES AND STANDARDS (CONT'D)

### Upholding A Fair Workplace (Cont'd)

#### Our Approach (Cont'd)



#### Occupational Health & Safety

- Chemical Spillage Training
- Forklift Skills, Safety & Daily Maintenance Course
- Noise awareness training

#### Financial & Budgeting

- Malaysian Financial Reporting Standards - MFRS 16 Case Studies
- Understanding Financial Analysis

#### Human Resources & Employment

- The Employment Act 1995
- Seminar on Management of Foreign Workers

#### Professional Development & Skills

- Strategic Procurement & Effective Vendor Negotiation Skills
- Problem Solving & Critical Thinking for Leaders

Our comprehensive medical benefits support the overall welfare of the team, encompassing both physical and mental well-being. A Whistle Blowing Policy has been developed empowering them to report any incidents of bribery, corruption or misconduct. This Policy, outlined in our induction handbook, underscores our commitment to transparency and ethical conduct.

#### Our Performance



OUR  
ACHIEVEMENTS

“

ZERO  
REPORTED CASES

”

- ✓ Human Rights Violation
- ✓ Non-Compliance
- ✓ Whistleblowing

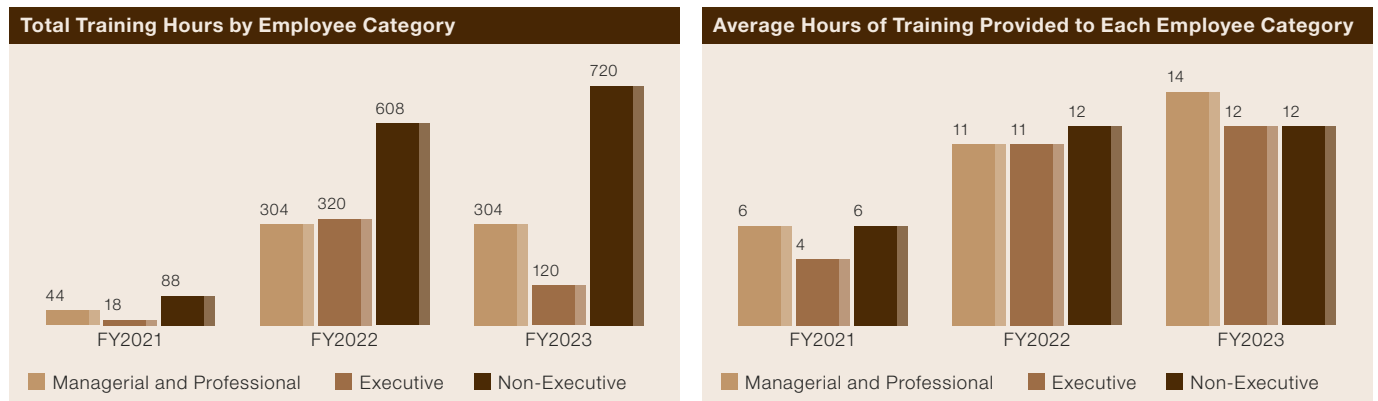
# Social Responsibility

## LABOUR PRACTICES AND STANDARDS (CONT'D)

### Upholding A Fair Workplace (Cont'd)


#### Our Performance (Cont'd)

In FY2023, Leform conducted a series of training programmes totalling up to 1,144 hours for 94 employees.




At Leform, our employees' well-being comes first and, as such, we provide a comprehensive benefits package encompassing healthcare and accommodations equipped with essential amenities.


### LEFORM'S EMPLOYEE BENEFITS




Healthcare Benefits




Leave Entitlement



Retirement Provision (KWSP)



Disability & Invalidity Coverage (SOCSCO)



Free Accommodation (Local and Foreign Workers)

# Social Responsibility

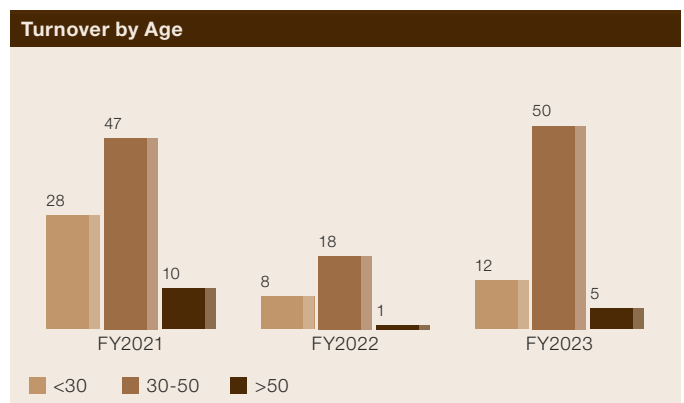
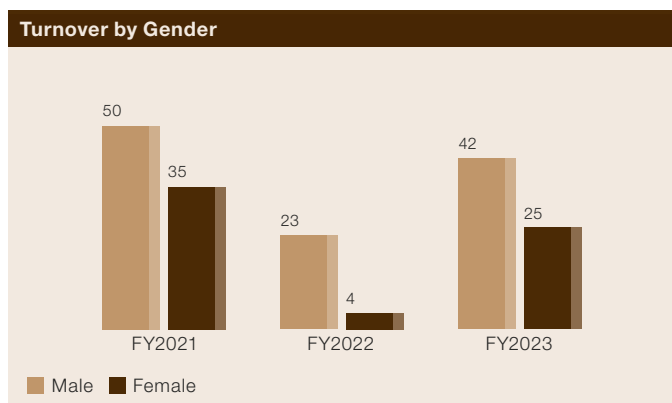
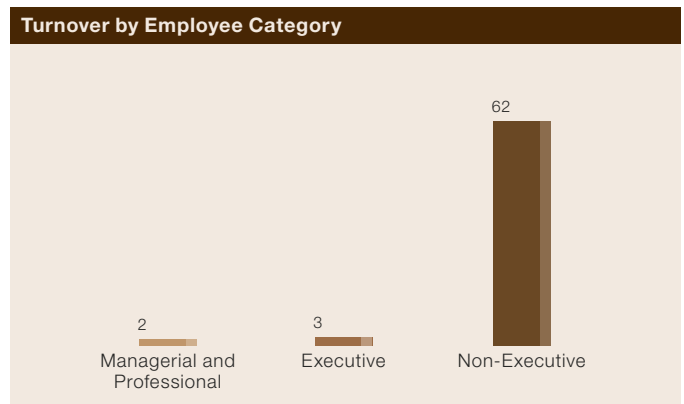
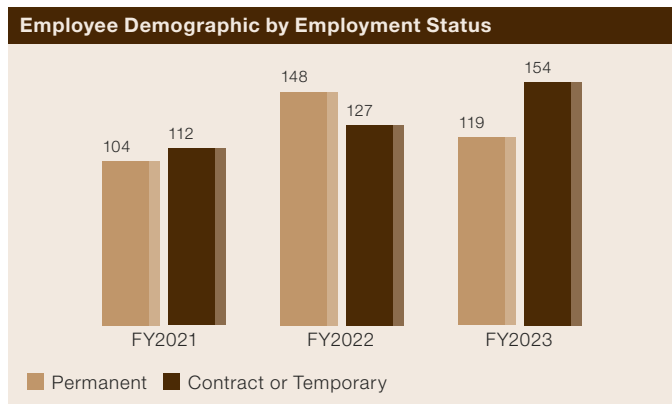
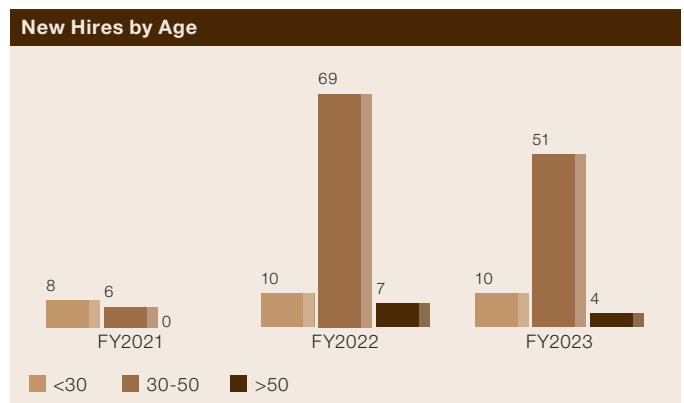
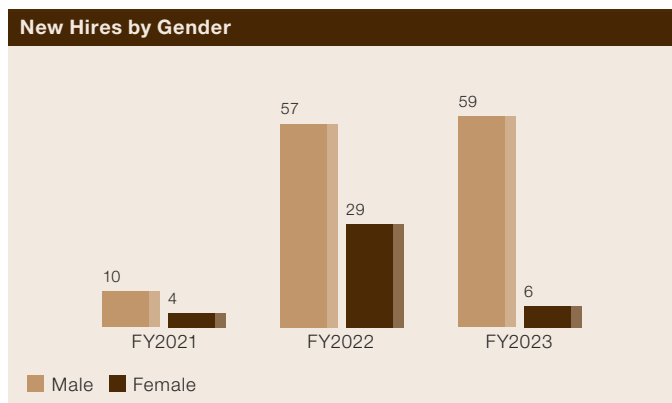
## LABOUR PRACTICES AND STANDARDS (CONT'D)

### Upholding A Fair Workplace (Cont'd)

#### Our Performance (Cont'd)

##### Employee Recruitment

In FY2023, Leform's workforce totalled 273 individuals where 43.59% were permanent workers and 56.41% were contract or temporary workers.



# Social Responsibility

## LABOUR PRACTICES AND STANDARDS (CONT'D)

### Upholding A Fair Workplace (Cont'd)

#### Our Performance (Cont'd)

##### Employee Recruitment (Cont'd)

This year, Leform hired a total of 65 new employees, recording a new hire rate of 23.80% and a turnover rate of 24.54%. We will continue to attract top-tier talent and encourage the professional growth of our employees in coming years.

|                   | FY2021 | FY2022 | FY2023 |
|-------------------|--------|--------|--------|
| New Hire Rate (%) | 6.48   | 31.27  | 23.80  |
| Turnover Rate (%) | 39.35  | 9.82   | 24.54  |

## DIVERSITY AND INCLUSION

### Where Our Differences Come Together

#### Why it Matters

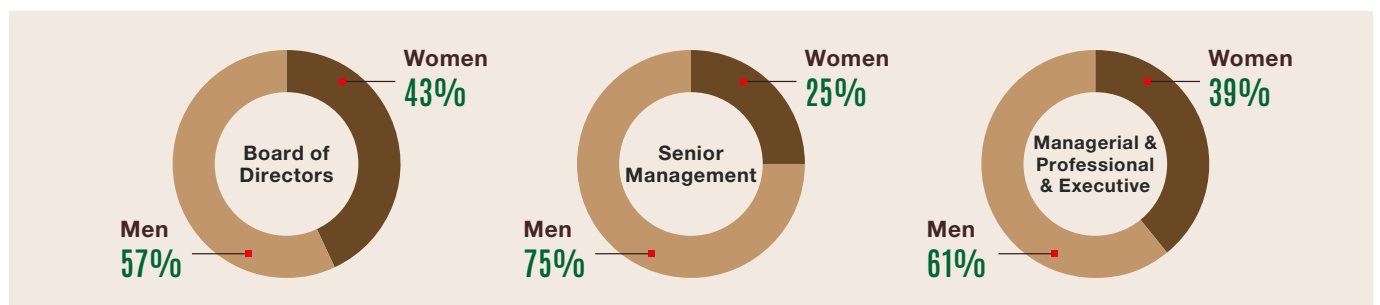
At Leform, our aspiration lies in creating a workplace that thrives on diversity and inclusivity. We firmly believe that these are not only ethical imperatives but also key drivers of innovation and sustainable growth. This dedication in promoting diversity is reflected in our policies, practices and corporate culture where every individual is valued, heard and empowered.

#### Our Approach

Our Diversity Policy developed in 2022 underscores our ethos towards equal opportunity. As such, hiring and career advancement processes are strictly based on merit and we do not discriminate based on age, race or gender. We recognise and embrace diversity in our team in which every individual is appreciated and respected.

#### Our Performance

Leform's Board of Directors comprises seven members, out of which 43% are women. Hence, this exceeds the national target of having 30% women in the Board, as outlined in the Malaysian Code of Corporate Governance ("MCCG"). We believe that our commitment to promote gender equality in leadership roles will lead to better outcomes, improved governance and a more sustainable future for our company.





# Social Responsibility

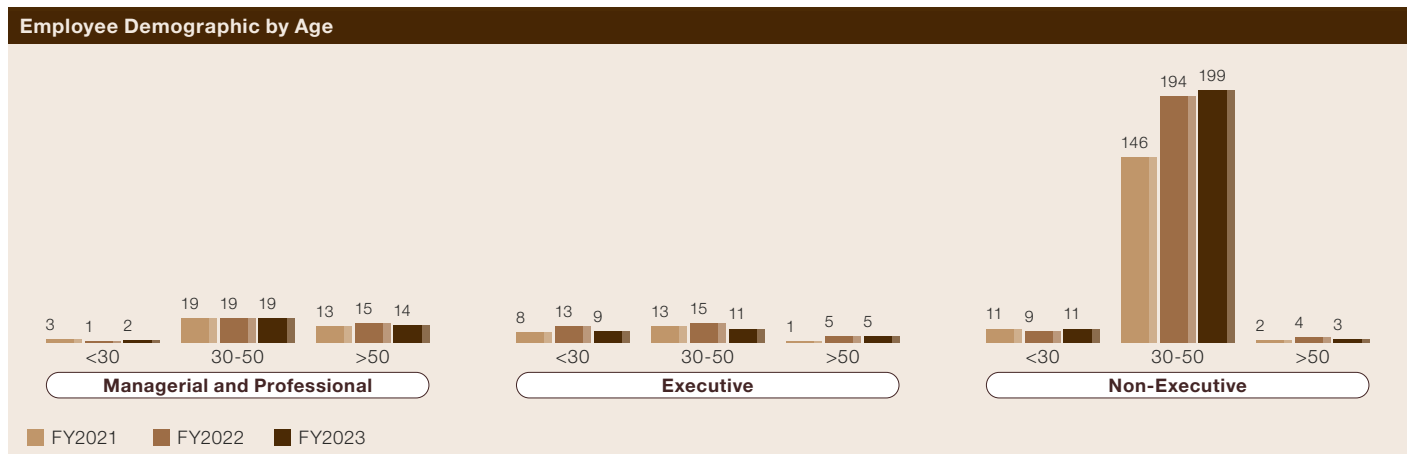
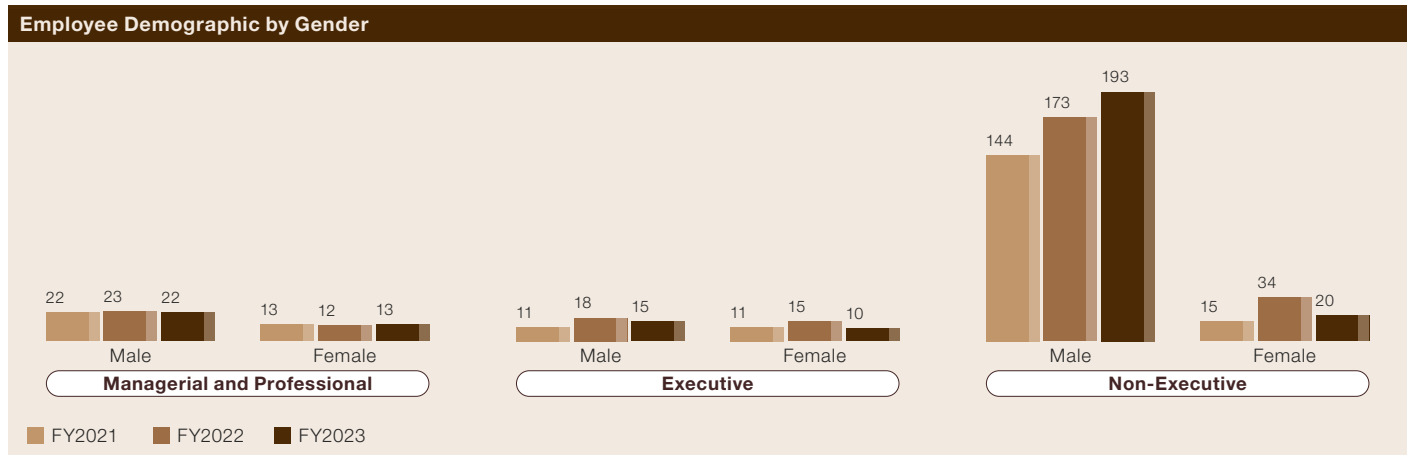
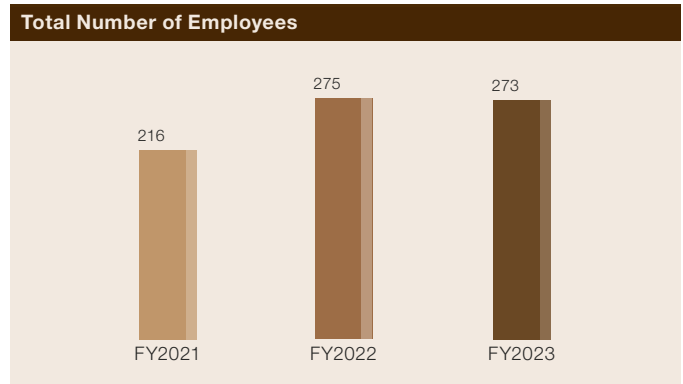
## DIVERSITY AND INCLUSION (CONT'D)

### Where Our Differences Come Together (Cont'd)

#### Our Performance (Cont'd)

##### Employee Diversity

Across our business segments, our diverse workforce comprises 12.8% managerial and professional roles, 9.15% executives and 78.02% non-executive positions. Given the nature of the steel industry, 84.25% of our employees are male with 83.88% within the age range of 30 to 50.



# Social Responsibility

## DIVERSITY AND INCLUSION (CONT'D)

### Where Our Differences Come Together (Cont'd)

#### Our Performance (Cont'd)

##### Employee Diversity (Cont'd)

##### Employee Demographic by Nationality



|                                                                                                                                    | Gender | Parental Leave |
|------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|
| Number of employees that took Parental Leave                                                                                       | Men    | 3              |
|                                                                                                                                    | Women  | 4              |
| Number of employees that returned to work after Parental Leave                                                                     | Men    | 2              |
|                                                                                                                                    | Women  | 2              |
| Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work | Men    | 0              |
|                                                                                                                                    | Women  | 2              |

In FY2023, the utilisation of our parental leave options serves as a notable indicator of our family-friendly workplace culture. This is also in line with our ongoing efforts to provide a supportive environment where individuals can thrive both personally and professionally.

## PRODUCT QUALITY AND RELIABILITY

### Ensuring Superior Quality and Reliability

#### Why it Matters

Leform's products are utilised by a variety of end-user sectors including furniture and construction as well as for automobile components. As steel is the foundational element for building roads, appliances and buildings, we place high importance on its quality and reliability to ensure optimal efficiency.

# Social Responsibility

## PRODUCT QUALITY AND RELIABILITY (CONT'D)

### Ensuring Superior Quality and Reliability (Cont'd)

#### Our Approach

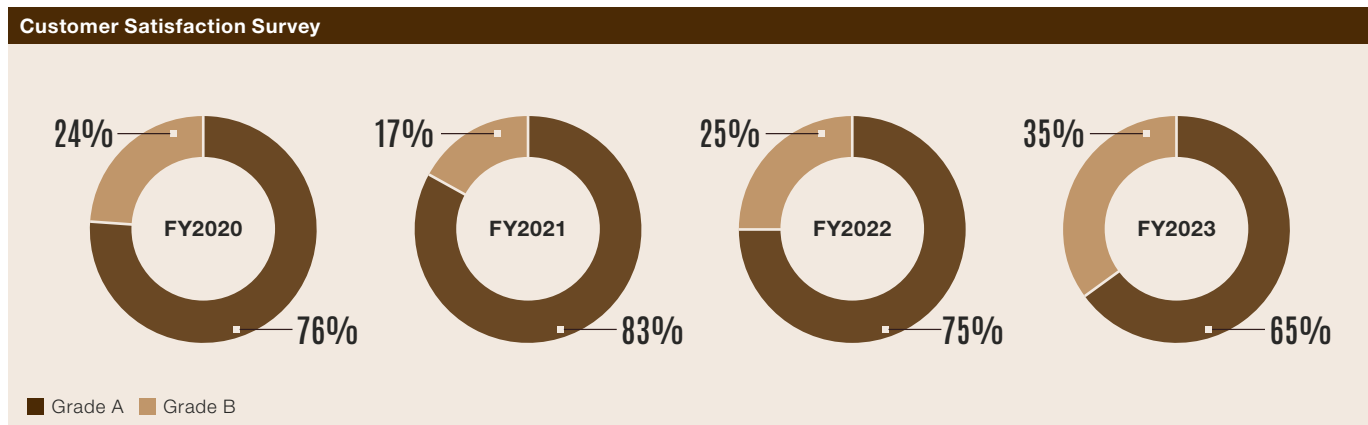
Our steel products are compliant with the Japanese Industrial Standards (“JIS”) and we are pleased to report the attainment of the ISO 9001:2015 certification by TUV Nord Cert GmbH and the Construction Industry Development Board (“CIDB”) licence. To ensure our products meet customer expectations, we conduct a survey annually and obtain feedback to ensure continuous improvement.

#### Our Performance

In terms of our performance, we obtained the CIDB licence and ISO 9001:2015 certification demonstrating our diligence in manufacturing quality steel products that provide customer satisfaction.

| Products                        | Certifications & Licences |
|---------------------------------|---------------------------|
| Steel Pipes, Hollow Sections    | ISO 9001:2015 & CIDB      |
| Steel Pipes OD 42.7mm x T2.50mm | CIDB                      |
| Steel Pipes OD 27.2mm x T2.00mm | CIDB                      |
| Steel Pipes OD 21.7mm x T2.00mm | CIDB                      |
| Steel Pipes OD 48.6mm x T2.50mm | CIDB                      |
| Highway Guardrails              | CIDB                      |

Based on our annual customer satisfaction survey, a total of 65% of customer responses consistently rated our product as Grade A in FY2023.



# Social Responsibility

## COMMUNITY ENRICHMENT

### Serving Our Communities

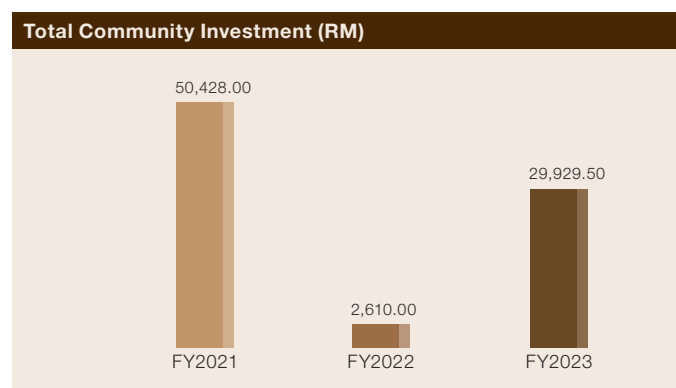
#### Why it Matters

Grounded in the principles of community engagement and corporate social responsibility, we are aware of the interconnectivity of our operations with the well-being of the communities we serve. By empathising with the community and actively participating in initiatives that contribute to the greater good, we strive to make a notable difference in the lives of people.

#### Our Approach

This year, we actively engaged in philanthropic endeavours and have contributed to charitable organisations, educational institutions as well as both public and private agencies. We are cognisant that fostering strong industry networks promote a collaborative spirit as well as an enriched community and endeavour to establish meaningful connections within our sector.

#### Our Performance



A total of RM 29,929.50 worth of monetary and non-monetary contributions were donated to seven organisations in FY2023.

| No.          | Community Programmes                       | Beneficiaries/Recipient                    | Amount (RM)      |
|--------------|--------------------------------------------|--------------------------------------------|------------------|
| 1            | Majlis Sejuta Kenangan                     | Balai Polis Serendah                       | 500.00           |
| 2            | Karnival Amal SJK (C) Bukit Tangga         | PIBG SJK (C) Bukit Tangga                  | 10,000.00        |
| 3            | FMHMBA 30th Anniversary Dinner             | FMM                                        | 3,000.00         |
| 4            | Tabung Pembangunan Sekolah San Yuk         | Sekolah San Yuk                            | 1,500.00         |
| 5            | Ti-Ratana Welfare Society                  | Ti-Ratana Welfare Society                  | 11,429.50        |
| 6            | MSM Group FHM Exhibition 2023              | MSM Group                                  | 1,000.00         |
| 7            | 84th Anniversary Celebration               | Perak Chinese Hardware Dealers Association | 1,000.00         |
| 8            | Hamper For Family Day                      | CIMB Bank Berhad                           | 500.00           |
| 9            | Sponsorship For Yick Hoe Group Anniversary | Yick Hoe Group                             | 1,000.00         |
| <b>Total</b> |                                            |                                            | <b>29,929.50</b> |

# Securing A Sustainable Future

In conclusion, Leform's commitment to sustainability goes beyond a mere acknowledgment of our corporate responsibility; it is a pledge to be architects of positive change. We strive to weave sustainability practices and initiatives into the very fabric of our operations. In doing so, we ensure that our business is resilient and equipped with the right strategies and principles to secure a sustainable future.

## Performance Data Table

### Governance

| Indicator                                                                                                         | Unit   | FY2021 | FY2022 | FY2023 |
|-------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|
| <b>Anti-Corruption</b>                                                                                            |        |        |        |        |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category            |        |        |        |        |
| • Senior Management                                                                                               | %      | -      | -      | -      |
| • Management                                                                                                      | %      | -      | -      | -      |
| • Executive                                                                                                       | %      | -      | -      | -      |
| • Non-Executive                                                                                                   | %      | -      | -      | -      |
| Bursa C1(b) Percentage of operations assessed for corruption related risks                                        | %      | -      | -      | -      |
| Bursa C1(c) Confirmed incidents of corruption and actions taken                                                   | Number | 0      | 0      | 0      |
| <b>Data Privacy and Security</b>                                                                                  |        |        |        |        |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data | Number | 0      | 0      | 0      |
| <b>Supply Chain Management</b>                                                                                    |        |        |        |        |
| Bursa C7(a) Proportion of spending on local suppliers                                                             | %      | 54     | 34     | 47     |

### Environment

| Indicator                                                                                              | Unit               | FY2021 | FY2022 | FY2023 |
|--------------------------------------------------------------------------------------------------------|--------------------|--------|--------|--------|
| <b>Energy, Emissions and Climate Resilience</b>                                                        |                    |        |        |        |
| Bursa C4(a) Total energy consumption                                                                   | GJ                 | 25,958 | 26,757 | 27,603 |
| Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e                                          | tCO <sub>2</sub> e | 765    | 787    | 688    |
| Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e                                          | tCO <sub>2</sub> e | 3,019  | 3,125  | 3,617  |
| Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (business travel and employee commuting) | tCO <sub>2</sub> e | -      | -      | 133    |
| <b>Material Consumption</b>                                                                            |                    |        |        |        |
| Bursa S5(a) Total weight or volume of materials that are used to produce products                      | Tonnes             | -      | -      | -      |
| <b>Waste and Effluent Management</b>                                                                   |                    |        |        |        |
| Bursa C10(a) Total waste generated                                                                     | Metric tonnes      | 143    | 175    | 168    |



## Performance Data Table

### Environment (Cont'd)

| Indicator                                                                        | Unit          | FY2021 | FY2022 | FY2023 |
|----------------------------------------------------------------------------------|---------------|--------|--------|--------|
| Bursa C10(a)(i) Total waste diverted from disposal                               | Metric tonnes | 1,492  | 1,171  | 977    |
| Bursa C10(a)(ii) Total waste directed to disposal                                | Metric tonnes | -      | -      | -      |
| Bursa S8(a) Total volume of water (effluent) discharge over the reporting period | L             | -      | -      | -      |
| <b>Water Consumption</b>                                                         |               |        |        |        |
| Bursa C9(a) Total volume of water used                                           | L             | 25,929 | 28,964 | 33,517 |

### Social

| Indicator                                                                               | Unit   | FY2021 | FY2022 | FY2023 |
|-----------------------------------------------------------------------------------------|--------|--------|--------|--------|
| <b>Occupational Health and Safety</b>                                                   |        |        |        |        |
| Bursa C5(a) Number of work-related fatalities                                           | Number | -      | -      | -      |
| Bursa C5(b) Lost time incident rate ("LTIR")                                            | Rate   | -      | -      | 1.92   |
| Bursa C5(c) Number of employees (crews) trained on health and safety standards          | Number | -      | -      | 100    |
| <b>Human Rights, Labour Practices and Standards</b>                                     |        |        |        |        |
| Bursa C6(d) Number of substantiated complaints concerning human rights violation        | Number | 0      | 0      | 0      |
| <b>Talent Attraction and Development</b>                                                |        |        |        |        |
| Bursa C6(a) Total hours of training by employee category                                |        |        |        |        |
| • Managerial and Professional                                                           | Hours  | 44     | 304    | 304    |
| • Executive                                                                             | Hours  | 18     | 320    | 120    |
| • Non-Executive                                                                         | Hours  | 88     | 608    | 720    |
| Bursa C6(c) Total number of employee turnover by employee category                      |        |        |        |        |
| • Managerial and Professional                                                           | Number | -      | -      | 2      |
| • Executive                                                                             | Number | -      | -      | 3      |
| • Non-Executive                                                                         | Number | -      | -      | 62     |
| <b>Diversity and Inclusion</b>                                                          |        |        |        |        |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category |        |        |        |        |
| Gender group by employee category                                                       |        |        |        |        |
| • Managerial and Professional (Men)                                                     | %      | 10.19  | 8.36   | 8.06   |
| • Managerial and Professional (Women)                                                   | %      | 6.02   | 4.36   | 4.76   |

## Performance Data Table

### Social (Cont'd)

| Indicator                                                                                                           | Unit   | FY2021    | FY2022   | FY2023    |
|---------------------------------------------------------------------------------------------------------------------|--------|-----------|----------|-----------|
| • Executive (Men)                                                                                                   | %      | 5.09      | 6.55     | 5.49      |
| • Executive (Women)                                                                                                 | %      | 5.09      | 5.45     | 3.66      |
| • Non-Executive (Men)                                                                                               | %      | 66.67     | 62.91    | 70.70     |
| • Non-Executive (Women)                                                                                             | %      | 6.94      | 12.36    | 7.33      |
| Age group by employee category                                                                                      |        |           |          |           |
| • Managerial and Professional (<30)                                                                                 | %      | 1.39      | 0.36     | 0.73      |
| • Managerial and Professional (30-50)                                                                               | %      | 8.80      | 6.91     | 6.96      |
| • Managerial and Professional (>50)                                                                                 | %      | 6.02      | 5.45     | 5.13      |
| • Executive (<30)                                                                                                   | %      | 3.70      | 4.73     | 3.30      |
| • Executive (30-50)                                                                                                 | %      | 6.02      | 5.45     | 4.03      |
| • Executive (>50)                                                                                                   | %      | 0.46      | 1.82     | 1.83      |
| • Non-Executive (<30)                                                                                               | %      | 5.09      | 3.27     | 4.03      |
| • Non-Executive (30-50)                                                                                             | %      | 67.59     | 70.55    | 72.89     |
| • Non-Executive (>50)                                                                                               | %      | 0.93      | 1.45     | 1.10      |
| Bursa C3(b) Percentage of directors by gender and age                                                               |        |           |          |           |
| Men                                                                                                                 | %      | 67        | 57       | 57        |
| Women                                                                                                               | %      | 33        | 43       | 43        |
| 30-50                                                                                                               | %      | 33        | 43       | 43        |
| 51-60                                                                                                               | %      | 17        | 14       | 14        |
| >60                                                                                                                 | %      | 50        | 43       | 43        |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff                                         |        |           |          |           |
| • Permanent                                                                                                         | %      | 48.15     | 53.82    | 43.59     |
| • Contract                                                                                                          | %      | 51.85     | 46.18    | 56.41     |
| <b>Community Engagement</b>                                                                                         |        |           |          |           |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | RM     | 50,428.00 | 2,610.00 | 29,929.50 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities                                          | Number | 3         | 1        | 9         |

# GRI Content Index

| <b>Statement of use</b>                    | Leform Berhad has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards. |                 |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>GRI 1 used</b>                          | GRI 1: Foundation 2021                                                                                                                                            |                 |
| GRI STANDARD                               | DISCLOSURE                                                                                                                                                        | LOCATION (PAGE) |
| <b>GRI 2: General Disclosures 2021</b>     | 2-1 Organisational details                                                                                                                                        | 27 - 28         |
|                                            | 2-2 Entities included in the organisation's sustainability reporting                                                                                              | 28              |
|                                            | 2-3 Reporting period, frequency and contact point                                                                                                                 | 28              |
|                                            | 2-6 Activities, value chain and other business relationships                                                                                                      | 28              |
|                                            | 2-7 Employees                                                                                                                                                     | 56 - 59         |
|                                            | 2-8 Workers who are not employees                                                                                                                                 | 56              |
|                                            | 2-9 Governance structure and composition                                                                                                                          | 32              |
|                                            | 2-10 Nomination and selection of the highest governance body                                                                                                      | 32, 38, 43      |
|                                            | 2-11 Chair of the highest governance body                                                                                                                         | 32, 38          |
|                                            | 2-12 Role of the highest governance body in overseeing the management of impacts                                                                                  | 32, 38, 43      |
|                                            | 2-13 Delegation of responsibility for managing impacts                                                                                                            | 32, 38, 43      |
|                                            | 2-14 Role of the highest governance body in sustainability reporting                                                                                              | 32, 38, 43      |
|                                            | 2-16 Communication of critical concerns                                                                                                                           | 38, 43          |
|                                            | 2-18 Evaluation of the performance of the highest governance body                                                                                                 | 43              |
|                                            | 2-19 Remuneration policies                                                                                                                                        | 43              |
|                                            | 2-20 Process to determine remuneration                                                                                                                            | 43              |
|                                            | 2-22 Statement on sustainable development strategy                                                                                                                | 27 - 31         |
|                                            | 2-23 Policy commitments                                                                                                                                           | 31, 43          |
|                                            | 2-24 Embedding policy commitments                                                                                                                                 | 31, 43          |
|                                            | 2-26 Mechanisms for seeking advice and raising concerns                                                                                                           | 43              |
| 2-27 Compliance with laws and regulations  | Throughout                                                                                                                                                        |                 |
| 2-28 Membership associations               | 28                                                                                                                                                                |                 |
| 2-29 Approach to stakeholder engagement    | 33 - 34                                                                                                                                                           |                 |
| <b>GRI 3: Material Topics 2021</b>         | 3-1 Process to determine material topics                                                                                                                          | 35              |
|                                            | 3-2 List of material topics                                                                                                                                       | 35              |
|                                            | 3-3 Management of material topics                                                                                                                                 | Throughout      |
| <b>GRI 201: Economic Performance 2016</b>  | 201-2 Financial implications and other risks and opportunities due to climate change                                                                              | 38              |
| <b>GRI 204: Procurement Practices 2016</b> | 204-1 Proportion of spending on local suppliers                                                                                                                   | 41              |
| <b>GRI 205: Anticorruption 2016</b>        | 205-1 Operations assessed for risks related to corruption                                                                                                         | 44              |
|                                            | 205-2 Communication and training about anti-corruption policies and procedures                                                                                    | 44              |
|                                            | 205-3 Confirmed incidents of corruption and actions taken                                                                                                         | 44              |

## GRI Content Index

| GRI STANDARD                                         | DISCLOSURE                                                                                                          | LOCATION (PAGE) |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>GRI 301: Materials 2016</b>                       | 301-2 Recycled input materials used                                                                                 | 49              |
| <b>GRI 302: Energy 2016</b>                          | 302-1 Energy consumption within the organisation                                                                    | 46, 47          |
|                                                      | 302-2 Energy consumption outside of the organisation                                                                | 46, 47          |
|                                                      | 302-4 Reduction of energy consumption                                                                               | 46              |
| <b>GRI 303: Water and Effluents 2018</b>             | 303-2 Management of water discharge-related impacts                                                                 | 48              |
|                                                      | 303-5 Water consumption                                                                                             | 48              |
| <b>GRI 305: Emissions 2016</b>                       | 305-1 Direct (Scope 1) GHG emissions                                                                                | 46, 47          |
|                                                      | 305-2 Energy indirect (Scope 2) GHG emissions                                                                       | 46, 47          |
|                                                      | 305-3 Other indirect (Scope 3) GHG emissions                                                                        | 46, 47          |
|                                                      | 305-5 Reduction of GHG emissions                                                                                    | 46              |
| <b>GRI 306: Waste 2020</b>                           | 306-1 Waste generation and significant waste-related impacts                                                        | 48, 49          |
|                                                      | 306-2 Management of significant waste-related impacts                                                               | 48, 49          |
|                                                      | 306-3 Waste generated                                                                                               | 48, 49          |
|                                                      | 306-4 Waste diverted from disposal                                                                                  | 48, 49          |
| <b>GRI 401: Employment 2016</b>                      | 401-1 New employee hires and employee turnover                                                                      | 56              |
|                                                      | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees            | 55              |
|                                                      | 401-3 Parental leave                                                                                                | 59              |
| <b>GRI 403: Occupational Health and Safety 2018</b>  | 403-1 Occupational health and safety management system                                                              | 51, 52          |
|                                                      | 403-2 Hazard identification, risk assessment, and incident investigation                                            | 51              |
|                                                      | 403-3 Occupational health services                                                                                  | 52, 55          |
|                                                      | 403-4 Worker participation, consultation, and communication on occupational health and safety                       | 51, 52, 53, 54  |
|                                                      | 403-5 Worker training on occupational health and safety                                                             | 52, 53, 54      |
|                                                      | 403-6 Promotion of worker health                                                                                    | 51              |
|                                                      | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 51, 52          |
|                                                      | 403-8 Workers covered by an occupational health and safety management system                                        | 51              |
|                                                      | 403-9 Work-related injuries                                                                                         | 53              |
|                                                      | 403-10 Work-related ill health                                                                                      | 53              |
| <b>GRI 404: Training and Education 2016</b>          | 404-1 Average hours of training per year per employee                                                               | 55              |
|                                                      | 404-2 Programmes for upgrading employee skills and transition assistance programmes                                 | 55              |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b> | 405-1 Diversity of governance bodies and employees                                                                  | 57, 58, 59      |
| <b>GRI 413: Local Communities 2016</b>               | 413-1 Operations with local community engagement, impact assessments, and development programmes                    | 61              |
| <b>GRI 418: Customer Privacy 2016</b>                | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data                  | 44              |

# Board of Directors' Profile

## DATUK SERI AKHIL BIN BULAT

Independent Non-Executive Chairman



### Gender / Age / Nationality

Male / 71 / Malaysian

### Date of Appointment

6 December 2021

### Membership of Board Committees

None

### Directorship in Public Companies and Listed Corporations

Edaran Pekemas Bhd

Datuk Seri Akhil Bin Bulat is our Independent Non-Executive Chairman. He was appointed to our Board on 6 December 2021.

He graduated from University Kebangsaan Malaysia with a Diploma in Police Science in 1998. He also graduated from University Malaya with a Diploma in Strategic Studies in 1993.

He worked with the Royal Malaysia Police for 26 years, since he began his career in 1989 as Sabah Research Staff Officer. Throughout the years, he worked across various branches in the Royal Malaysia Police. In 2015, he retired from his role as Director of Special Branches of the Royal Malaysia Police.

Datuk Seri Akhil Bin Bulat has attended all five (5) Board of Director's meetings Board of Directors' Meetings held during the financial year 2023.



## Board of Directors' Profile

### LAW KOK THYE

Managing Director



#### Gender / Age / Nationality

Male / 58 / Malaysian

#### Date of Appointment

17 January 2003

#### Membership of Board Committees

None

#### Directorship in Public Companies and Listed Corporations

None

Law Kok Thye is our Managing Director. He is responsible for the strategic direction and business development of our Group.

He completed his Sijil Tinggi Persekolahan Malaysia (STPM) at Sekolah Menengah Kebangsaan Mat Salleh, Sabah in 1986.

He began his career in 1986 with Product Manufacturing Sdn Bhd as Production Executive where he was involved in manufacturing of personal and household products. In 1990, he left Product Manufacturing Sdn Bhd to join Bright Steel Sdn Bhd, part of Lion Group, in the same year as a Sales Representative where he was involved in the sales and marketing of flat steel products. In 1991, he left Bright Steel Sdn Bhd to join Kanzen Kagu Sdn Bhd (currently part of FACB Group) as Sales Executive. During his tenure with Kanzen Kagu Sdn Bhd, he was responsible for sales and marketing of steel pipes. In 1993, he was promoted to Sales Manager where he was in charge of leading a team in the sale of steel pipes. In 1996, he resigned from Kanzen Kagu Sdn Bhd to join Prestar Steel Pipes Sdn Bhd as Executive Director. During his tenure with Prestar Steel Pipes Sdn Bhd, he was in charge of expanding the company's steel pipe business. He resigned from Prestar Steel Pipes Sdn Bhd in 2001.

He later acquired the equity shareholding of Leform Steel Pipes Sdn Bhd in 2001 and equity shareholding in Leform in 2003, and assumed the position as Managing Director in both companies. Since then, he has been, and continues to be in charge of the strategic direction and business development of our Group as Managing Director of our Group.

Law Kok Thye is currently on the Board of Directors for Tianwen Holdings Sdn Bhd.

Law Kok Thye has attended all five (5) Board of Directors' Meetings held during the financial year 2023.

## Board of Directors' Profile

### ESMARIZA BINTI ISMAIL

Non-Independent Executive Director



**Gender / Age / Nationality**

Female / 49 / Malaysian

**Date of Appointment**

6 December 2021

**Membership of Board Committees**

None

**Directorship in Public Companies and Listed Corporations**

None

Esmariza Binti Ismail is our Non-Independent Executive Director and our Group's Human Resource Manager. She is responsible for handling our Group's administrative and human resource related activities. She was appointed to our Board on 6 December 2021.

She graduated from Universiti Teknologi MARA with a Bachelor of Accountancy in 1999.

Upon graduation, she began her career with Fast Airfreight Forwarding (M) Sdn Bhd in 1998 as Account Assistant cum Customer Service Coordinator. During her tenure there, she was in charge of assisting the Account Executive with accounting related matters, and the Admin Manager in preparing documentation to customs, MITI and MIDA. In 2002, she resigned from Fast Airfreight Forwarding (M) Sdn Bhd to join our Group as Account Assistant, where she was involved in accounting and admin related matters. In 2008, she was promoted to Human Resource Manager, where she was in charge of admin and human resources related matters. In 2019, she was transferred to LF Engineering to assume the role of Human Resource Manager. In 2020, she was also appointed as Human Resource Manager for Leform Steel Pipes Sdn Bhd.

Esmariza Binti Ismail has attended all five (5) Board of Directors' Meetings held during the financial year 2023.

## Board of Directors' Profile

### CHUA LENG LEEK

Independent Non-Executive Director



#### Gender / Age / Nationality

Female / 44 / Malaysian

#### Date of Appointment

6 December 2021

#### Membership of Board Committees

- Chairman of Audit and Risk Management Committee
- Member of Remuneration Committee
- Member of Nomination Committee

#### Directorship in Public Companies and Listed Corporations

None

Chua Leng Leek is our Independent Non-Executive Director. She was appointed to our Board on 6 December 2021.

She graduated from Tunku Abdul Rahman University College with an Advanced Diploma in Commerce Financial Accounting in 2002. She was admitted as a Chartered Accountant of the Malaysian Institute of Accountants in 2009. She has also been a professional member of the Institute of Internal Auditors Malaysia since 2015.

She began her career in 2002, with MM Consultant as Accounts Assistant where she was involved in the preparation of accounts. In 2003, she left MM Consultant to complete her ACCA accreditation. In 2004, she continued her career with KHM Corporate Service Sdn Bhd as Accounts, Audit and Tax Assistant where she was involved in the preparation of accounts, audit working papers and tax working papers. In 2005, she left KHM Corporate Service Sdn Bhd to join Audex Governance Sdn Bhd in the same year as Internal Auditor where she handled the internal audits of various industries. In 2008, she left Audex Governance Sdn Bhd to join Sanki Kigyo Sdn Bhd as Assistant Financial Controller. During her tenure, she was responsible for preparation of accounts, analysing financial information and budgeting for the company. In 2009, she left Sanki Kigyo Sdn Bhd to start her own firm known as Boon Consulting and assumed her role as Director in 2010. However, in 2011 she left the firm and continued her career with Décor Trend Industries Sdn Bhd in the same year as Group Finance Manager. During her tenure there, she was in charge of handling the finance, human resources, marketing and administrative functions for its group of companies. In 2015, she resigned from Décor Trend Industries Sdn Bhd to assume her current position as Director of Pro Affluence Management (M) Sdn Bhd in the same year.

Chua Leng Leek has attended all five (5) Board of Directors' Meetings held during the financial year 2023.

## Board of Directors' Profile

### LAI CHIN YANG

Independent Non-Executive Director



#### Gender / Age / Nationality

Male / 71 / Malaysian

#### Date of Appointment

6 December 2021

#### Membership of Board Committees

- Chairman of Nomination Committee
- Member of Remuneration Committee
- Member of Audit and Risk Management Committee

#### Directorship in Public Companies and Listed Corporations

None

Lai Chin Yang is our Independent Non-Executive Director. He was appointed to our Board on 6 December 2021.

Lai Chin Yang graduated from University of Malaya with a Bachelor of Science majoring in Physics in 1977. He also obtained his Chartered Diploma in Marketing from Chartered Institute of Marketing, United Kingdom in 1992.

His initial work experience was in sales when he began working as a sales executive in 1978 at Associated Steel Industries (M) Sdn Bhd, a manufacturer of galvanized steel roofing sheets.

In 1980, he left Associated Steel Industries (M) Sdn Bhd to join the steel division of Hume Industries Berhad, a manufacturer of cement lined steel pipes. In 1982, he resigned from Hume Industries Berhad and assumed the position of Sales Manager at Wing Tiek Hardware Sdn Bhd, a stockist of steel engineering and construction materials.

In 1985, he left Wing Tiek Sdn Bhd to join a foundation contractor, Franki Piling Sdn Bhd as a Contracts Manager. In 1988, he resigned from Franki Piling Sdn Bhd to join PC Holdings Group as General Manager. In 1991, he resigned from his position in PC Holdings Group to join the Steel Division of the Lion Group as Marketing Manager. In 2017, he retired as the Marketing Director of the Steel Division of the Lion Group. During his tenure as the Marketing Director, he was responsible for the sales and marketing of long and flat steel products manufactured by the Lion Group's respective steel mills.

In the course of his employment with the Lion Group for more than 26 years, he had assumed management responsibilities and directorships in various companies under the Steel Division, notably in Bright Steel Sdn Bhd, Bright Steel Service Centre Sdn Bhd, Bright Enterprise Sdn Bhd, Lion Plate Mills Sdn Bhd, Lion Tooling Sdn Bhd, Amsteel Mills Bhd and Megasteel Sdn Bhd.

Lai Chin Yang has attended all five (5) Board of Directors' Meetings held during the financial year 2023.

# Board of Directors' Profile

## LEE WEE LENG

Independent Non-Executive Director



### Gender / Age / Nationality

Female / 43 / Malaysian

### Date of Appointment

21 February 2022

### Membership of Board Committees

- Chairman of Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of Nomination Committee

### Directorship in Public Companies and Listed Corporations

None

Lee Wee Leng is our Independent Non-Executive Director. She was appointed to the Board on 21 February 2022.

She graduated from University of Technology Sydney, Australia with a Bachelor of Business in 2003. In 2005, she became a member of CPA Australia. She is also a member of the Malaysian Institute of Accountants since 2009.

She began her career in 2004 with Yeng & Co. as an Audit Associate and was subsequently promoted to Audit Senior in 2006. During her tenure there, she was responsible for preparing audit reports for companies involved in the manufacturing and trading industries. In 2006, she resigned from Yeng & Co. to join Deloitte & Touche as an Audit Associate. She was promoted to Senior Audit in 2007, to Audit Assistant Manager in 2008, and Audit Manager in 2010. During her tenure in Deloitte & Touche, she audited various private and public listed companies involved in the manufacturing, trading, financial services as well as property development industries. In 2012, she resigned from Deloitte & Touche to join Barry Callebaut Malaysia Sdn Bhd as Senior Accountant. Her role in Barry Callebaut Malaysia Sdn Bhd involved the preparation of the financial statements and statutory reports for the company. She resigned from Barry Callebaut Malaysia Sdn Bhd in 2013.

In 2013, she joined F&N Beverages Marketing Sdn Bhd, a subsidiary of Fraser & Neave Holdings Berhad as Financial Reporting Manager, where she was in charge of financial planning and analysis for the company's beverage division. She was later transferred to another subsidiary of Fraser & Neave Holdings Berhad, namely Fraser & Neave (Malaya) Sdn Bhd in 2015, and was promoted to Group Management Accountant where she was responsible for reviewing the group's financial statements and overseeing the financial planning and analysis to assess the group's financial performance, brand profitability, forecasting and budgeting. In 2016, she resigned from Fraser & Neave (Malaya) Sdn Bhd.

She joined AEON Big (M) Sdn Bhd as General Manager, Accounting in 2017, where she was in charge of preparation of financial statements and statutory reports. In 2020, she was transferred to AEON Co. (M) Bhd as Head of Business Services, where she was involved in preparation of financial statements and statutory reports for submission to Bursa Securities. In June 2021, she was transferred to the Business Finance division of AEON Co. (M) Bhd and assumed the role of Head of Business Finance, where she was responsible for providing business insights, and analysing the business performance of the group.

In December 2021, she resigned from AEON Co. (M) Bhd and assumed her present position in Luxasia (M) Sdn Bhd as Country Finance Head in January 2022. She is responsible for overseeing the finance related functions of the company. In September 2023, she had resigned from Luxasia (M) Sdn Bhd and assume her present position as Head of Finance in Coffee Bean & Tea Leaf (M) Sdn Bhd.

Lee Wee Leng has attended all five (5) Board of Directors' Meetings held during the financial year 2023.

### Additional Information for Board of Directors' Profile:

#### Conflict of Interest and Potential conflict of Interests

None of the Directors have any conflict of interest and potential conflict of interest with the Company.

#### Family Relationship with any Director and/or Major Shareholder of the Company

None of the Directors have any family relationship with any of the Directors and/or Major Shareholders of the Company.

#### Conviction of Offence

None of the Directors have been convicted of any offence within the past 5 years other than traffic offences, if any nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.



## Key Senior Management's Profile



### HONG KA HOCK

General Manager

#### Gender / Age / Nationality

Male / 60 / Malaysian

#### Date of Appointment

2007

Hong Ka Hock is our General Manager. He is responsible for our Group's project development, monitoring, managing the setting-up of machineries, factory planning and related matters.

He graduated from Sekolah Menengah Kebangsaan Dato' Syed Omar, Kedah with a Sijil Tinggi Persekolahan Malaysia (STPM) certificate in 1984.

He began his career in 1988 with Matsushita Refrigeration Industries (S) Pte Ltd as Quality Assurance Technician, and was later promoted to Quality Assurance Supervisor later in the same year. During his tenure there, he was involved in overseeing the quality assurance procedures for refrigeration products. In 1989, he resigned from Matsushita Refrigeration Industries (S) Pte Ltd to join Bright Steel Sdn Bhd as Production Executive where he was involved in the production process control as well as planning and scheduling for the company's production of steel. In 1996, he resigned from Bright Steel Sdn Bhd to join Prestar Storage System Sdn Bhd in 1997 as Plant Manager. During his tenure there, he was in charge of monitoring and controlling production activities, planning and scheduling local and overseas orders as well as monitoring shipments of products. In 2007, he resigned from Prestar Storage System Sdn Bhd. He then joined Deluxe Forum Sdn Bhd in 2007 as Group General Manager. During his tenure there, he was responsible for the sales and production activities for Deluxe Forum Sdn Bhd and its group of companies.

In the same year, he resigned from Deluxe Forum Sdn Bhd to join Leform as General Manager where he was responsible for our Group's project development, monitoring, managing the setting-up of machineries, factory planning and related matters. Hong Ka Hock does not have any family relationship with any of our Directors and/or major shareholders.



### NG TIONG LIM

Chief Financial Officer

#### Gender / Age / Nationality

Male / 40 / Malaysian

Ng Tiong Lim is our Chief Financial Officer. He is in charge of handling all accounting and finance related matters for our Group.

He graduated from Sunway University College in 2005 with an Association of Chartered Certified Accountants certificate.

He began his career in 2006 with Deloitte Kassim Chan & Co as Staff Assistant where he was responsible for carrying out statutory audits and taxation for clients. In 2007, he was promoted to Staff Assistant II where he was in charge of conducting statutory audit and taxation for clients. In 2008, he left Deloitte Kassim Chan & Co to join Malayan Flour Mills Berhad as Internal Audit Executive where he was in charge of conducting audit processes for Malayan Flour Mills Berhad and its group of companies. In 2010, he was promoted to Assistant Accountant where he was responsible for performing consolidation of accounts and reporting to Bursa Securities. In 2012, he left Malayan Flour Mills Berhad and took a short career break.

In 2013, he resumed his career with Schlumberger (M) Sdn Bhd as Statutory Accountant. During his tenure there, he handled the tax matters for oil and gas companies located in France and Algeria. In 2014, he left Schlumberger (M) Sdn Bhd to join Pestech International Berhad in the same year as Associate Manager where he was responsible for performing consolidation of accounts and preparing financial reports in compliance

## Key Senior Management's Profile

### Date of Appointment

July 2021

with the requirements set out by Bursa Securities. In 2016, he resigned from Pestech International Berhad to join APM Automotive Holdings Berhad as Finance Manager. During his tenure there, he was in charge of performing consolidation of accounts and preparing financial reports in compliance with the requirements set out by Bursa Securities for the group. In 2018, he was promoted to Senior Finance Manager where he was assisting the company's Chief Financial Officer to review consolidation of accounts, budgeting and management of accounts of the company's subsidiaries located in international markets.

In June 2021, he resigned from APM Automotive Holdings Berhad to assume his current position as Chief Financial Officer of our Group from July 2021 where he is responsible for handling all accounting and finance related matters of our Group. Prior to July 2021, our Senior Accounts Manager, Surian A/L Krishnan and Non-Independent Executive Director and Group Adviser, Phang Yew Cheong @ Phang Yew Choong oversaw all accounting and finance related matters of our Group.

Ng Tiong Lim does not have any family relationship with any of our Directors and/or major shareholders.



### LEE LI WAH

Plant Manager

### Gender / Age / Nationality

Female / 44 / Malaysian

### Date of Appointment

2014

Lee Li Wah is our Group's Plant Manager. She is in charge of overseeing the overall production, planning, quality assurance and quality control processes, quality management system as well as product development activities.

She graduated from Universiti Kebangsaan Malaysia with a Bachelor's Degree in Applied Physics in 2004.

She began her career in 2004, with Wenhup Engineering Sdn Bhd as Project Engineer. During her tenure there, she was responsible for planning, budgeting, overseeing all technical points of contact for projects as well as the implementation of ISO 9001. In 2006, she left Wenhup Engineering Sdn Bhd to join Sena Diecasting Industries Sdn Bhd as Product Development Engineer, where she was in charge of managing designs, prototyping, testing, scheduling product development plans, as well as acting as a technical expert in products and processes. In 2007, she resigned from Sena Diecasting Industries Sdn Bhd. In 2007, she joined Prestar Precision Tube Sdn Bhd as Production Executive. During her tenure there, she was in charge of the company's pipe manufacturing operation. In 2008, she left Prestar Precision Tube Sdn Bhd.

In 2008, she joined LF Metal Sdn Bhd as Production Executive where she assisted in the setting-up of pipe mills used for the manufacturing of steel pipes used in the automotive industry. In 2012, she was assigned as a Personal Assistant (Sales and Planning) to the Managing Director in Leform. During her tenure, she was responsible for assisting the Managing Director in managing, controlling and monitoring the sales and planning activities of Leform.

In 2014, she was promoted to her current position in Leform as Plant Manager where she oversees the overall production, planning, quality assurance and quality control, as well as new product development.

Lee Li Wah does not have any family relationship with any of our Directors and/or major shareholders.

## Key Senior Management's Profile



### SURIAN A/L KRISHNAN

Senior Accounts Manager

#### Gender / Age / Nationality

Male / 52 / Malaysian

#### Date of Appointment

2016

Surian A/L Krishnan is our Senior Accounts Manager. He is responsible for supporting our CFO in the preparation of financial statements.

He graduated from Systemic College in 1992 with a London Chamber of Commerce Industry (LCCI) Higher in Accounting. In 2001, he completed the Professional Banking and Finance Course from the Institute of Banker Malaysia. He is an affiliate with the Chartered Institute of Management (CIMA) since 2002. He is also an associate member of the Institute of Banker Malaysia (presently known as the Asian Institute of Chartered Bankers).

He began his career in 1992 with JS Noronha & Co as an Audit Junior where he was responsible for assisting the Audit Manager in the field audit. In 1993, he resigned from JS Noronha & Co to join Standard Chartered Bank (Malaysia) Berhad as Senior Tax Assistant. During his tenure there, he performed tax related reporting functions while reporting to the Group Area Tax Controller. He left Standard Chartered Bank (Malaysia) Berhad in 2000. In 2001, he joined Gas Malaysia Berhad as Assistant Accountant where he was in charge of performing accounting and tax related functions for Gas Malaysia Berhad and its group of companies. In 2002, he resigned from Gas Malaysia Berhad to join Amalgamated Industrial Steel Berhad as Accountant where he was in charge of managing accounting reporting functions of the Group. In 2012, he left Amalgamated Industrial Steel Berhad.

In 2012, he joined Leform as Corporate Finance Manager where he was in charge of corporate matters related to banking facilities of our Group. In 2016, he was promoted to his current position in Leform as Senior Accounts Manager. He was in charge of accounting and finance matters prior to the appointment of Ng Tiong Lim as the Chief Finance Officer of our Group.

Surian A/L Krishnan does not have any family relationship with any of our Directors and/or major shareholders.

#### Additional Information for Key Senior Management's Profile:

##### Conflict of Interest and Potential Conflict of Interests

None of the Key Senior Management have any conflict of interest and potential conflict of interest with the Company.

##### Directorship in Public Companies and Listed Corporations

None of the Key Senior Management have any directorships in public companies and/or listed corporations.

##### Conviction of Offence

None of the Key Senior Management have been convicted of any offence within the past 5 years other than traffic offences, if any. None of the Key Senior Management were penalised or sanctioned by any regulatory bodies during the financial year.

# Value Creation Strategic Review

## OUR VALUE CREATION STORY

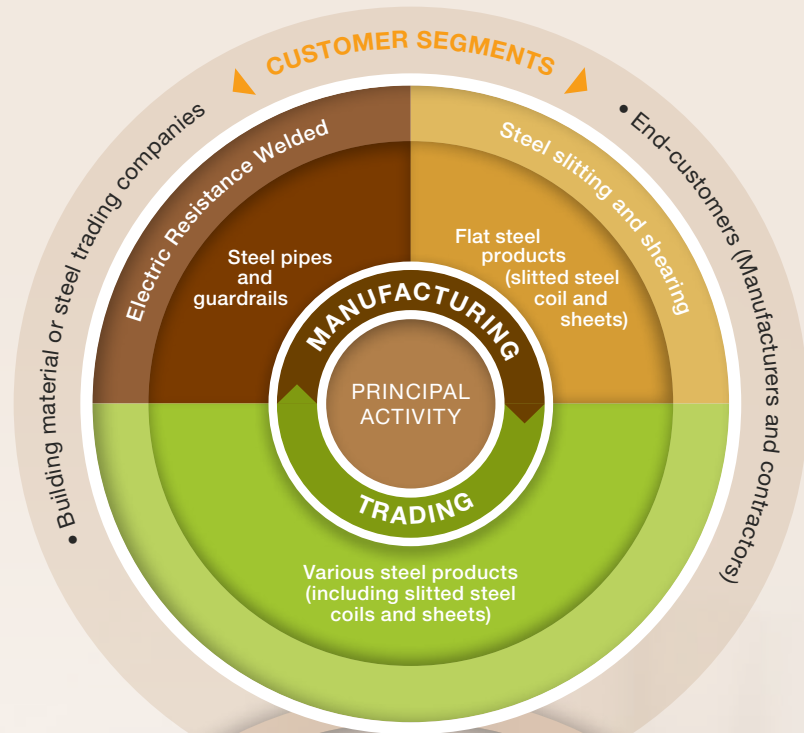
Leform's approach to value creation is centred around sustainable practices and guided by Environmental, Social, and Governance (ESG) factors, aligned with the United Nations Sustainable Development Goals (UNSDGs). We believe in creating value for all stakeholders through this integrated approach.

To ensure our business strategies are aligned with our vision, we employ a systematic and adaptable approach. This entails analysing market trends, addressing stakeholders' needs, and considering material matters, risks, and opportunities. By doing so, we identify areas for improvement which subsequently shape our business strategies.

Considering our available resources, we have developed strategies that address both short-term business necessities and long-term development and growth. These strategies are implemented through well-established business processes.

For a comprehensive understanding of how sustainability is integrated into our business processes and internal structures, please refer to the Sustainability Statement on page 26 of this report.

## OUR GROUP BUSINESS MODEL



## OUR BUSINESS STRENGTHS

Within the framework of our Business Model, we take pride in cultivating robust business strengths, including:

Offering an extensive selection of steel pipes, guardrails, and flat steel products tailored to diverse end-use industry applications

Operating from a well-equipped manufacturing facility designed to meet the highest industry standards

Demonstrating an unwavering commitment to delivering top-notch steel products, validated by our prestigious ISO 9001:2015 certification

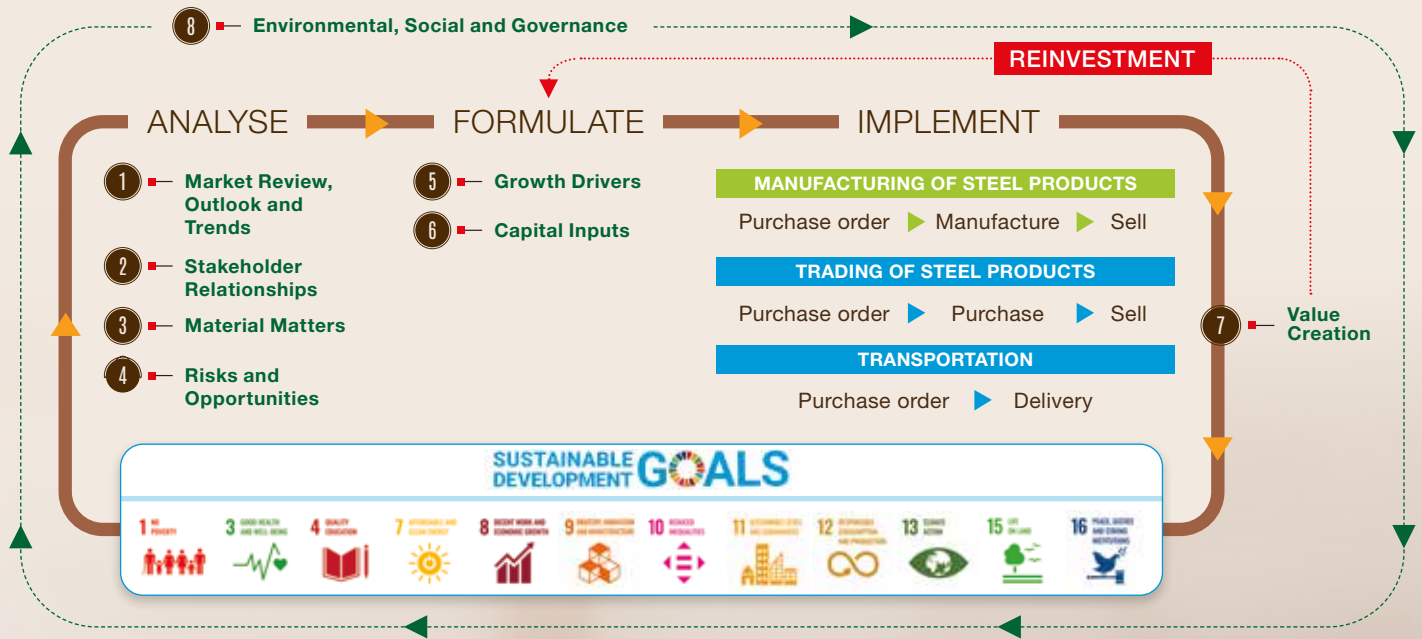
Streamlining operations seamlessly, from the initial stages of production to the final steps of efficient delivery

Benefiting from the wealth of experience and technical expertise embodied by our esteemed senior management team



# Value Creation Strategic Review

## OUR VALUE CREATION MODEL



### 1 - Market Review, Outlook and Trends

We assess the current and future conditions of the world, the region, and the industry, as well as the major trends, to identify the opportunities and challenges for our value creation in the short, medium, and long term.

### 2 - Stakeholder Relationships

We continuously engage our stakeholders to identify what value means to them in a broader context, as well as within issue-specific contexts.

- Customers
- Investors/shareholders
- Suppliers and vendors
- Government and regulatory authorities
- Senior management team
- Employees
- Local communities

### 3 - Material Matters

Our material matters are pivotal subjects that significantly impact our capability to uphold competitiveness and reputation within the markets we operate. Ultimately, these factors play a crucial role in shaping our ability to create value. We have identified four material matters, each of which guide our strategic and management approaches.

- Economic growth
- Economic impact
- Supply chain management
- Good governance
- Corporate governance and anti-corruption
- Data privacy and cybersecurity
- Environmental stewardship
- Energy, emissions, and climate resilience
- Water consumption
- Waste and effluent management
- Social responsibility
- Labour practices and standards
- Product quality and reliability
- Occupational health and safety
- Diversity and inclusion
- Community enrichment

### 4 - Risks and Opportunities

We identify our risks, mitigation measures, and opportunities through analysis of external forces, stakeholder interests, and material matters.

### 5 - Growth Drivers

Our growth drivers are the three key factors in our ability to create long term value and ensure our continued competitiveness. They define our approach in developing and producing quality products efficiently and at a greater capacity.

- Capacity
- Efficiency
- Product Value

### 6 - Capital Inputs

Our capital inputs are the resources used to generate value through the processes in our business model.

- Financial Capital
- Human Capital
- Manufactured Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

### 7 - Value Creation

Value creation is reflected in the sustainable outcomes generated by our business. These sustainable outcomes are materialised through strategic reinvestment in our capitals, serving as the bedrock for our growth drivers. This approach ensures the judicious deployment of resources, harmoniously aligned with our organizational goals and overarching strategies.

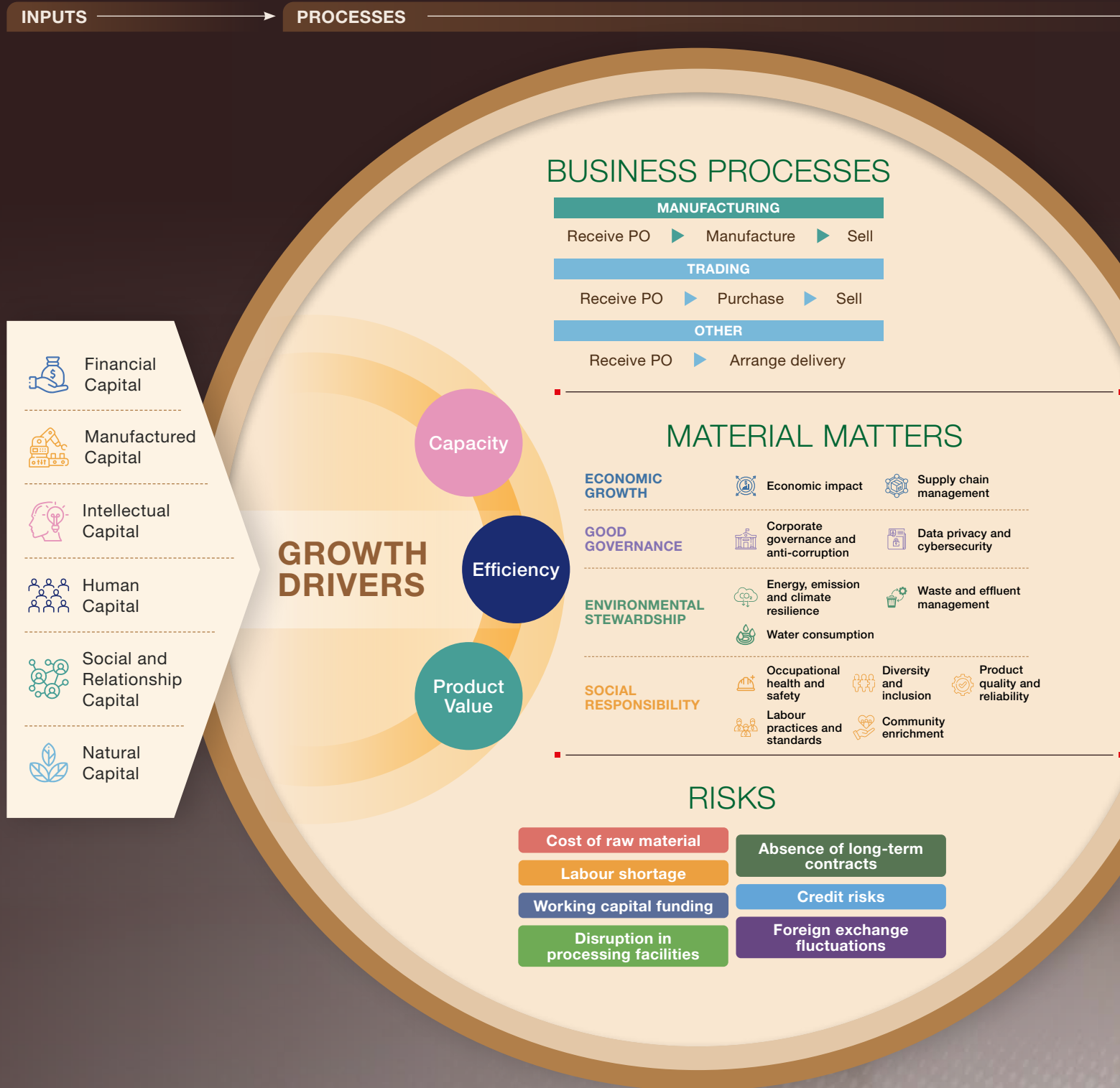
### 8 - Environmental, Social, and Governance

Sustainability is embedded into each stage of our value creation process and each of our business processes, generating shared value for our stakeholders, communities, and environment.



# Value Creation Strategic Review

## OUR VALUE CREATION BUSINESS MODEL



# Value Creation Strategic Review

## OUTPUTS

### FINANCIAL CAPITAL

- Revenue: **RM370.01** million
- Loss per share (sen): **0.35**
- Net loss: **RM5.14** million
- Special dividend (sen): **NIL** per ordinary share

### MANUFACTURED CAPITAL

- Construction of new headquarters and storage facility
- Output of approx. **76,468** MT of steel products

### INTELLECTUAL CAPITAL

- **ISO 9001: 2015** certification
- Compliance with Japanese Industrial Standards (JIS)

### HUMAN CAPITAL

- Accommodation provided to employees with permit from Jabatan Bangunan Majlis Perbandaran Hulu Selangor.
- **RM17.2** million in total remuneration for employees, senior management, and directors
- **1,144** total training hours

### SOCIAL AND RELATIONSHIP CAPITAL

- **46.8%** of materials sourced locally
- Construction of accommodation for workers
- **RM3.22** million total income tax paid

### NATURAL CAPITAL

- All scrap steel is collected by licensed recyclers
- All water used in production is recycled – zero discharge of wastewater
- In the process of installing solar panels to reduce our carbon footprint

## OUTCOMES

### Customers

- Strong relationships to meet their requirements
- Expansion of our customer base leveraging our good reputation
- New contracts secured

### Investors/shareholders

- Building relationships with our shareholders
- Creating long term value

### Suppliers and vendors

- Growing our supply chain to include more local suppliers
- Building trust for long term relationships

### Government and regulators

- Continued contribution to the economy
- Support of policies
- Strong corporate governance

### Senior management

- Meeting strategic goals
- Continuous process improvement
- Producing quality products

### Employees

- Providing a safe and conducive working environment that meets standards
- Ensuring their needs are met by providing accommodation
- Attracting and retaining talent
- Ensuring skills development to meet the latest industry requirements

### Local Communities

- Sustained employment
- Ensuring no waste is disposed by recycling water and scrap

# Value Creation Strategic Review


## GROWTH DRIVERS



## STAKEHOLDERS ENGAGEMENT







Stakeholder engagement is a crucial aspect of the value creation process. We prioritise this by identifying, mapping, and determining the most effective methods of engaging with stakeholders.

By conducting regular and constructive engagements, we gain valuable insights into the needs and expectations of our stakeholders. This understanding allows us to develop sustainable business strategies that not only meet their requirements but also create shared value. Furthermore, such engagements help us mitigate potential risks and conflicts with stakeholders that could negatively impact our business.

| Stakeholders                                                                        | Why We Engage Them                                                                                                                                                                                                                                                                                 | How We Engage Them                                                                                                                                                            | How We Address Their Expectations                                                                                                      |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Customers</b>                                                                    |                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                               |                                                                                                                                        |
|  | <p>The customer is our primary focus for our business segments. Their satisfaction is a key driver for the sustainable growth of our organisation. By understanding their needs, in the context of current market trends and other external factors, we can offer products with greater value.</p> | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Feedback channels</li> <li>Regular meetings between customers and sales and/ or technical personnel</li> </ul> | <ul style="list-style-type: none"> <li>Raising their feedback to management for consideration and potential implementation.</li> </ul> |

# Value Creation Strategic Review

## STAKEHOLDERS ENGAGEMENT (CONT'D)

| Stakeholders                                                                        | Why We Engage Them                                                                                                                                                                       | How We Engage Them                                                                                                                                                                                                                                                                                            | How We Address Their Expectations                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investors/shareholders</b>                                                       |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|    | Our investors and shareholders are central to our capital base.                                                                                                                          | <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Annual General Meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Analyst briefings</li> <li>Extraordinary General Meetings</li> <li>Road shows</li> <li>Bursa Malaysia announcements</li> <li>Media</li> </ul> | <ul style="list-style-type: none"> <li>Adopting integrated reporting for communication of our company goals, strategic direction, sustainability efforts and governance policies, with a focus on long-term value creation</li> <li>Engaging an Investor Relations team to manage communications</li> </ul> |
| <b>Suppliers and Vendors</b>                                                        |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|   | Our suppliers and vendors are essential to the continuity of our operations for sourcing of materials, services etc.                                                                     | <p><b>Bi-annually</b></p> <ul style="list-style-type: none"> <li>Regular supplier and vendor meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Site visits</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>Regular meetings with suppliers enable effective production planning and cost efficiency</li> <li>Periodic reviews ensure timely delivery and better quality</li> </ul>                                                                                              |
| <b>Government and regulatory authorities</b>                                        |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|  | Engaging with governmental and regulatory authorities helps us to drive compliance and formulate strategies that serve our business objectives.                                          | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Meetings and consultations</li> <li>Site visits and audits</li> </ul>                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Consistently staying abreast of legal and regulatory changes through an internal team and the engagement of external advisors</li> <li>Contributing to the Malaysian economy through taxes and employer contributions</li> </ul>                                     |
| <b>Senior Management Team</b>                                                       |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|  | Our Senior Management team are the key decision makers, determining the organisation's goals and formulating strategies                                                                  | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Regular meetings with management teams of our segments</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>Periodic reports on performance, KPIs, etc</li> </ul>                                                         | <ul style="list-style-type: none"> <li>Aligning the Group's performance with the overall strategies and goals of the organisation</li> </ul>                                                                                                                                                                |
| <b>Employees</b>                                                                    |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|  | To create a conducive working environment that reduces turnover, increased productivity, builds better work and customer relationships, and contributes positively to profit generation. | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Memos, meetings, announcements, messaging groups.</li> </ul>                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Providing a safe and conducive work environment that supports their development</li> <li>Providing ongoing training opportunities for employees to support their future career advancement</li> </ul>                                                                |
| <b>Local Communities</b>                                                            |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |
|  | The community surrounding our manufacturing facilities are directly impacted through employment by the Group.                                                                            | <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Members of the communities can contact the Group directly via phone or email</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>Enhancing our understanding on their needs</li> <li>Improving our sustainability initiatives</li> <li>Obtaining their input on business matters involving the surroundings and environment</li> </ul>                                                                |

# Corporate Governance Overview Statement

## INTRODUCTION

The Board of Directors (“**the Board**”) of Leform Berhad (“Leform” or “the Company”) recognises the importance of adopting a sound base for good corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

This Corporate Governance Overview Statement (“CGOS”) provides a summary of the Company’s corporate governance practices during the financial year ended 31 December 2023 (“FY2023”) with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”):-

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

The Company is guided by Guidance Note 11 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Corporate Governance Guide (4<sup>th</sup> edition) issued by Bursa Securities. The CGOS is supplemented with a Corporate Governance Report (“CG Report”), in accordance with Rule 15.25 of the AMLR of Bursa Securities and it provides an insight on how the Company maps the application of the Company’s CG practice during the FY2023 against MCCG.

The CGOS shall be read together with the CG Report, available on the Company’s website at <https://www.leformgroup.com.my/>. The detailed explanation on the application of the corporate governance practices is reported under the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I : BOARD RESPONSIBILITIES

#### 1. BOARD’S LEADERSHIP ON OBJECTIVE AND GOALS

##### 1.1 Board of Directors

The Board is collectively responsible for the long-term success of a company and the delivery of sustainable value to its stakeholders. Therefore, the Group is headed by an experienced and effective Board. It aims to provide an effective oversight of the conduct of Leform Group’s businesses, while ensuring that appropriate risk management and internal control systems are in place as well as regularly reviewing such systems to ensure their adequacy and effectiveness.

Each Director has a legal duty to act in the best interest of the Group and the Directors are aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed.

In performing its roles, the Board is committed to setting a high standard of corporate governance to drive sustainable performance and to meet good market practices and stakeholders’ expectations.

##### Board Charter

The Board is guided by a Board Charter that defines its roles and responsibilities, the principles for Board’s operation, Board’s evaluation, remuneration, code of ethics and conduct and matters reserved for the Board. It is accessible through the Company’s website at <https://www.leformgroup.com.my/>.

The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remains consistent with the policies and procedures of the Board.



# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I : BOARD RESPONSIBILITIES (CONT'D)

#### 1. BOARD'S LEADERSHIP ON OBJECTIVE AND GOALS (CONT'D)

##### 1.1 Board of Directors (Cont'd)

###### Board Committees

In order to discharge of its stewardship role effectively, the Board has delegates certain responsibilities to the following Board Committees:-



Each of the Board Committees operates within its respective Terms of Reference ("TOR") approved by the Board, which are available on the Company's website. The respective Board Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for decision making, however, lies with the Board.

##### 1.2 The Chairman of the Board

The Board is chaired by an Independent Non-Executive Chairman namely, Datuk Seri Akhil Bin Bulat. The Chairman is responsible for leading the Board in oversight of Management, representing the Board to shareholders and chairing general meetings of shareholders.

The responsibilities of the Chairman are set out in the Board Charter.

The Board views that the Chairman of the Board should not be involved in any Board Committees. This is to ensure check and balance as well as the objectivity will not be influenced by the Chairman of the Board who also sits on Board Committee(s). Therefore, the Chairman of the Board is not a member of any of the Board Committees which is in line with MCGG.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I : BOARD RESPONSIBILITIES (CONT'D)

#### 1. BOARD'S LEADERSHIP ON OBJECTIVE AND GOALS (CONT'D)

##### 1.3 Separation of positions of the Chairman and Managing Director ("MD")

The Board Charter has established clear roles and responsibilities of the Board in discharging its fiduciary and leadership function. The positions of the Chairman of the Board and the MD are held by different persons. The Chairman of the Company is Datuk Seri Akhil Bin Bulat, an Independent Non-Executive Chairman whilst the MD is Mr Law Kok Thye. The segregation of roles facilitates a healthy open discussion and exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

There is a clear division of roles and responsibilities between the Chairman and MD to ensure a balance of power and authority so that no one individual has unfettered powers of decision making. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, whilst the MD is responsible for the day-to-day operations of the Group, ensure the effective implementation of the Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operations.

##### 1.4 Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Tai Yit Chan and Ms. Tan Ai Ning.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators and are qualified to act as company secretary under Section 235 of the Companies Act 2016. The Board has access to the advice and services of the Company Secretaries who ensure effective functioning of the Board and compliance of applicable rules and regulations. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and is advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

##### 1.5 Board meetings and Access to Information and Advice

The Board is required to meet on a quarterly basis with additional meetings being convened as and when necessary to consider urgent proposals or matters that require that Board's consideration.

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors, External Auditors and Independent Advisers, if deemed necessary and may seek advice from the Management on issues under their respective purview. The Board members have full and unrestricted access to all information within the Group in discharging their duties. The Notice of the Board Meeting is served at least seven (7) days prior to the Board Meeting. Relevant Board Papers were usually circulated to all Directors at least five (5) business days prior to the Board Meeting so as to accord sufficient time for the Directors to peruse the Board papers.

The Board papers which include the agendas and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I : BOARD RESPONSIBILITIES (CONT'D)

#### 1. BOARD'S LEADERSHIP ON OBJECTIVE AND GOALS (CONT'D)

##### 1.5 Board meetings and Access to Information and Advice (Cont'd)

The attendance for Board meetings in FY2023 was held on hybrid basis and the breakdown of the Directors' attendance at the Board meetings during the FY2023 is set out below:-

| Name of Director                       | No. of meetings attended |
|----------------------------------------|--------------------------|
| Datuk Seri Akhil Bin Bulat             | 5/5                      |
| Mr Law Kok Thye                        | 5/5                      |
| Mr. Lai Chin Yang                      | 5/5                      |
| Mr Phang Yew Cheong @ Phang Yew Choong | 5/5                      |
| Puan Esmariza Binti Ismail             | 5/5                      |
| Ms Lee Wee Leng                        | 5/5                      |
| Ms Chua Leng Leek                      | 5/5                      |

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

##### 1.6 Code of Conduct and Ethics

The Company has set out a Code of Conduct and Ethics ("the COCE") for its Directors, Management and employees in discharging their duties and responsibilities. The COCE is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The COCE is published on the Company's website at <https://www.leformgroup.com.my/>.

##### 1.7 Whistleblowing Policy

The Board had formalised a Whistleblowing Policy as the Group places high value on the level of trust and integrity. Therefore, the Whistleblowing Policy provides an avenue for all Directors, employees and stakeholders of the Group to disclose or report any improper conduct and to provide protection for those who report such allegations.

The Whistleblowing Policy can be assessed through the Company's website at <https://www.leformgroup.com.my/>.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART I : BOARD RESPONSIBILITIES (CONT'D)

#### 1. BOARD'S LEADERSHIP ON OBJECTIVE AND GOALS (CONT'D)

##### 1.8 Anti-Bribery and Anti-Corruption Policy

In addition to the COCE, the Company has further established the Anti-Bribery and Anti-Corruption Policy ("ABAC") Policy to comply with enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act. The ABAC Policy is to ensure that all Directors, Management and employees are aware of their obligation to disclose and not to be involved in any corruption, briberies, conflict of interest or similar unethical acts that they may have in order to prevent the occurrence of bribery and corrupt practices in relation to the Group's business.

The ABAC Policy can be accessed through the Company's website at <https://www.leformgroup.com.my/>.

##### 1.9 Sustainability

The Board is aware of its responsibility for Environmental, Social and Governance ("ESG") and sustainability to all various stakeholders and the communities in which it operates. As such, the ESG and sustainability aspects are considered by the Board in its corporate strategies.

The Board continuously and constantly communicates the targets and performance of the ESG and sustainability to all the stakeholders of the Group internally and externally.

The Company's efforts in this regard have been set out in the Sustainability Statement in the Integrated Annual Report.

### PART II : BOARD COMPOSITION

#### 2. BOARD'S OBJECTIVES

##### 2.1 Composition of the Board

The Company is led by a capable and experienced Board. During the financial year under review, the Board consists of seven (7) members, comprising one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Managing Director and two (2) Non-Independent Executive Directors, as follows:-

| Name                                | Designation and Directorate        | Age | Gender |
|-------------------------------------|------------------------------------|-----|--------|
| Datuk Seri Akhil Bin Bulat          | Independent Non-Executive Chairman | 71  | Male   |
| Law Kok Thye                        | Managing Director                  | 58  | Male   |
| Chua Leng Leek                      | Independent Non-Executive Director | 44  | Female |
| Lai Chin Yang                       | Independent Non-Executive Director | 71  | Male   |
| Lee Wee Leng                        | Independent Non-Executive Director | 43  | Female |
| Phang Yew Cheong @ Phang Yew Choong | Non-Independent Executive Director | 65  | Male   |
| Esmariza Binti Ismail               | Non-Independent Executive Director | 49  | Female |

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II : BOARD COMPOSITION (CONT'D)

#### 2. BOARD'S OBJECTIVES (CONT'D)

##### 2.1 Composition of the Board (Cont'd)

The composition of the Board complies with Rule 15.02(1) of the AMLR of Bursa Securities and the recommended Practice 5.2 of MCCG.

The Board members are from different backgrounds with diverse perspectives. Such make-up is fundamental to the strategic success of the Group, as each Director has in-depth knowledge and experience in a variety of areas providing valuable direction to the Group. With more than half of the Board comprised of Independent Directors, the Company is able to facilitate greater checks and balances during board meetings deliberations and decision making. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations or the ability to provide independent judgement in the best interest of the Company.

The Independent Directors are free from interest and influences that may conflict with their duties to the Company.

Mr Phang Yew Cheong @ Phang Yew Choong had resigned as Non-Independent Executive Director with effect from 13 March 2024.

A brief profile of each Director is presented in the Profile of Directors section of the Integrated Annual Report 2023.

##### 2.2 Re-election of Directors

In accordance with the Constitution of the Company, an election of Directors shall take place each year. At the annual general meeting of the Company where one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office provided always that all Directors including a Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The Directors to retire in every year shall subject nevertheless as hereinafter provided, be the Directors who have been longest in office since their last election but as between those who became Directors on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment when he has previously vacated office.

The Directors shall have power at any time to appoint any person as Director either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not be increased beyond the maximum number hereinbefore prescribed. Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election but not be taken into account in determining the Directors who are to retire by rotation at the meeting.

Based on the recent annual assessment, including fit and proper evaluations, the NC is satisfied with the performance of the Directors who are standing for re-election and has recommended to the Board their proposed re-election in accordance with the Constitution of the Company. The Board supported the NC's recommendations to re-elect the eligible Directors standing for re-election at the forthcoming Twenty-Ninth ("29<sup>th</sup> AGM") of the Company. The Directors who are retiring shall abstain from deliberations and decisions on their own eligibility to stand for re-election at the meetings of the Board. The Directors who are standing for re-election at the forthcoming 29<sup>th</sup> AGM are stated in the Notice of 29<sup>th</sup> AGM.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II : BOARD COMPOSITION (CONT'D)

#### 2. BOARD'S OBJECTIVES (CONT'D)

##### 2.3 Tenure of Independent Directors

The Board will justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

As at the date of this statement, none of the Independent Directors has served the Company beyond nine (9) years.

##### 2.4 Board Appointment

The selection, nomination and appointment of suitable candidates to the Board are made via a formal, rigorous and transparent process and taking into account objective criteria such as skills, knowledge, expertise, experience, professionalism and merit needed on the Board. In the case of Independent Directors, the NC will evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors.

The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter and AMLR of Bursa Securities.

##### 2.5 Gender Diversity

There are three (3) female Directors and with the resignation of Mr Phang Yew Cheong @ Phang Yew Choong, the female directors represent 50% on the Board which met the MCCG's recommendation of 30% of female Board members.

##### 2.6 NC

For FY2023, the NC comprises the following members and the details of the meeting attendance of each member are set out below:-

| Name           | Designation | Directorate                        | No. of NC meetings attended |
|----------------|-------------|------------------------------------|-----------------------------|
| Lai Chin Yang  | Chairman    | Independent Non-Executive Director | 2/2                         |
| Chua Leng Leek | Member      | Independent Non-Executive Director | 2/2                         |
| Lee Wee Leng   | Member      | Independent Non-Executive Director | 2/2                         |

The NC meeting is held as and when required, but at least once a year. Two (2) NC meetings was held during FY2023.

The NC has carried out the following activities during the financial year under review:-

- i. Reviewed and recommended to the Board the adoption of Evaluation Forms for:-
  - Board, Board Committees and each Director Evaluation
  - Audit Committee Evaluation
  - Audit Committee Members' Self and Peer Evaluation



# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II : BOARD COMPOSITION (CONT'D)

#### 2. BOARD'S OBJECTIVES (CONT'D)

##### 2.6 NC (Cont'd)

The NC has carried out the following activities during the financial year under review (Cont'd):-

- ii. Assessed and was satisfied with the effectiveness of the Board as a whole and the Board committees and the contribution of each Director.
- iii. Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age.
- iv. Assessed the independence of Independent Directors and concluded that the Independent Directors are independent and have complied with the criteria of independence as set out in AMLR of Bursa Securities.
- v. Assessed and was satisfied with the character, experience, integrity, competence and time commitment of Directors.
- vi. Reviewed the terms of office and performance of the ARMC and each of its members and concluded that the ARMC and each of its members have carried out their duties and responsibilities.
- vii. Reviewed and recommended to the Board the re-election of Directors at the Twenty-Eighth Annual General Meeting ("28<sup>th</sup> AGM") of the Company pursuant to the Company's Constitution.
- viii. Reviewed the Directors' training programme for the financial year ended 31 December 2023 ("FY2023").
- ix. Reviewed and recommended to the Board the revised Directors' Fit and Proper Policy in accordance with the Rule 15.01A of the AMLR of Bursa Securities.

The NC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.leformgroup.com.my/>.

#### 3. OVERALL BOARD EFFECTIVENESS

##### 3.1 Annual Evaluation

The Board, facilitated by NC, will conduct an annual evaluation to review the performance of each individual Director and the effectiveness of the Board and Board Committees as well as the independence of Independent Non-Executive Directors. The annual evaluation will be conducted on self and peer evaluation model through customised questionnaires guided by the Corporate Governance Guide of Bursa Securities.

The results of the annual evaluation and comments by the Directors were tabled and discussed at the NC meeting and thereafter reported at the Board meeting by the Chairman of NC. All evaluations carried out by the NC are properly documented.

Pursuant to Rule 15.20 of the AMLR of Bursa Securities, the NC of a listed issuer must review the terms of office and performance of an ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with their terms of reference. The NC had reviewed and assessed the performance of each of the members of the ARMC through and was satisfied with the performance and effectiveness of the ARMC and each of its members.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II : BOARD COMPOSITION (CONT'D)

#### 3. OVERALL BOARD EFFECTIVENESS (CONT'D)

##### 3.1 Annual Evaluation (Cont'd)

The NC had upon its annual evaluation conducted in February 2023, conclude that the Directors have discharged their duties satisfactory, objectively and professionally. The NC was also satisfied with the performance of the Board and its Board Committee.

##### 3.2 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision-making process. The Board through the NC has assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the AMLR of Bursa Securities.

The current Independent Directors of the Company have fulfilled the criteria for “independence” as prescribed under Rule 1.01 and Guidance Note 9 of the AMLR of Bursa Securities. The Company has also fulfilled the requirement of at least one-third of its Board members being Independent Non-Executive Directors.

##### 3.3 Directors' Training

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirements and regulatory guidelines.

All Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.

The training programmes and seminars attended by the Directors during the FY2023 are as follows:-

| Name of Directors                   | Training Programmes Attended                                        | Trainer/Organiser                         | Date              | Duration |
|-------------------------------------|---------------------------------------------------------------------|-------------------------------------------|-------------------|----------|
| Datuk Seri Akhil Bin Bulat          | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | Institute of Corporate Directors Malaysia | 4-5 December 2023 | 16 hours |
| Law Kok Thye                        | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | Institute of Corporate Directors Malaysia | 4-5 December 2023 | 16 hours |
| Chua Leng Leek                      | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | Institute of Corporate Directors Malaysia | 4-5 December 2023 | 16 hours |
| Lai Chin Yang                       | A New Strategy & Risk Approach - Out With The Old, In With The New  | Institute of Corporate Directors Malaysia | 12 October 2023   | 9 hours  |
| Lee Wee Leng                        | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | Institute of Corporate Directors Malaysia | 4-5 December 2023 | 16 hours |
| Phang Yew Cheong @ Phang Yew Choong | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | Institute of Corporate Directors Malaysia | 4-5 December 2023 | 16 hours |

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART II : BOARD COMPOSITION (CONT'D)

#### 3. OVERALL BOARD EFFECTIVENESS (CONT'D)

##### 3.3 Directors' Training (Cont'd)

The training programmes and seminars attended by the Directors during the FY2023 are as follows (Cont'd):-

| Name of Directors     | Training Programmes Attended                                        | Trainer/Organiser                         | Date              | Duration |
|-----------------------|---------------------------------------------------------------------|-------------------------------------------|-------------------|----------|
| Esmariza Binti Ismail | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | Institute of Corporate Directors Malaysia | 4-5 December 2023 | 16 hours |

### PART III : REMUNERATION

#### 4. LEVEL AND COMPOSITION OF REMUNERATION

##### 4.1 Remuneration Policies and Procedures

The RC is responsible for establishing and developing a competitive remuneration policy and packages for the Board and Senior Management in accordance with the duties and responsibilities as stated in its TOR.

Nevertheless, the RC had reviewed the remuneration packages of the Chairman, MD, Executive Directors, Non-Executive Directors and Senior Management, taking into account of individual performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions and recommend the same for Board approval.

The Non-Executive Directors' remuneration comprises fees that are linked to their expected roles and level of responsibilities. The Directors' annual fees, which are determined by the Board as a whole, are approved by shareholders of the Company at each AGM. All individual Directors shall abstain from making decisions in respect of his own remuneration.

##### 4.2 RC

The RC is primarily responsible for recommending to the Board the remuneration packages of the Chairman, MD, Non-Independent Executive Directors, Independent Non-Executive Directors and Senior Management in all its forms.

For FY2023, the RC comprises the following members and the details of the meeting attendance of each member are set out below:-

| Name           | Designation | Directorate                        | No. of RC meetings attended |
|----------------|-------------|------------------------------------|-----------------------------|
| Lee Wee Leng   | Chairperson | Independent Non-Executive Director | 1/1                         |
| Lai Chin Yang  | Member      | Independent Non-Executive Director | 1/1                         |
| Chua Leng Leek | Member      | Independent Non-Executive Director | 1/1                         |

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART III : REMUNERATION (CONT'D)

#### 4. LEVEL AND COMPOSITION OF REMUNERATION (CONT'D)

##### 4.2 RC (CONT'D)

The RC meeting is held as and when required, but at least once a year. One (1) RC meeting was held during FY2023. The RC has carried out the following activities during the financial year under review:

- Reviewed the directors' fee and benefit payables to the Directors of the Group for the FY2023 and recommended the same to the Board for approval.
- Reviewed the remuneration package of the Executive Directors and Chief Financial Officer and recommended the same to the Board for approval.

The RC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.leformgroup.com.my/>.

#### 5. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

##### 5.1 Remuneration of Directors

The Board is mindful that fair remuneration is critical to attract, retain and motivate the directors of Leform Group as well as Directors serving as members of the Board committees.

The Company will seek shareholders' approval at the forthcoming 29<sup>th</sup> AGM for directors' fees for the current financial year and benefits payable to the directors for the period from this 29<sup>th</sup> AGM until the next AGM of the Company in 2025.

Details of the Directors' remuneration of the Company and the Group includes fees, salary, bonus, benefits in-kind and other emoluments for the FY2023 are disclosed in the Corporate Governance Report of the Company.

##### 5.2 Remuneration of Key Senior Management

In determining the remuneration packages of the Group's Key Senior Management, factors that were taken into consideration included the Senior Management's responsibilities, skills, expertise and contribution to the Group's performance.

Due to confidentiality and sensitivity of information, the Board is of the view that it would not be in its best interest to make such disclosure on named basis in view of the competitive nature of human resource market and the Company should maintain confidentiality on employees' remuneration packages.

As an alternative, the Board decided to disclose the remuneration for the Group's Key Senior Management who are not holding director position, on an unnamed basis in bands of RM50,000, as follows:-

| Range of Remuneration  | No. of Key Senior Management |
|------------------------|------------------------------|
| RM150,000 to RM200,000 | 2                            |
| RM200,000 to RM250,000 | 2                            |

# Corporate Governance Overview Statement

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I : AUDIT AND RISK MANAGEMENT COMMITTEE

#### 6. ARMC

##### 6.1 Chairman of ARMC

The ARMC is chaired by an Independent Non-Executive Director namely, Ms Chua Leng Leek who is distinct from the Chairman of the Board. The Chairperson of the ARMC is a professional member of the Institute of Internal Auditors Malaysia since 2015 and member of Malaysian Institute of Accountants.

##### 6.2 Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards and AMLR of Bursa Securities. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in the Integrated Annual Report.

##### 6.3 Cooling-Off Period for Former Key Audit Partner

The ARMC recognises the importance of upholding independence of its external auditors and that no possible conflict of interest whatsoever should arise. The TOR of the ARMC states that no former key audit partner shall be appointed as a member of the ARMC before observing a cooling-off period of at least three (3) years in line with the practice of 9.2 of MCCG. Presently, none of the current ARMC members is a former key audit partner involved in auditing of the Group.

##### 6.4 Assessment of Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external and internal auditors through the ARMC in discussing with them their audit plans, audit findings and financial statements. In addition, the ARMC met with the external auditors during FY2023 without the presence of the Managing Director, Non-Independent Executive Directors and Key Senior Management to discuss on audit findings, audit plans and the Company's financial statements.

The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's external auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.

# Corporate Governance Overview Statement

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

### PART I : AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

#### 6. ARMC (CONT'D)

##### 6.4 Assessment of Suitability and Independence of External Auditors (Cont'd)

Messrs Crowe Malaysia PLT, the External Auditors of the Company have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

Being satisfied with the external auditors' performance, technical competence and independence, the ARMC recommended the re-appointment of Messrs Crowe Malaysia PLT as external auditors for the financial year ending 31 December 2024. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming 29<sup>th</sup> AGM.

##### 6.5 Composition of the ARMC

The ARMC comprises three (3) Independent Non-Executive Directors. The present members of the ARMC are as follows:-

| Designation | Name           | Directorship                       |
|-------------|----------------|------------------------------------|
| Chairperson | Chua Leng Leek | Independent Non-Executive Director |
| Member      | Lai Chin Yang  | Independent Non-Executive Director |
| Member      | Lee Wee Leng   | Independent Non-Executive Director |

The members of the ARMC are financially literate, competent and able to understand matters under the purview of the ARMC including the financial reporting process. The summary of activities of ARMC are set out in the ARMC Report.

The ARMC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.leformgroup.com.my/>.

### PART II : RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### 7. Effective Risk Management and Internal Control Framework

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that is not limited to financial aspects of the business but also operational and regulatory compliance. The ARMC has been entrusted by the Board in managing the risks and establishment of the internal control system and processes of the Group. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

The Board acknowledges that the internal control system is devised to cater for particular needs of the Company and risk management system is to provide reasonable assurance against material misstatements or loss.



# Corporate Governance Overview Statement

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

### **PART II : RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)**

#### **7. Effective Risk Management and Internal Control Framework (Cont'd)**

Our Group has outsourced its internal audit function to the independent professional service provider, Messrs Sterling Business Alignment Consulting Sdn Bhd (“Sterling”), which reports directly to our ARMC. Sterling carries out its function in accordance with the approved annual internal audit plan approved by the ARMC. The findings of the audits and the recommendations for improvement or actions to be taken by the Management to rectify the issue will be presented in ARMC Meeting.

Any significant issue affecting the existing risks or emerging risks as well as the changes to the action plans to address the risks identified, will be discussed during the ARMC meetings and brought to the attention of the Board by the Chairperson of ARMC.

The Statement on Risk Management and Internal Control as set out in this Integrated Annual Report provides an overview of the state of risk management and internal controls within the Group.

#### **8. Internal Audit Function**

The Company recognises that an internal audit function is essential to ensure the effectiveness of the Group’s system of internal control and is an integral part of the risk management process.

The Board has engaged Sterling to assume the Group’s risk management and its internal audit function, who reports and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group. The Board has also ensured that Sterling, is free from any relationship and/or conflict of interest with the Group.

Sterling is headed by Mr Cheng Chean, a Chartered Member of Institute of Internal Auditor (“CMIIA”) and a Fellow Member of the Chartered Certified Accountant (“FCCA”). Mr. Cheng has 22 years of hands-on experience in the fields of External Audit, Internal Audit and Internal Control Review.

The Internal Auditor team applied the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems and conduct the internal audit assessment in accordance with the International Professional Practices Framework.

The further details of Internal Audit Function are set out in the ARMC Report of this Integrated Annual Report.

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

#### **9. Communication with Stakeholders**

The Board recognises the importance of effective, transparent, regular and timely communication with its shareholders and other stakeholders to keep them informed on the Group’s latest financial performance, business and corporate developments.

Our Group endeavours to provide as much information as possible to its shareholders and stakeholders. It is mindful of legal and regulatory framework governing the release of material and price-sensitive information. Such material and price-sensitive information will not be released unless it has been duly announced or made public through proper channels.

# Corporate Governance Overview Statement

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

### 9. Communication with Stakeholders (Cont'd)

The Group maintains a corporate website, <https://www.leformgroup.com.my/> with the intention of building communication channel between our Company with the stakeholders:-

- (a) Announcements submitted to Bursa Securities
- (b) Investor section which provides relevant corporate information
- (c) General telephone number, fax number and email address

### 10. Conduct of General Meetings

The principal forum for dialogue and interaction with shareholders is the Company's Annual General Meeting ("AGM") and extraordinary general meeting. The Board encourages and welcomes participation from shareholders to ask questions regarding the resolutions being proposed at the meeting and also other matters pertaining to the business activities of the Group. All Directors, including the Chairman/Chairperson of the ARMC, RC, and NC including the Key Senior Management team, the External Auditors and Sponsor would endeavour to attend the 29<sup>th</sup> AGM to provide meaningful responses to the questions raised by shareholders.

In line with Practice 13.1 of MCCG, the notice convening the 29<sup>th</sup> AGM to be held on 24 June 2024 will be circulated to the shareholders at least twenty-eight (28) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

The 28<sup>th</sup> AGM of the Company held on 27 June 2023 was conducted physically at Sheraton Hotel Petaling Jaya, Lorong Utara, PJS 52, 46800 Petaling Jaya, Selangor. All resolutions set out in the Notice of 28<sup>th</sup> AGM were put to vote by poll voting and duly passed. The shareholders were informed of their rights to demand for a poll. The outcome of the 28<sup>th</sup> AGM was announced to Bursa Securities on the same meeting day. The Company had appointed an independent scrutineer, Quantegic Services Sdn Bhd to verify the poll results.

The Chairman of the Board ensures that general meetings support meaningful engagement between the Board, Senior Management and shareholders. The engagement is interactive and include robust discussions on amongst others the Company's financial and non-financial performance as well as the Company's long-term strategies. Shareholders are also provided with sufficient opportunities to pose questions during the general meetings and all the questions received meaningful responses.

The Minutes of the 28<sup>th</sup> AGM detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses from the Company, were published on the Company's corporate website within 30 business days after the conclusion of the 28<sup>th</sup> AGM.

## FUTURE PRIORITIES IN KEY AREAS OF CORPORATE GOVERNANCE PRACTICES

The Board shall continue to strive for high standards of corporate governance throughout the Group for the best interest of all stakeholders.

The areas to be prioritised would be those principles which have not adopted by the Company as disclosed in the CG Report 2023.

This CGOS and the CG Report are made in accordance with the resolution passed by the Board of Directors on 15 April 2024.

# Audit and Risk Management Committee Report

The primary objective of the Audit and Risk Management Committee (“ARMC” or “the Committee”) is to assist and support the Board of Directors (“the Board”) in meeting its responsibilities for the oversight of the financial reporting process, the system of Internal Control, the internal and external audit processes, and any conflict of interest situations and related party transactions. The Board of Leform Berhad (“Leform” or “the Company”) is pleased to present the following ARMC Report which illustrates the insights as to the manner in which the ARMC has discharged their duties and responsibilities during the financial year ended 31 December 2023 (“FY2023”). This report is prepared in compliance with Rule 15.15 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)

In performing their duties and discharging their responsibilities, the ARMC is guided by its Terms of Reference (“TOR”). The ARMC’s TOR is available at the Company’s website at <https://www.leformgroup.com.my/>.

## COMPOSITION OF THE ARMC

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors which satisfy the requirements of Rule 15.09(1)(a) and (b) of the AMLR of Bursa Securities and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance.

The members of the ARMC and their respective designation are as follows:-

| Name           | Designation | Directorship                       |
|----------------|-------------|------------------------------------|
| Chua Leng Leek | Chairperson | Independent Non-Executive Director |
| Lai Chin Yang  | Member      | Independent Non-Executive Director |
| Lee Wee Leng   | Member      | Independent Non-Executive Director |

The ARMC also meets the AMLR which requires that at least one member of the Committee must fulfill the financial expertise requisite of Rule 15.09(c) of the AMLR of Bursa Securities.

The Chairperson of the Committee, Ms Chua Leng Leek, is a professional member of the Institute of Internal Auditors Malaysia since 2015 and a member of the Malaysian Institute of Accountants.

All ARMC members are financially literate with diverse backgrounds, experiences and knowledge and are able to analyse and interpret financial statements to effectively discharge their duties. None of the members were former key audit partners of the Company’s existing External Auditors.

## ATTENDANCE OF MEETINGS

The ARMC conducted five (5) meetings during the FY2023. The details of members’ attendance held during FY2023 are as follows:

| Members        | Total no. of meetings attended |
|----------------|--------------------------------|
| Chua Leng Leek | 5/5                            |
| Lai Chin Yang  | 5/5                            |
| Lee Wee Leng   | 5/5                            |

The Executive Directors, Chief Financial Officer, External Auditors, Internal Auditors and relevant personnel from Management were invited to attend ARMC meetings to present their reports and provide updates and developments on issues arising from the audit reports. The ARMC Chairperson thereafter reported the ARMC’s recommendations to the Board for their consideration and also updated the Board on significant matters discussed during the ARMC meetings.

# Audit and Risk Management Committee Report

Discussions and deliberation at the ARMC meetings were recorded in the Minutes of the ARMC meetings and tabled to the Board upon confirmation at each subsequent ARMC meeting.

## SUMMARY OF ACTIVITIES

For the FY2023, the main activities undertaken by the ARMC were as follows:

### 1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Company and the Group prior to the recommendation to the Board for approval and subsequent release to Bursa Securities.
- (b) Reviewed the draft audited financial statements of the Company and the Group for the financial year ended 31 December 2022 prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.

### 2. External Audit

- (a) Reviewed the status of the audit for the financial year ended 31 December 2022 with External Auditors including the issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the ARMC.
- (b) Reviewed the Audit Planning Memorandum for the FY2023 presented by the External Auditors, entailing mainly the audit scope, key areas of audit emphasis and the audit approach.
- (c) Evaluated the performance of the External Auditors before recommending their re-appointment and remuneration to the Board for approval.
- (d) Reviewed the audit fees and non-audit fees and recommended to the Board for approval.
- (e) Had private sessions with the External Auditors during the financial year, i.e. 28 February 2023 and 20 November 2023 respectively without the presence of the Executive Directors and Management to discuss further with them any issues of concern, if any, arising from the audit.

### 3. Related Party Transactions

- (a) Reviewed the related party transactions (“RRPTs”) entered and/or to be entered by the Group to ensure that the transactions entered into were on an arm’s length basis and not detrimental to the interests of minority shareholders.
- (b) Reviewed the draft Application Letter to Bursa Securities in relation to the Extension of Time to obtain Shareholders’ Ratification and Mandate for the RRPTs entered into by the Group prior to recommendation to the Board for approval and subsequent submission to Bursa Securities.
- (c) Reviewed the Circular to Shareholders in relation to the Proposed Shareholders’ Ratification for RRPTs of a Revenue or Trading Nature and Proposed New Shareholders’ Mandate for RRPTs of a Revenue or Trading Nature prior to submitting the same to the Board for consideration and approval.

# Audit and Risk Management Committee Report

## SUMMARY OF ACTIVITIES (CONT'D)

For the FY2023, the main activities undertaken by the ARMC were as follows (Cont'd):

### 4. Internal Audit

- (a) Reviewed and approved the appointment of Messrs Sterling Business Alignment Consulting Sdn Bhd ("Sterling") as the Internal Auditors of the Group.
- (b) Reviewed and approved the adoption of Internal Audit Charter.
- (c) Reviewed the Internal Audit Plan presented by the Internal Auditors.
- (d) Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the Management's responses and the necessary recommendations.
- (e) Reviewed and discussed the effective implementation of the action plans taken by the Management in response to audit findings and weaknesses identified during the audit review.
- (f) Had private sessions with internal auditors on 28 February 2023 and 20 November 2023 respectively, without the presence of the Executive Directors and Management for discussion on internal audit related matters.

### 5. Others

- (a) Reviewed the Statement on Risk Management and Internal Control, ARMC Report, Corporate Governance Overview Statement and Corporate Governance Report prior to recommendation for Board's approval for inclusion into the Integrated Annual Report.
- (b) Reviewed the Valuation of Properties.
- (c) Reviewed conflict of interest ("COI") and potential COI of Directors and Key Senior Management.
- (d) Reviewed the COI Policy and Revised TOR of ARMC prior to recommending the same to the Board for consideration and approval.
- (e) Reported to the Board on significant issues and concerns discussed during the ARMC meeting.

## INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process. The internal audit function of the Group was carried out by Sterling, an independent professional internal audit service provider.

The internal audit function has undertaken independent and systematic audit reviews in accordance with the annual internal audit plan approved by the ARMC before the commencement of work. Sterling reports directly to the ARMC on the adequacy and effectiveness of the risk management and internal control systems of the Group.

For FY2023, Sterling was free from any relationship or conflict of interest, which could impair their objectivity and independency during the internal audit review.

# Audit and Risk Management Committee Report

## INTERNAL AUDIT FUNCTION (CONT'D)

### (1) Summary of Works

During the period under review, the Internal Auditors carried out the following activities:-

- a) Performed audit according to the audit plan.
- b) Reviewed business process of the Group and made recommendations to improve their effectiveness.
- c) Performed follow-up reviews in assessing the progress of the agreed Management's action plan and report to the Management and ARMC.

### (2) Total costs incurred for the financial year ended 31 December 2023

The total cost incurred for the internal audit function for the FY2023 was RM33,500.00

### (3) Review of Internal Audit Function

The ARMC and the Board were satisfied with the performance of the Internal Auditors for the FY2023.

The ARMC is of the opinion that the internal audit function is independent and the Internal Auditors have performed their audit assignments with impartiality, proficiency and due professional care.

Further details of the activities of internal audit functions are set out in the Statement on Risk Management and Internal Control in this Integrated Annual Report.

This Report is made in accordance with the resolution of the Board dated 15 April 2024.



# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board of Directors (“Board”) of Leform Berhad (“Leform” or the “Company”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2023 (“FYE 2023”), issued in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), the Malaysian Code on Corporate Governance (“MCCG”) with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD RESPONSIBILITY

The Board acknowledges and assumes its overall responsibility for the Group’s risk management and internal control system to safeguard shareholders’ investment and the Group’s assets, including the need to review the adequacy and operating effectiveness of this system in meeting the Group’s objectives. In line with the Guidance 1.1 of the MCCG the Board had discharged its fiduciary duties and responsibilities at all times in the best interest of the Company to ensure a sound framework for risk management and internal control.

The Management Team is responsible for implementing the Group’s policies and procedures on risk management and internal control to identify, evaluate, monitor, and report risks as well as deficiencies and non-compliance with internal controls.

## RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial period under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group objective.

As part of our Risk Management Framework, risk identifying, risk assessment, risk evaluation, risk control measures and risk reporting are stipulated clearly to guide the management of key risks. The Group maintains a Registry of Risk which stated the principal business risk and key risk area, their impact, likelihood of occurrence, risk owner and risk control actions. The respective risk owners are assigned and responsible for identifying risks as well as ensuring that adequate internal control is implemented to mitigate the risks faced by the Group.

## INTERNAL AUDIT FUNCTION (“IAF”)

The internal audit function is being outsource to Sterling Business Alignment Consulting Sdn Bhd (“Sterling”). The purpose of the internal audit function is to provide the Board, through ARMC, reasonable assurance of the effectiveness of the system of internal controls of the designated entities of the Group.

Sterling only understands our processes, identifying risks and propose measures to mitigate the risk. Sterling does not have any direct operational responsibility or authority towards the day to day of the Group operation. Any risks identify will be reported directly to ARMC. Hence, they are independent and free from any conflicts of interest.

The scope of works of the IAF includes but not limited to the following: -

- The significant risks to the activity’s objectives, resources, and operations and how the potential impact of risk is kept to an acceptable level
- Review and assess the adequacy, efficiency and effectiveness of the Group’s governance, risk management and control process as compared to a relevant framework or model
- The opportunities for making significant improvement to the activity’s governance, risk management and control processes.
- Conduct follow-up visits to ensure that all corrective action plans are implemented
- Highlight findings to the ARMC

# Statement on Risk Management and Internal Control

## INTERNAL AUDIT FUNCTION (CONT'D)

Sterling uses the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control-Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. The internal audit reviews will be conducted according to the approved risk-based internal audit plan which addresses the critical business processes, internal control gaps, effectiveness, and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

During the financial year, Sterling had conducted two audits and follow ups in accordance to their plan which was entail below: -

- Inventory Management
- Procurement
- Follow up on inventory management
- Follow up on procurement

There are no material issues highlighted by Sterling during the financial year under review.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to the risk management and internal control, the Group had other controls in place such as: -

- Quarterly review of the financial results and operational matters at the ARMC and Board of Directors Meeting.
- Delegation of authority to ensure segregation of power are established to minimise the risk of unauthorities transaction.
- Standard Operating Procedures (“SOP”) for various departments are properly documented for all business units within the Group for guidance and compliance. These SOP are regularly reviewed and updated when necessary to maintain its relevance.
- The group has established a Whistle Blowing Policy to allow its employees to have a channel to report and disclose any non-compliance or illegal activities within the Group. The policy is made available to the company’s website.

## REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Rule 15.23 of Ace Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Integrated Annual Report of the Company for the financial year ended 31 December 2023 pursuant to the scope set out in Audit and Assurance Practice Guide 3 (“AAPG 3”), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Integrated Annual Report as issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Integrated Annual Report of the Company, in all material respect:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out; or
- b) is factually inaccurate.

# Statement on Risk Management and Internal Control

## **REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS (CONT'D)**

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 and internal control system, including the assessment and opinion by the Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Annual Report will, in fact, remedy those problems.

## **ASSURANCE TO THE BOARD MEMBERS**

The Board finds the adequacy and effectiveness of the risk management and internal control system to be satisfactory. The Board is of the view that it is able to effectively protect the shareholders' interest and the Group's assets.

Additionally, the Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

The Board is of the opinion that the Group's risk management and internal control systems are adequate and effective. There is no internal control failure nor any significant weaknesses in the system that has resulted in any loss to the Group during the financial year under review.

The Board will continue monitoring all the major risks affecting the Group and take appropriate action plans to further improve the existing risk management framework and internal control systems.

This Statement is made in accordance with the resolution of the Board dated 22 April 2024.

# FINANCIAL STATEMENTS

105

DIRECTORS' REPORT

111

STATEMENT BY DIRECTORS

111

STATUTORY DECLARATION

112

INDEPENDENT AUDITORS' REPORT

117

STATEMENTS OF FINANCIAL POSITION

119

STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

120

STATEMENTS OF CHANGES IN EQUITY

122

STATEMENTS OF CASH FLOWS

124

NOTES TO THE FINANCIAL STATEMENTS

# Directors' Report

The directors hereby submit the 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 businesses of manufacturing of steel products, transport and carrier. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

## RESULTS

|                                            | The<br>Group<br>RM'000 | The<br>Company<br>RM'000 |
|--------------------------------------------|------------------------|--------------------------|
| Loss after taxation for the financial year | (5,141)                | (6,747)                  |
| Attributable to:-                          |                        |                          |
| Owners of the Company                      | (4,960)                | (6,747)                  |
| Non-controlling interests                  | (181)                  | -                        |
|                                            | (5,141)                | (6,747)                  |

## DIVIDEND

No dividend was recommended by the directors for the financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUANCE OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## Directors' Report

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 when they fall due.

### **CHANGE OF CIRCUMSTANCES**

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



## Directors' Report

### ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS

The name of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Law Kok Thye  
 Esmariza Binti Ismail  
 Datuk Seri Akhil Bin Bulat  
 Chua Leng Leek  
 Lai Chin Yang  
 Lee Wee Leng  
 Phang Yew Cheong @ Phang Yew Choong (Resigned on 13 March 2024)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chai Chang Wai  
 Lam Chung Ming  
 Yau Kwai Lin

### DIRECTORS' INTERESTS

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

|                            | <-----Number of Ordinary Shares-----> |        |      |                  |
|----------------------------|---------------------------------------|--------|------|------------------|
|                            | At<br>1.1.2023                        | Bought | Sold | At<br>31.12.2023 |
| <b>The Holding Company</b> |                                       |        |      |                  |
| <i>Direct interest</i>     |                                       |        |      |                  |
| Law Kok Thye               | 1,400,000                             | -      | -    | 1,400,000        |

## Directors' Report

### DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows (Cont'd):-

|                                     | <-----Number of Ordinary Shares-----> |        |           |                  |
|-------------------------------------|---------------------------------------|--------|-----------|------------------|
|                                     | At<br>1.1.2023                        | Bought | Sold      | At<br>31.12.2023 |
| <b>The Company</b>                  |                                       |        |           |                  |
| <i>Direct interests</i>             |                                       |        |           |                  |
| Law Kok Thye                        | 340,549,000                           | -      | -         | 340,549,000      |
| Datuk Seri Akhil Bin Bulat          | 350,000                               | -      | -         | 350,000          |
| Chua Leng Leek                      | 450,000                               | -      | -         | 450,000          |
| Lai Chin Yang                       | 350,000                               | -      | -         | 350,000          |
| Lee Wee Leng                        | 300,000                               | -      | (200,000) | 100,000          |
| Phang Yew Cheong @ Phang Yew Choong | 200,000                               | -      | -         | 200,000          |
| Esmariza Binti Ismail               | 210,000                               | -      | -         | 210,000          |
| <i>Indirect Interest</i>            |                                       |        |           |                  |
| Law Kok Thye *                      | 755,800,000                           | -      | -         | 755,800,000      |

\* Deemed interested through spouse's and children's shareholdings in the Company and deemed interest by virtue of his direct substantial shareholding in Tianwen Holdings Sdn. Bhd.

By virtue of his shareholdings in the Company, Law Kok Thye is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# Directors' Report

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

|                                      | <b>The<br/>Group<br/>RM'000</b> | <b>The<br/>Company<br/>RM'000</b> |
|--------------------------------------|---------------------------------|-----------------------------------|
| Fees                                 | 754                             | 744                               |
| Salaries, bonuses and other benefits | 2,810                           | 2,452                             |
| Defined contribution benefits        | 326                             | 281                               |
|                                      | <b>3,890</b>                    | <b>3,477</b>                      |

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM58,450 and RM51,950 respectively.

## INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

## SUBSIDIARIES

The details of the subsidiaries name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 6 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

## HOLDING COMPANY

The holding company is Tianwen Holdings Sdn. Bhd., a company incorporated in Malaysia.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

## SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 42 to the financial statements.

## Directors' Report

### AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

|                | The<br>Group<br>RM'000 | The<br>Company<br>RM'000 |
|----------------|------------------------|--------------------------|
| Audit fees     | 280                    | 130                      |
| Non-audit fees | 67                     | 31                       |
|                | 347                    | 161                      |

Signed in accordance with a resolution of the directors dated 22 April 2024.

**Law Kok Thye**

**Esmariza Binti Ismail**

# Statement by Directors and Statutory Declaration

## STATEMENT BY DIRECTORS

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

We, Law Kok Thye and Esmariza Binti Ismail, being two of the directors of Leform Berhad, state that, in the opinion of the directors, the financial statements set out on pages 117 to 185 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 22 April 2024.

**Law Kok Thye**

**Esmariza Binti Ismail**

## STATUTORY DECLARATION

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

I, Ng Tiong Lim, MIA Membership Number: 31638, being the officer primarily responsible for the financial management of Leform Berhad, do solemnly and sincerely declare that the financial statements set out on pages 117 to 185 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 abovementioned  
Ng Tiong Lim,  
at Kuala Lumpur  
in the Federal Territory  
on this 22 April 2024

**Ng Tiong Lim**

Before me  
**Dr. T. Yokheswarem**  
Commissioner of Oaths  
No. W540

# Independent Auditors' Report To The Members of Leform Berhad

(Incorporated in Malaysia)

Registration No: 199501001582 (330776 – K)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Leform Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 117 to 185.

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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <b>Valuation of Inventories</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Note 10 to the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>How our audit addressed the Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>The carrying amount of inventories held by the Group amounting to approximately RM156 million.</p> <p>We focused on this area as the assessment of net realisable value and the estimation of allowances for obsolete and slow-moving inventories are areas involved of significant judgement.</p> <p>Inventories are stated at the lower of cost or net realisable value. In determining net realisable value of the inventories, an estimation of the net realisable value is performed by management based on the most reliable evidence available as at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the financial year ended 31 December 2023.</p> | <p>Our audit procedures included:-</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process for measuring the amount of inventories written-down.</li> <li>• Reviewed the ageing analysis of inventories and tested its reliability.</li> <li>• Reviewed the net realisable value of inventories.</li> <li>• Evaluated the reasonableness and adequacy of the allowance for obsolete and slow-moving inventories recognised for identified exposures.</li> </ul> |



# Independent Auditors' Report To The Members of Leform Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No: 199501001582 (330776 – K)

## Key Audit Matters (Cont'd)

| <b>Recoverability of Trade Receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Note 11 to the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>How our audit addressed the Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>The trade receivables of the Group amounting to approximately RM86 million of which RM21 million are past due or exceeded credit terms granted by the Group.</p> <p>Management recognised the allowance for impairment losses on trade receivables based on specific known facts or customers' ability to pay. We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Our audit procedures included:-</p> <ul style="list-style-type: none"> <li>• Reviewed the ageing analysis of trade receivables and tested its reliability.</li> <li>• Reviewed subsequent cash collections for major trade receivables and overdue amounts.</li> <li>• Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised for identified exposures.</li> <li>• Tested the adequacy of the Group's impairment of trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Assessment on Going Concern</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Refer to Note 4.2 to the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>How our audit addressed the Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>As at 31 December 2023, the Group recorded a loss before taxation amounting to approximately RM8.3 million.</p> <p>In view of the above, barring any unforeseen circumstances, the management has a reasonable expectation that the Group have adequate resources to continue as a going concern for the foreseeable future. Accordingly, the financial statements of the Group have been prepared on the going concern basis.</p> <p>This is considered to be a key audit matter because the evaluation of events and conditions, including the actions taken by the directors in addressing them involve judgment. The judgment is in respect of the key assumptions used in their assessment and management's plan for future action and on the feasibility of those plans.</p> <p>Refer to Note 4.2 to the financial statements which discloses the directors' assessment on the ability of the Group to continue as a going concern.</p> | <p>Our audit procedures included:-</p> <ul style="list-style-type: none"> <li>• Reviewed management's estimate of the cash flows and financial forecasts ("forecasts") for the next 12 months.</li> <li>• Amongst the procedures on reviewing the forecasts ("forecasts procedures") are as follows:- <ul style="list-style-type: none"> <li>(a) reviewed the key business drivers underpinning the forecasts prepared;</li> <li>(b) evaluated the appropriateness and reasonableness of the key assumptions by comparing budget to recent performance, trend analysis, historical results and our understanding of the business; and</li> <li>(c) performed sensitivity analysis over the key assumptions to understand the impact of changes over the forecasts.</li> </ul> </li> <li>• Made inquiries of management and reviewed events subsequent to the financial year end to evaluate any possible event which may affect the Group's ability to continue as a going concern.</li> </ul> |

# Independent Auditors' Report To The Members of Leform Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No: 199501001582 (330776 – K)

## Key Audit Matters (Cont'd)

| <b>Assessment on Going Concern</b><br>Refer to Note 4.2 to the financial statements |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Key Audit Matter</b>                                                             | <b>How our audit addressed the Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                     | <p>Our audit procedures included (Cont'd):-</p> <ul style="list-style-type: none"> <li>• Assessed the reasonableness of management's assessment that the Group has the ability to meet its debt repayment obligations, taking into consideration sources of funding currently available to the Group to meet its obligations as and when they fall due.</li> <li>• Obtained from and discussed with management the terms and availability of the credit facilities, which are available for the 12 months period after the date of issuance of the financial statements (as disclosed in Note 4.2 to the financial statements).</li> <li>• Assessed the Group's compliance with its debt covenants of bank borrowings.</li> <li>• Assessed the adequacy and appropriateness of disclosures made in the Group's financial statements in respect of events and conditions identified that may cast a significant doubt on the Group's ability to continue as a going concern as disclosed in Note 4.2 to the financial statements.</li> </ul> |

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditors' Report To The Members of Leform Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No: 199501001582 (330776 – K)

## Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- 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 Group's and the Company's internal control.
- 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditors' Report To The Members of Leform Berhad (Cont'd)

(Incorporated in Malaysia)

Registration No: 199501001582 (330776 – K)

## Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

## OTHER MATTERS

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

22 April 2024

**Ho Yen Ling**  
03378/06/2024 J  
Chartered Accountant

# Statements of Financial Position

## As At 31 December 2023

|                                              | Note | The Group      |                              | The Company    |                              |
|----------------------------------------------|------|----------------|------------------------------|----------------|------------------------------|
|                                              |      | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) |
| <b>ASSETS</b>                                |      |                |                              |                |                              |
| NON-CURRENT ASSETS                           |      |                |                              |                |                              |
| Investments in subsidiaries                  | 6    | -              | -                            | 8,156          | 8,156                        |
| Property, plant and equipment                | 7    | 145,110        | 132,366                      | 140,107        | 126,868                      |
| Investment properties                        | 8    | 9,533          | 9,758                        | 4,622          | 4,733                        |
| Goodwill                                     | 9    | 2,702          | 2,702                        | -              | -                            |
|                                              |      | 157,345        | 144,826                      | 152,885        | 139,757                      |
| CURRENT ASSETS                               |      |                |                              |                |                              |
| Inventories                                  | 10   | 155,820        | 228,860                      | 136,501        | 201,399                      |
| Trade receivables                            | 11   | 86,238         | 77,721                       | 52,117         | 60,416                       |
| Other receivables, deposits and prepayments  | 12   | 13,656         | 4,751                        | 12,057         | 4,233                        |
| Contract assets                              | 13   | 7,843          | 616                          | -              | -                            |
| Amount owing by subsidiaries                 | 14   | -              | -                            | 42,003         | 19,110                       |
| Current tax assets                           |      | 11,447         | 7,911                        | 11,150         | 7,628                        |
| Fixed deposits with licensed banks           | 15   | 6,102          | 15,604                       | 5,581          | 15,604                       |
| Cash and bank balances                       |      | 18,096         | 35,869                       | 13,496         | 30,992                       |
|                                              |      | 299,202        | 371,332                      | 272,905        | 339,382                      |
| <b>TOTAL ASSETS</b>                          |      | <b>456,547</b> | <b>516,158</b>               | <b>425,790</b> | <b>479,139</b>               |
| EQUITY AND LIABILITIES                       |      |                |                              |                |                              |
| EQUITY                                       |      |                |                              |                |                              |
| Share capital                                | 16   | 146,909        | 146,909                      | 146,909        | 146,909                      |
| Reserves                                     | 17   | 66,910         | 85,199                       | 56,549         | 76,625                       |
| Equity attributable to owners of the Company |      | 213,819        | 232,108                      | 203,458        | 223,534                      |
| Non-controlling interests                    |      | 2,141          | 2,322                        | -              | -                            |
| <b>TOTAL EQUITY</b>                          |      | <b>215,960</b> | <b>234,430</b>               | <b>203,458</b> | <b>223,534</b>               |
| NON-CURRENT LIABILITIES                      |      |                |                              |                |                              |
| Hire purchase payables                       | 18   | 649            | 1,398                        | 620            | 1,270                        |
| Term loans                                   | 19   | 5,719          | 27,645                       | 5,719          | 27,645                       |
| Deferred tax liabilities                     | 20   | 9,395          | 11,395                       | 9,108          | 11,108                       |
|                                              |      | 15,763         | 40,438                       | 15,447         | 40,023                       |

The annexed notes form an integral part of these financial statements.

## Statements of Financial Position As At 31 December 2023 (Cont'd)

|                                         | Note | The Group      |                              | The Company    |                              |
|-----------------------------------------|------|----------------|------------------------------|----------------|------------------------------|
|                                         |      | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) |
| <b>CURRENT LIABILITIES</b>              |      |                |                              |                |                              |
| Trade payables                          | 21   | 28,672         | 52,918                       | 17,243         | 29,358                       |
| Other payables and accruals             | 22   | 6,105          | 4,733                        | 3,583          | 2,813                        |
| Amount owing to a subsidiary            | 14   | -              | -                            | 750            | 192                          |
| Amount owing to holding company         | 23   | 4,011          | -                            | -              | -                            |
| Bankers' acceptances and trust receipts | 24   | 165,812        | 166,942                      | 165,201        | 166,942                      |
| Bank overdrafts                         | 25   | 5,954          | 7,501                        | 5,954          | 7,501                        |
| Hire purchase payables                  | 18   | 749            | 1,307                        | 650            | 956                          |
| Revolving credit                        | 26   | 10,000         | -                            | 10,000         | -                            |
| Term loans                              | 19   | 3,088          | 7,483                        | 3,088          | 7,483                        |
| Current tax liabilities                 |      | 17             | 69                           | -              | -                            |
| Derivative liabilities                  | 27   | 416            | 337                          | 416            | 337                          |
|                                         |      | 224,824        | 241,290                      | 206,885        | 215,582                      |
| <b>TOTAL LIABILITIES</b>                |      | <b>240,587</b> | <b>281,728</b>               | <b>222,332</b> | <b>255,605</b>               |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |      | <b>456,547</b> | <b>516,158</b>               | <b>425,790</b> | <b>479,139</b>               |

The annexed notes form an integral part of these financial statements.



# Statements of Profit or Loss and Other Comprehensive Income

## For the Financial Year Ended 31 December 2023

|                                                                           | Note | The Group      |                | The Company    |                |
|---------------------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                           |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| REVENUE                                                                   | 28   | 370,016        | 373,441        | 312,806        | 327,736        |
| COST OF SALES                                                             |      | (356,774)      | (358,989)      | (302,196)      | (313,845)      |
| GROSS PROFIT                                                              |      | 13,242         | 14,452         | 10,610         | 13,891         |
| OTHER INCOME                                                              |      | 12,155         | 10,573         | 10,595         | 12,379         |
|                                                                           |      | 25,397         | 25,025         | 21,205         | 26,270         |
| ADMINISTRATIVE EXPENSES                                                   |      | (15,965)       | (15,467)       | (14,523)       | (14,457)       |
| OTHER EXPENSES                                                            |      | (3,745)        | (3,763)        | (3,394)        | (3,425)        |
| FINANCE COSTS                                                             |      | (12,663)       | (8,691)        | (12,360)       | (8,640)        |
| NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS                                 | 29   | (1,320)        | (399)          | (856)          | -              |
| LOSS BEFORE TAXATION                                                      | 30   | (8,296)        | (3,295)        | (9,928)        | (252)          |
| INCOME TAX EXPENSE                                                        | 31   | 3,155          | (3,986)        | 3,181          | (3,674)        |
| LOSS AFTER TAXATION                                                       |      | (5,141)        | (7,281)        | (6,747)        | (3,926)        |
| OTHER COMPREHENSIVE INCOME                                                | 32   |                |                |                |                |
| <u>Items that Will Not be Reclassified Subsequently to Profit or Loss</u> |      |                |                |                |                |
| Revaluation of properties                                                 |      | -              | 3,392          | -              | 3,392          |
| TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR                       |      | (5,141)        | (3,889)        | (6,747)        | (534)          |
| <b>LOSS AFTER TAXATION ATTRIBUTABLE TO:-</b>                              |      |                |                |                |                |
| Owners of the Company                                                     |      | (4,960)        | (7,259)        | (6,747)        | (3,926)        |
| Non-controlling interests                                                 |      | (181)          | (22)           | -              | -              |
|                                                                           |      | (5,141)        | (7,281)        | (6,747)        | (3,926)        |
| <b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-</b>                     |      |                |                |                |                |
| Owners of the Company                                                     |      | (4,960)        | (3,867)        | (6,747)        | (534)          |
| Non-controlling interests                                                 |      | (181)          | (22)           | -              | -              |
|                                                                           |      | (5,141)        | (3,889)        | (6,747)        | (534)          |
| <b>LOSS PER SHARE (SEN)</b>                                               | 33   |                |                |                |                |
| Basic                                                                     |      | (0.33)         | (0.61)         |                |                |
| Diluted                                                                   |      | (0.33)         | (0.61)         |                |                |

The annexed notes form an integral part of these financial statements.

# Statements of Changes in Equity

## For the Financial Year Ended 31 December 2023

|                                                                                   | Share Capital<br>RM'000 | Non-Distributable<br>Revaluation Reserves<br>RM'000 | Distributable<br>Retained Profits<br>RM'000 | Attributable<br>to Owners<br>of the<br>Company<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|-----------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------|---------------------------------------------|----------------------------------------------------------|--------------------------------------------|---------------------------|
| <b>The Group</b>                                                                  |                         |                                                     |                                             |                                                          |                                            |                           |
| Balance at 1.1.2022                                                               | 6,500                   | 42,340                                              | 118,226                                     | 167,066                                                  | 2,744                                      | 169,810                   |
| Loss after taxation for the financial year                                        | -                       | -                                                   | (7,259)                                     | (7,259)                                                  | (22)                                       | (7,281)                   |
| Other comprehensive income for the financial year:<br>- Revaluation of properties | -                       | 3,392                                               | -                                           | 3,392                                                    | -                                          | 3,392                     |
| Total comprehensive income/(expenses)<br>for the financial year                   | -                       | 3,392                                               | (7,259)                                     | (3,867)                                                  | (22)                                       | (3,889)                   |
| Contribution by and distributions to owners<br>of the Company:                    |                         |                                                     |                                             |                                                          |                                            |                           |
| - Issuance of shares pursuant to bonus issue                                      | 16                      | -                                                   | (71,500)                                    | -                                                        | -                                          | -                         |
| - Issuance of shares pursuant to public issue                                     | 16                      | -                                                   | -                                           | 71,533                                                   | -                                          | 71,533                    |
| - Shares issuance expenses for the public issue                                   | 16                      | -                                                   | -                                           | (2,624)                                                  | -                                          | (2,624)                   |
| - Dividend by a subsidiary to non-controlling<br>interests                        | -                       | -                                                   | -                                           | -                                                        | (400)                                      | (400)                     |
| Balance at 31.12.2022/1.1.2023                                                    | 146,909                 | 45,732                                              | 39,467                                      | 232,108                                                  | 2,322                                      | 234,430                   |
| Loss after taxation/Total comprehensive expenses<br>for the financial year        | -                       | -                                                   | (4,960)                                     | (4,960)                                                  | (181)                                      | (5,141)                   |
| Distributions to owners of the Company:<br>- Dividend by the Company              | 34                      | -                                                   | (13,329)                                    | (13,329)                                                 | -                                          | (13,329)                  |
| Balance at 31.12.2023                                                             | 146,909                 | 45,732                                              | 21,178                                      | 213,819                                                  | 2,141                                      | 215,960                   |

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity

### For the Financial Year Ended 31 December 2023 (Cont'd)

|                                                                          | Note | Share Capital<br>RM'000 | Non-Distributable<br>Revaluation Reserves<br>RM'000 | Distributable<br>Retained Profits<br>RM'000 | Total<br>Equity<br>RM'000 |
|--------------------------------------------------------------------------|------|-------------------------|-----------------------------------------------------|---------------------------------------------|---------------------------|
| <b>The Company</b>                                                       |      |                         |                                                     |                                             |                           |
| Balance at 1.1.2022                                                      |      | 6,500                   | 40,551                                              | 108,108                                     | 155,159                   |
| Loss after taxation for the financial year                               |      | -                       | -                                                   | (3,926)                                     | (3,926)                   |
| Other comprehensive income for the financial year:                       |      |                         |                                                     |                                             |                           |
| - Revaluation of properties                                              | 32   | -                       | 3,392                                               | -                                           | 3,392                     |
| Total comprehensive income/(expenses) for the financial year             |      | -                       | 3,392                                               | (3,926)                                     | (534)                     |
| Contribution by and distributions to owners of the Company:              |      |                         |                                                     |                                             |                           |
| - Issuance of shares pursuant to bonus issue                             | 16   | 71,500                  | -                                                   | (71,500)                                    | -                         |
| - Issuance of shares pursuant to public issue                            | 16   | 71,533                  | -                                                   | -                                           | 71,533                    |
| - Share issuance expenses for the public issue                           | 16   | (2,624)                 | -                                                   | -                                           | (2,624)                   |
| Balance at 31.12.2022/1.1.2023                                           |      | 146,909                 | 43,943                                              | 32,682                                      | 223,534                   |
| Loss after taxation/ Total comprehensive expenses for the financial year |      | -                       | -                                                   | (6,747)                                     | (6,747)                   |
| Distributions to owners of the Company:                                  |      |                         |                                                     |                                             |                           |
| - Dividend                                                               | 34   | -                       | -                                                   | (13,329)                                    | (13,329)                  |
| Balance at 31.12.2023                                                    |      | 146,909                 | 43,943                                              | 12,606                                      | 203,458                   |

The annexed notes form an integral part of these financial statements.

# Statements of Cash Flows

## For The Financial Year Ended 31 December 2023

|                                                                                                  | Note  | The Group      |                              | The Company    |                              |
|--------------------------------------------------------------------------------------------------|-------|----------------|------------------------------|----------------|------------------------------|
|                                                                                                  |       | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) |
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>                                                |       |                |                              |                |                              |
| Loss before taxation:                                                                            |       | (8,296)        | (3,295)                      | (9,928)        | (252)                        |
| Adjustments for:-                                                                                |       |                |                              |                |                              |
| Depreciation of property, plant and equipment                                                    |       | 7,430          | 7,697                        | 6,463          | 6,557                        |
| Depreciation of investment properties                                                            |       | 225            | 225                          | 111            | 110                          |
| Net impairment loss on trade receivables and contract assets                                     |       | 1,320          | 399                          | 856            | -                            |
| Finance costs                                                                                    |       | 12,663         | 8,691                        | 12,360         | 8,640                        |
| Inventories written down                                                                         |       | -              | 6,760                        | -              | 6,707                        |
| Reversal of inventories previously written down                                                  |       | (1,082)        | -                            | (1,082)        | -                            |
| Unrealised loss on derivatives                                                                   |       | 416            | 337                          | 416            | 337                          |
| Dividend income                                                                                  |       | -              | -                            | -              | (2,600)                      |
| Gain on disposal of property, plant and equipment                                                |       | (1,620)        | (1,502)                      | (50)           | (1,442)                      |
| Interest income                                                                                  |       | (814)          | (276)                        | (814)          | (221)                        |
| Unrealised gain on foreign exchange                                                              |       | -              | (668)                        | -              | (395)                        |
| Operating profit before working capital changes                                                  |       | 10,242         | 18,368                       | 8,332          | 17,441                       |
| Decrease/(Increase) in inventories                                                               |       | 74,122         | (120,224)                    | 65,980         | (101,042)                    |
| Increase in trade and other receivables                                                          |       | (16,576)       | (2,184)                      | (381)          | (6,289)                      |
| Increase in contract assets                                                                      |       | (7,843)        | -                            | -              | -                            |
| (Decrease)/Increase in trade and other payables                                                  |       | (23,211)       | 29,118                       | (11,682)       | 11,482                       |
| (Increase)/Decrease in amount owing by subsidiaries                                              |       | -              | -                            | (22,893)       | 2,037                        |
| Increase/(Decrease) in amount owing to a subsidiary                                              |       | -              | -                            | 558            | (643)                        |
| Increase in amount owing to holding company                                                      |       | 4,011          | -                            | -              | -                            |
| <b>CASH FROM/(FOR) OPERATIONS</b>                                                                |       | <b>40,745</b>  | <b>(74,922)</b>              | <b>39,914</b>  | <b>(77,014)</b>              |
| Income tax paid                                                                                  |       | (3,216)        | (13,560)                     | (2,941)        | (12,955)                     |
| Tax refunded                                                                                     |       | 783            | -                            | 600            | -                            |
| <b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>                                                  |       | <b>38,312</b>  | <b>(88,482)</b>              | <b>37,573</b>  | <b>(89,969)</b>              |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                                                       |       |                |                              |                |                              |
| Dividend received                                                                                |       | -              | -                            | -              | 2,600                        |
| Proceeds from disposal of property, plant and equipment                                          |       | 70             | 2,747                        | 50             | 2,687                        |
| Purchase of property, plant and equipment                                                        | 35(a) | (20,174)       | (9,083)                      | (19,702)       | (8,977)                      |
| Interest income received                                                                         |       | 814            | 276                          | 814            | 221                          |
| Additions of deposits pledged with licensed financial banks<br>or with tenure more than 3 months |       | 9,502          | (15,604)                     | 10,023         | (15,604)                     |
| <b>NET CASH FOR INVESTING ACTIVITIES</b>                                                         |       | <b>(9,788)</b> | <b>(21,664)</b>              | <b>(8,815)</b> | <b>(19,073)</b>              |

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows

### For The Financial Year Ended 31 December 2023 (Cont'd)

|                                                                     | Note  | The Group       |                 | The Company     |                 |
|---------------------------------------------------------------------|-------|-----------------|-----------------|-----------------|-----------------|
|                                                                     |       | 2023<br>RM'000  | 2022<br>RM'000  | 2023<br>RM'000  | 2022<br>RM'000  |
| <b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>                   |       |                 |                 |                 |                 |
| Net repayment of term loans                                         | 35(b) | (26,321)        | (14)            | (26,321)        | (14)            |
| Net repayment of hire purchase payables                             | 35(b) | (1,307)         | (2,254)         | (956)           | (1,516)         |
| Net drawdown of bankers' acceptances                                | 35(b) | 15,290          | 14,204          | 14,679          | 14,204          |
| Net (repayment)/drawdown in trust receipts                          | 35(b) | (16,420)        | 13,913          | (16,420)        | 13,913          |
| Drawdown of revolving credit                                        | 35(b) | 10,000          | -               | 10,000          | -               |
| Dividend paid                                                       |       | (13,329)        | -               | (13,329)        | -               |
| Interest paid                                                       |       | (12,663)        | (8,691)         | (12,360)        | (8,640)         |
| Proceeds from issuance of ordinary shares                           |       | -               | 71,533          | -               | 71,533          |
| Payment of share issuance expenses                                  |       | -               | (2,624)         | -               | (2,624)         |
| <b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>                     |       | <b>(44,750)</b> | <b>86,067</b>   | <b>(44,707)</b> | <b>86,856</b>   |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                    |       | <b>(16,226)</b> | <b>(24,079)</b> | <b>(15,949)</b> | <b>(22,186)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b> |       | <b>28,368</b>   | <b>52,447</b>   | <b>23,491</b>   | <b>45,677</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>       | 35(c) | <b>12,142</b>   | <b>28,368</b>   | <b>7,542</b>    | <b>23,491</b>   |

The annexed notes form an integral part of these financial statements.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : 12<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Professor Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor, Malaysia.

Principal place of business : PT16077 and PT16078, Jalan Kesidang 4,  
Kawasan Perindustrian Sungai Choh,  
48200 Serendah,  
Selangor, Malaysia.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 April 2024.

### 2. HOLDING COMPANY

The holding company is Tianwen Holdings Sdn. Bhd., a company incorporated in Malaysia.

### 3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of manufacturing of steel products, transport and carrier. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

### 4. BASIS OF ACCOUNTING

#### 4.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 4. BASIS OF ACCOUNTING (CONT'D)

#### 4.1 BASIS OF PREPARATION (CONT'D)

- (a) During the current financial year, the Group and of the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

*Amendments to MFRS 101: Disclosure of Accounting Policies*

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 5 to the financial statements in line with the amendments.

- (b) The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

**Effective Date**

|                                                                                                                           |                |
|---------------------------------------------------------------------------------------------------------------------------|----------------|
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred       |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback                                                            | 1 January 2024 |
| Amendment to MFRS 101: Classification of Liabilities as Current or Non-current                                            | 1 January 2024 |
| Amendments to MFRS 101: Non-current Liabilities with Covenants                                                            | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements                                                          | 1 January 2024 |
| Amendments to MFRS 121: Lack of Exchangeability                                                                           | 1 January 2025 |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 4. BASIS OF ACCOUNTING (CONT'D)

#### 4.2 BASIS OF MEASUREMENT

The financial statements of the Group and the Company are prepared on the basis of accounting principles applicable to a going concern, notwithstanding that the Group's loss before taxation for the financial year ended 31 December 2023.

In assessing the appropriateness of the use of the going concern assumption, management has considered the Group's cash flow forecast for the next 12 months which has indicated the Group's ability to generate positive net income and operating cash flows.

In addition, management has considered the following:

- (a) The Group has approximately RM6.1 million fixed deposits with licensed banks and approximately RM18.1 million cash and bank balances as at 31 December 2023;
- (b) The Group has been able to meet all its debts obligations during the financial year and there are approved unutilised credit facilities amounting to approximately RM99 million as at 31 December 2023;
- (c) The Group has total equity attributable to owners of the Company of approximately RM214 million and net current assets of approximately RM74 million as at 31 December 2023;
- (d) The Group continues to undertake measures to improve operational efficiencies and productivity; and
- (e) The management is confident that the segments will be able to improve their operating results and profitability in the next 12 months.

In view of the above, barring any unforeseen circumstances, management is confident that the Group and the Company has adequate resources to continue as a going concern in the foreseeable future. Accordingly, the financial statements of the Group and the Company have been prepared on the going concern basis.

### 5. MATERIAL ACCOUNTING POLICY INFORMATION

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

#### **(a) Depreciation of Property, Plant and Equipment and Investment Properties**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and investment properties are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and investment properties will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and investment properties as at the reporting date are disclosed in Notes 7 and 8 to the financial statements respectively.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(b) Property under Revaluation**

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of property measured at revaluation as at the reporting date is disclosed in Note 7 to the financial statements.

##### **(c) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date and the key assumptions and sensitivity analysis are disclosed in Note 9 to the financial statements.

##### **(d) Impairment of Investments in Subsidiaries, Property, Plant and Equipment and Investment Properties**

The Group and the Company determine whether an item of its investments in subsidiaries, property, plant and equipment and investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investments in subsidiaries, property, plant and equipment and investment properties as at the reporting date are disclosed in Notes 6, 7, and 8 to the financial statements respectively.

##### **(e) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

#### (f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 11 and 13 to the financial statements respectively.

#### (g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 12 and 14 to the financial statements respectively.

#### (h) Revenue Recognition from Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets as the reporting date is disclosed in Note 13 to the financial statements.

#### (i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of net current tax assets of the Group and the Company as at the reporting date are RM11,429,845 and RM11,150,105 (2022 - RM7,842,202 and RM7,628,263) respectively.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

##### **(b) Contingent Liabilities**

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the management is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Company are remote.

#### 5.2 FINANCIAL INSTRUMENTS

##### **(a) Financial Assets**

###### Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

##### **(b) Financial Liabilities**

###### Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

##### **(c) Equity**

###### Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 5.2 FINANCIAL INSTRUMENTS (CONT'D)

##### (d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

##### (e) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

#### 5.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

#### 5.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries (including the fair value adjustments on inter-company loans at inception date), which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

#### 5.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and building are stated at revalued amounts based on periodic valuations, at least once in every 3 or 5 years, less subsequent depreciation for building. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

##### 5.5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

|                        |           |
|------------------------|-----------|
| Buildings              | 2%        |
| Plant and machineries  | 10% - 20% |
| Motor vehicles         | 20%       |
| Furniture and fittings | 10% - 20% |
| Office equipment       | 10% - 20% |
| Computers              | 20%       |
| Renovation             | 10% - 20% |
| Tools and equipment    | 20%       |
| Electrical fittings    | 10% - 20% |
| Moulds                 | 20%       |
| Cabin hostel           | 2%        |

Capital work-in-progress represent factory buildings under construction. They are not depreciated until such time when the asset is available for use.

##### 5.6 INVESTMENT PROPERTIES

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation periods of buildings are 50 years.

##### 5.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

#### 6. INVESTMENTS IN SUBSIDIARIES

|                               | The Company    |                |
|-------------------------------|----------------|----------------|
|                               | 2023<br>RM'000 | 2022<br>RM'000 |
| Unquoted shares, at cost      |                |                |
| At 1 January/31 December      | 8,898          | 8,898          |
| Accumulated impairment losses |                |                |
| At 1 January/31 December      | (742)          | (742)          |
|                               | 8,156          | 8,156          |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) The details of the subsidiaries which have their principal place of business and country of incorporation in Malaysia are as follows:-

| Name of Subsidiary                                                    | Percentage of Issued Share Capital Held by Parent |           | Principal Activities                               |
|-----------------------------------------------------------------------|---------------------------------------------------|-----------|----------------------------------------------------|
|                                                                       | 2023<br>%                                         | 2022<br>% |                                                    |
| LF Metal Sdn. Bhd. ("LFMSB")                                          | 100                                               | 100       | Trading in steel products.                         |
| Leform Steel Pipes Sdn. Bhd.                                          | 100                                               | 100       | Trading in steel pipes.                            |
| Leform CLQ Sdn. Bhd. (formerly known as Leform Steel Mill Sdn. Bhd.)* | 100                                               | 100       | Dormant.                                           |
| Leform Transport Sdn. Bhd.                                            | 100                                               | 100       | To carry on the business of transport and carrier. |
| Leform Metal Sdn. Bhd.                                                | 85                                                | 85        | Dormant.                                           |
| Leform Steel Service Centre Sdn. Bhd.                                 | 100                                               | 100       | Trading in steel products.                         |
| LF Engineering Sdn. Bhd. ("LFESB")                                    | 60                                                | 60        | Manufacturing of guardrails.                       |
| Leform Marketing Sdn. Bhd. ("LMKSB") ^                                | 80                                                | 80        | Trading of steel pipes and flat steel products.    |

^ Held through LFMSB.

\* The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.

- (b) The non-controlling interests at the end of the reporting period comprise the following:-

|                                            | Effective Equity Interest |           | The Group      |                |
|--------------------------------------------|---------------------------|-----------|----------------|----------------|
|                                            | 2023<br>%                 | 2022<br>% | 2023<br>RM'000 | 2022<br>RM'000 |
| LFESB                                      | 40                        | 40        | 1,402          | 1,645          |
| LMKSB                                      | 20                        | 20        | 553            | 484            |
| Other individually immaterial subsidiaries |                           |           | 186            | 193            |
|                                            |                           |           | 2,141          | 2,322          |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

|                                                                               | <b>LFESB</b>  |               |
|-------------------------------------------------------------------------------|---------------|---------------|
|                                                                               | <b>2023</b>   | <b>2022</b>   |
|                                                                               | <b>RM'000</b> | <b>RM'000</b> |
| <b>At 31 December</b>                                                         |               |               |
| Non-current assets                                                            | 1,398         | 1,815         |
| Current assets                                                                | 36,524        | 29,042        |
| Non-current liabilities                                                       | (274)         | (376)         |
| Current liabilities                                                           | (34,142)      | (26,368)      |
| <b>Net assets</b>                                                             | <b>3,506</b>  | <b>4,113</b>  |
| <b>Financial Year Ended 31 December</b>                                       |               |               |
| Revenue                                                                       | 40,643        | 19,121        |
| Loss for the financial year                                                   | (606)         | (159)         |
| Total comprehensive expenses                                                  | (606)         | (159)         |
| <b>Total comprehensive expenses attributable to non-controlling interests</b> | <b>(243)</b>  | <b>(64)</b>   |
| Net cash flows from/(for) operating activities                                | 655           | (574)         |
| Net cash flows for investing activities                                       | (4)           | (44)          |
| Net cash flows for financing activities                                       | (485)         | (500)         |
| <b>LMKSB</b>                                                                  |               |               |
|                                                                               | <b>2023</b>   | <b>2022</b>   |
|                                                                               | <b>RM'000</b> | <b>RM'000</b> |
| <b>At 31 December</b>                                                         |               |               |
| Non-current assets                                                            | 1,412         | 1,542         |
| Current assets                                                                | 10,940        | 7,964         |
| Non-current liabilities                                                       | (17)          | (75)          |
| Current liabilities                                                           | (9,571)       | (7,011)       |
| <b>Net assets</b>                                                             | <b>2,764</b>  | <b>2,420</b>  |
| <b>Financial Year Ended 31 December</b>                                       |               |               |
| Revenue                                                                       | 53,474        | 47,659        |
| Profit for the financial year                                                 | 344           | 224           |
| Total comprehensive income                                                    | 344           | 224           |
| <b>Total comprehensive income attributable to non-controlling interests</b>   | <b>69</b>     | <b>45</b>     |
| Net cash flows (for)/from operating activities                                | (44)          | 702           |
| Net cash flows for investing activities                                       | -             | (2)           |
| Net cash flows for financing activities                                       | (71)          | (2,112)       |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT

|                             | At<br>1.1.2023<br>RM'000 | Additions<br>(Note 35(a))<br>RM'000 | Depreciation<br>Charges<br>RM'000 | At<br>31.12.2023<br>RM'000 |
|-----------------------------|--------------------------|-------------------------------------|-----------------------------------|----------------------------|
| <b>The Group</b>            |                          |                                     |                                   |                            |
| <b>2023</b>                 |                          |                                     |                                   |                            |
| <i>Carrying Amount</i>      |                          |                                     |                                   |                            |
| Freehold land and buildings | 106,288                  | -                                   | (1,034)                           | 105,254                    |
| Plant and machineries       | 14,789                   | 8                                   | (3,013)                           | 11,784                     |
| Motor vehicles              | 6,510                    | 468                                 | (2,285)                           | 4,693                      |
| Furniture and fittings      | 41                       | 5                                   | (10)                              | 36                         |
| Office equipment            | 141                      | 35                                  | (54)                              | 122                        |
| Computers                   | 16                       | 88                                  | (13)                              | 91                         |
| Renovation                  | 1,415                    | -                                   | (190)                             | 1,225                      |
| Tools and equipment         | 1,127                    | 148                                 | (493)                             | 782                        |
| Electrical fittings         | 882                      | 114                                 | (328)                             | 668                        |
| Cabin hostel                | 340                      | 212                                 | (10)                              | 542                        |
| Capital work-in-progress    | 817                      | 19,096                              | -                                 | 19,913                     |
|                             | 132,366                  | 20,174                              | (7,430)                           | 145,110                    |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                             | At<br>1.1.2022<br>RM'000 | Additions<br>(Note 35(a))<br>RM'000 | Revaluation<br>Surplus<br>RM'000 | Disposal<br>RM'000 | Depreciation<br>Charges<br>RM'000 | Reclassification<br>RM'000 | At<br>31.12.2022<br>RM'000 |
|-----------------------------|--------------------------|-------------------------------------|----------------------------------|--------------------|-----------------------------------|----------------------------|----------------------------|
| <b>The Group</b>            |                          |                                     |                                  |                    |                                   |                            |                            |
| <b>2022 (Restated)</b>      |                          |                                     |                                  |                    |                                   |                            |                            |
| <i>Carrying Amount</i>      |                          |                                     |                                  |                    |                                   |                            |                            |
| Freehold land and buildings | 95,750                   | 7,860                               | 3,836                            | -                  | (1,158)                           | -                          | 106,288                    |
| Plant and machineries       | 17,819                   | -                                   | -                                | -                  | (3,030)                           | -                          | 14,789                     |
| Motor vehicles              | 8,307                    | 598                                 | -                                | -                  | (2,395)                           | -                          | 6,510                      |
| Furniture and fittings      | 23                       | 26                                  | -                                | -                  | (8)                               | -                          | 41                         |
| Office equipment            | 103                      | 88                                  | -                                | -                  | (50)                              | -                          | 141                        |
| Computers                   | 22                       | 11                                  | -                                | -                  | (17)                              | -                          | 16                         |
| Renovation                  | 1,701                    | -                                   | -                                | -                  | (176)                             | (110)                      | 1,415                      |
| Tools and equipment         | 1,489                    | 156                                 | -                                | -                  | (518)                             | -                          | 1,127                      |
| Electrical fittings         | 930                      | 291                                 | -                                | -                  | (339)                             | -                          | 882                        |
| Cabin hostel                | 189                      | 157                                 | -                                | -                  | (6)                               | -                          | 340                        |
| Capital work-in-progress    | 1,755                    | 197                                 | -                                | (1,245)            | -                                 | 110                        | 817                        |
|                             | 128,088                  | 9,384                               | 3,836                            | (1,245)            | (7,697)                           | -                          | 132,366                    |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                             | At<br>Cost<br>RM'000 | At<br>Valuation<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|-----------------------------|----------------------|---------------------------|---------------------------------------|------------------------------|
| <b>The Group</b>            |                      |                           |                                       |                              |
| <b>2023</b>                 |                      |                           |                                       |                              |
| Freehold land and buildings | -                    | 116,055                   | (10,801)                              | 105,254                      |
| Plant and machineries       | 53,618               | -                         | (41,834)                              | 11,784                       |
| Motor vehicles              | 18,613               | -                         | (13,920)                              | 4,693                        |
| Furniture and fittings      | 816                  | -                         | (780)                                 | 36                           |
| Office equipment            | 846                  | -                         | (724)                                 | 122                          |
| Computers                   | 628                  | -                         | (537)                                 | 91                           |
| Renovation                  | 1,901                | -                         | (676)                                 | 1,225                        |
| Tools and equipment         | 13,019               | -                         | (12,237)                              | 782                          |
| Electrical fittings         | 4,105                | -                         | (3,437)                               | 668                          |
| Moulds                      | 18                   | -                         | (18)                                  | -                            |
| Cabin hostel                | 618                  | -                         | (76)                                  | 542                          |
| Capital work-in-progress    | 19,913               | -                         | -                                     | 19,913                       |
|                             | 114,095              | 116,055                   | (85,040)                              | 145,110                      |
| <b>2022 (Restated)</b>      |                      |                           |                                       |                              |
| Freehold land and buildings | -                    | 116,055                   | (9,767)                               | 106,288                      |
| Plant and machineries       | 53,610               | -                         | (38,821)                              | 14,789                       |
| Motor vehicles              | 18,407               | -                         | (11,897)                              | 6,510                        |
| Furniture and fittings      | 811                  | -                         | (770)                                 | 41                           |
| Office equipment            | 811                  | -                         | (670)                                 | 141                          |
| Computers                   | 540                  | -                         | (524)                                 | 16                           |
| Renovation                  | 1,901                | -                         | (486)                                 | 1,415                        |
| Tools and equipment         | 12,871               | -                         | (11,744)                              | 1,127                        |
| Electrical fittings         | 3,991                | -                         | (3,109)                               | 882                          |
| Moulds                      | 18                   | -                         | (18)                                  | -                            |
| Cabin hostel                | 406                  | -                         | (66)                                  | 340                          |
| Capital work-in-progress    | 817                  | -                         | -                                     | 817                          |
|                             | 94,183               | 116,055                   | (77,872)                              | 132,366                      |



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                             | At<br>1.1.2023<br>RM'000 | Additions<br>(Note 35(a))<br>RM'000 | Depreciation<br>Charges<br>RM'000 | At<br>31.12.2023<br>RM'000 |
|-----------------------------|--------------------------|-------------------------------------|-----------------------------------|----------------------------|
| <b>The Company</b>          |                          |                                     |                                   |                            |
| <b>2023</b>                 |                          |                                     |                                   |                            |
| <i>Carrying Amount</i>      |                          |                                     |                                   |                            |
| Freehold land and buildings | 103,288                  | -                                   | (1,034)                           | 102,254                    |
| Plant and machineries       | 14,005                   | 8                                   | (2,816)                           | 11,197                     |
| Motor vehicles              | 4,891                    | -                                   | (1,568)                           | 3,323                      |
| Furniture and fittings      | 40                       | 5                                   | (9)                               | 36                         |
| Office equipment            | 128                      | 35                                  | (51)                              | 112                        |
| Computers                   | 17                       | 88                                  | (13)                              | 92                         |
| Renovation                  | 1,389                    | -                                   | (182)                             | 1,207                      |
| Tools and equipment         | 1,090                    | 144                                 | (457)                             | 777                        |
| Electrical fittings         | 872                      | 114                                 | (323)                             | 663                        |
| Cabin hostel                | 331                      | 212                                 | (10)                              | 533                        |
| Capital work-in-progress    | 817                      | 19,096                              | -                                 | 19,913                     |
|                             | 126,868                  | 19,702                              | (6,463)                           | 140,107                    |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                             | At       | At           | At          | At       | At           | At               | At         |
|-----------------------------|----------|--------------|-------------|----------|--------------|------------------|------------|
|                             | 1.1.2022 | Additions    | Revaluation | Disposal | Depreciation | Reclassification | 31.12.2022 |
|                             | RM'000   | (Note 35(a)) | Surplus     | RM'000   | Charges      | RM'000           | RM'000     |
|                             |          | RM'000       | RM'000      | RM'000   | RM'000       | RM'000           | RM'000     |
| <b>The Company</b>          |          |              |             |          |              |                  |            |
| <b>2022 (restated)</b>      |          |              |             |          |              |                  |            |
| <i>Carrying Amount</i>      |          |              |             |          |              |                  |            |
| Freehold land and buildings | 92,750   | 7,860        | 3,836       | -        | (1,158)      | -                | 103,288    |
| Plant and machineries       | 16,802   | -            | -           | -        | (2,797)      | -                | 14,005     |
| Motor vehicles              | 6,061    | 403          | -           | -        | (1,573)      | -                | 4,891      |
| Furniture and fittings      | 22       | 26           | -           | -        | (8)          | -                | 40         |
| Office equipment            | 99       | 77           | -           | -        | (48)         | -                | 128        |
| Computers                   | 23       | 11           | -           | -        | (17)         | -                | 17         |
| Renovation                  | 1,666    | -            | -           | -        | (167)        | (110)            | 1,389      |
| Tools and equipment         | 1,385    | 155          | -           | -        | (450)        | -                | 1,090      |
| Electrical fittings         | 914      | 291          | -           | -        | (333)        | -                | 872        |
| Cabin hostel                | 180      | 157          | -           | -        | (6)          | -                | 331        |
| Capital work-in-progress    | 1,755    | 197          | -           | (1,245)  | -            | 110              | 817        |
|                             | 121,657  | 9,177        | 3,836       | (1,245)  | (6,557)      | -                | 126,868    |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                             | At<br>Cost<br>RM'000 | At<br>Valuation<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|-----------------------------|----------------------|---------------------------|---------------------------------------|------------------------------|
| <b>The Company</b>          |                      |                           |                                       |                              |
| <b>2023</b>                 |                      |                           |                                       |                              |
| Freehold land and buildings | -                    | 113,055                   | (10,801)                              | 102,254                      |
| Plant and machineries       | 48,918               | -                         | (37,721)                              | 11,197                       |
| Motor vehicles              | 11,091               | -                         | (7,768)                               | 3,323                        |
| Furniture and fittings      | 806                  | -                         | (770)                                 | 36                           |
| Office equipment            | 781                  | -                         | (669)                                 | 112                          |
| Computers                   | 618                  | -                         | (526)                                 | 92                           |
| Renovation                  | 1,821                | -                         | (614)                                 | 1,207                        |
| Tools and equipment         | 10,344               | -                         | (9,567)                               | 777                          |
| Electrical fittings         | 3,730                | -                         | (3,067)                               | 663                          |
| Cabin hostel                | 607                  | -                         | (74)                                  | 533                          |
| Capital work-in-progress    | 19,913               | -                         | -                                     | 19,913                       |
|                             | 98,629               | 113,055                   | (71,577)                              | 140,107                      |
| <b>2022 (Restated)</b>      |                      |                           |                                       |                              |
| Freehold land and buildings | -                    | 113,055                   | (9,767)                               | 103,288                      |
| Plant and machineries       | 48,910               | -                         | (34,905)                              | 14,005                       |
| Motor vehicles              | 11,308               | -                         | (6,417)                               | 4,891                        |
| Furniture and fittings      | 801                  | -                         | (761)                                 | 40                           |
| Office equipment            | 746                  | -                         | (618)                                 | 128                          |
| Computers                   | 530                  | -                         | (513)                                 | 17                           |
| Renovation                  | 1,821                | -                         | (432)                                 | 1,389                        |
| Tools and equipment         | 10,200               | -                         | (9,110)                               | 1,090                        |
| Electrical fittings         | 3,616                | -                         | (2,744)                               | 872                          |
| Cabin hostel                | 395                  | -                         | (64)                                  | 331                          |
| Capital work-in-progress    | 817                  | -                         | -                                     | 817                          |
|                             | 79,144               | 113,055                   | (65,331)                              | 126,868                      |

- (a) The freehold land and buildings of the Group and of the Company with a carrying value of RM97,413,038 and RM94,413,038 (2022 - RM98,446,935 and RM95,446,935) have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 19 and 24 to the financial statements.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (b) The details of the Group's and the Company's property, plant and equipment carried at fair value are analysed as follows:-

|                             | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|-----------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>The Group</b>            |                   |                   |                   |                 |
| <b>2023</b>                 |                   |                   |                   |                 |
| Freehold land and buildings | -                 | 105,254           | -                 | 105,254         |
| <b>2022</b>                 |                   |                   |                   |                 |
| Freehold land and buildings | -                 | 106,288           | -                 | 106,288         |
| <b>The Company</b>          |                   |                   |                   |                 |
| <b>2023</b>                 |                   |                   |                   |                 |
| Freehold land and buildings | -                 | 102,254           | -                 | 102,254         |
| <b>2022</b>                 |                   |                   |                   |                 |
| Freehold land and buildings | -                 | 103,288           | -                 | 103,288         |

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1, level 2 and level 3 during the financial year.

- (c) On 30 June 2022 and 7 December 2022, the Group's freehold land and buildings were revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income as disclosed in Note 32 to the financial statements and accumulated in equity under the revaluation reserve.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:-

|               | The Group      |                | The Company    |                |
|---------------|----------------|----------------|----------------|----------------|
|               | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Freehold land | 20,872         | 20,872         | 19,860         | 19,860         |
| Buildings     | 39,454         | 40,488         | 39,454         | 40,488         |
|               | 60,326         | 61,360         | 59,314         | 60,348         |

#### 8. INVESTMENT PROPERTIES

|                                        | The Group      |                | The Company    |                |
|----------------------------------------|----------------|----------------|----------------|----------------|
|                                        | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Cost:-                                 |                |                |                |                |
| At 1 January/31 December               | 11,626         | 11,626         | 5,920          | 5,920          |
| Accumulated depreciation:-             |                |                |                |                |
| At 1 January                           | (1,338)        | (1,113)        | (657)          | (547)          |
| Depreciation during the financial year | (225)          | (225)          | (111)          | (110)          |
| At 31 December                         | (1,563)        | (1,338)        | (768)          | (657)          |
| Accumulated impairment losses:-        |                |                |                |                |
| At 1 January/31 December               | (530)          | (530)          | (530)          | (530)          |
|                                        | 9,533          | 9,758          | 4,622          | 4,733          |
| Represented by:-                       |                |                |                |                |
| Buildings                              | 9,533          | 9,758          | 4,622          | 4,733          |
| Fair value                             | 12,561         | 12,599         | 5,228          | 5,202          |

(a) The buildings of the Group and of the Company with a carrying value of RM8,875,056 and RM4,233,430 (2022 - RM9,092,797 and RM4,344,050) have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 19, 24 and 26 to the financial statements.

(b) The titles of the buildings of the Group and of the Company with a carrying value of RM2,864,001 and RM2,158,000 (2022 - RM2,948,329 and RM2,222,000) are in the process of being registered in the Group's name by the relevant authority.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 8. INVESTMENT PROPERTIES (CONT'D)

- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference market evidence of transaction prices for similar properties.

#### 9. GOODWILL

|                               | The Group      |                |
|-------------------------------|----------------|----------------|
|                               | 2023<br>RM'000 | 2022<br>RM'000 |
| Costs:-                       |                |                |
| At 1 January/31 December      | 2,788          | 2,788          |
| Accumulated impairment loss:- |                |                |
| At 1 January/31 December      | (86)           | (86)           |
|                               | 2,702          | 2,702          |

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

|                                                          | The Group      |                |
|----------------------------------------------------------|----------------|----------------|
|                                                          | 2023<br>RM'000 | 2022<br>RM'000 |
| Trading                                                  | 2,024          | 2,024          |
| Other cash-generating units without significant goodwill | 678            | 678            |
|                                                          | 2,702          | 2,702          |

The recoverable amount of the above goodwill is derived based on value in use calculation using cash flow projections covering a five-year period, as approved by management.

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill and determined that no impairment is required:-

|               | The Group    |             |
|---------------|--------------|-------------|
|               | 2023         | 2022        |
| Gross margin  | 0.5%         | 1.2% - 1.3% |
| Growth rate   | 4.2% - 11.2% | 3% - 9%     |
| Discount rate | 10.1%        | 11.8%       |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 9. GOODWILL (CONT'D)

- (i) Gross margin      Average gross margin achieved in the year immediately before the budgeted year.
- (ii) Growth rate      The forecasted growth rates applied to the cash flow projections of trading segment is based on the most recent financial budgets approved by the management.
- (iii) Discount rate      Estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

No impairment testing is done on other cash-generating units which are considered immaterial to the Group.

Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

#### 10. INVENTORIES

|                                                 | The Group      |                | The Company    |                |
|-------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                 | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Finished goods                                  | 55,529         | 60,988         | 36,486         | 33,794         |
| Raw materials                                   | 91,513         | 157,045        | 91,237         | 156,778        |
| Good-in-transit                                 | 7,707          | 9,786          | 7,707          | 9,786          |
| Consumables                                     | 1,071          | 1,041          | 1,071          | 1,041          |
|                                                 | 155,820        | 228,860        | 136,501        | 201,399        |
| Recognised in profit or loss:-                  |                |                |                |                |
| Inventories recognised as cost of sales         | 357,856        | 352,229        | 303,278        | 307,138        |
| Amount written down to net realisable value     | -              | 6,760          | -              | 6,707          |
| Reversal of inventories previously written down | (1,082)        | -              | (1,082)        | -              |

The reversal of written-down was in respect of slow moving inventories sold during the financial year.



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 11. TRADE RECEIVABLES

|                                              | The Group      |                | The Company    |                |
|----------------------------------------------|----------------|----------------|----------------|----------------|
|                                              | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Third parties                                | 87,449         | 78,228         | 52,973         | 60,416         |
| Allowance for impairment losses              | (1,211)        | (507)          | (856)          | -              |
|                                              | 86,238         | 77,721         | 52,117         | 60,416         |
| Allowance for impairment losses:-            |                |                |                |                |
| At 1 January                                 | (507)          | (108)          | -              | -              |
| Addition for the financial year (Note 29)    | (856)          | (434)          | (856)          | -              |
| Reversal during the financial year (Note 29) | 152            | 35             | -              | -              |
| At 31 December                               | (1,211)        | (507)          | (856)          | -              |

The Group's and the Company's normal trade credit terms ranging from 14 to 90 days (2022 - 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

#### 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                   | The Group      |                | The Company    |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Other receivables | 1,568          | 625            | 208            | 540            |
| Deposits          | 1,561          | 718            | 1,403          | 493            |
| Prepayments       | 10,527         | 3,408          | 10,446         | 3,200          |
|                   | 13,656         | 4,751          | 12,057         | 4,233          |

- (a) Included in deposits of the Group and of the Company are amounts of RM1,207,184 and RM1,207,184 (2022 - Nil) which represented deposits paid in respect of purchase of property, plant and equipment.
- (b) Included in prepayment of the Group and of the Company are amounts of RM8,300,546 and RM8,300,546 (2022 - RM849,000 and RM849,000), being advance payments made to suppliers for future supply of goods. The amount will be offset against future purchases from the suppliers.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 13. CONTRACT ASSETS

|                                              | The Group |        |
|----------------------------------------------|-----------|--------|
|                                              | 2023      | 2022   |
|                                              | RM'000    | RM'000 |
| At 1 January                                 | 616       | 616    |
| Performance obligations performed            | 23,349    | 186    |
| Transfer to trade receivables                | (15,506)  | (186)  |
|                                              | 8,459     | 616    |
| Allowance for impairment losses              | (616)     | -      |
| At 31 December                               | 7,843     | 616    |
| Allowance for impairment losses:-            |           |        |
| At 1 January                                 | -         | -      |
| Addition during the financial year (Note 29) | (616)     | -      |
| At 31 December                               | (616)     | -      |

The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

#### 14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

|                  | The Company |        |
|------------------|-------------|--------|
|                  | 2023        | 2022   |
|                  | RM'000      | RM'000 |
| Amount owing by: |             |        |
| - Trade          | 27,702      | 16,355 |
| - Non-trade      | 14,301      | 2,755  |
|                  | 42,003      | 19,110 |
| Amount owing to: |             |        |
| - Trade          | (750)       | (192)  |

The trade amounts owing are subject to normal trade credit terms. The amounts owing are unsecured and to be settled in cash.

The non-trade amounts owing are unsecured, interest-free and receivable on demand. The amounts owing are to be settled in cash.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 15. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 2.00% to 2.55% (2022 - ranging from 2.30% to 3.94%) per annum and 2.55% (2022 - ranging from 2.30% to 3.94%) per annum respectively. The fixed deposits had maturity periods 1 month (2022 - ranging from 1 to 12 months) for the Group and the Company.
- (b) Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM6,101,770 and RM5,580,904 (2022 - RM603,495 and RM603,495), which has been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Notes 19, 24 and 26 to the financial statements.

#### 16. SHARE CAPITAL

|                                     | The Group/The Company   |           |         |         |
|-------------------------------------|-------------------------|-----------|---------|---------|
|                                     | 2023                    | 2022      | 2023    | 2022    |
|                                     | Number Of Shares ('000) |           | RM'000  | RM'000  |
| <b>Issued and Fully Paid-Up</b>     |                         |           |         |         |
| Ordinary Shares                     |                         |           |         |         |
| At 1 January                        | 1,481,013               | 6,500     | 146,909 | 6,500   |
| Issuance of new shares pursuant to: |                         |           |         |         |
| - bonus issue                       | -                       | 71,500    | -       | 71,500  |
| - share split                       | -                       | 1,092,000 | -       | -       |
| - public issue                      | -                       | 311,013   | -       | 71,533  |
| Share issuance expenses             | -                       | -         | -       | (2,624) |
| At 31 December                      | 1,481,013               | 1,481,013 | 146,909 | 146,909 |

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) In the previous financial year, the Company increased its issued and paid-up share capital from RM6,500,000 to RM146,909,369 by way of:-
- issuance of 71,500,000 new ordinary shares pursuant to a bonus issue on the basis of 11 new ordinary shares for every 1 existing share held in the Company by way of capitalisation of retained earnings RM71,500,000 of the Company;
  - subdivision of issued and paid-up share capital for 1 existing ordinary share held by registered shareholder into 15 new ordinary shares; and
  - issuance of 311,013,000 new ordinary shares for a cash consideration of RM0.23 each pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad. The listing expense arising from the issuance of new ordinary shares amounting to RM2,623,621 were offset against share capital.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 17. RESERVES

|                     | The Group      |                | The Company    |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Revaluation reserve | 45,732         | 45,732         | 43,943         | 43,943         |
| Retained profits    | 21,178         | 39,467         | 12,606         | 32,682         |
|                     | 66,910         | 85,199         | 56,549         | 76,625         |

The revaluation reserve represents the increase in the fair value of freehold land and buildings of the Group and of the Company (net of deferred tax, where applicable) presented under property, plant and equipment.

#### 18. HIRE PURCHASE PAYABLES

|                         | The Group      |                | The Company    |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Current liabilities     | 749            | 1,307          | 650            | 956            |
| Non-current liabilities | 649            | 1,398          | 620            | 1,270          |
|                         | 1,398          | 2,705          | 1,270          | 2,226          |

- The hire purchase payables of the Group and the Company are secured by the Group's and the Company's equipment with lease term ranging from 3 to 5 years (2022 - 1 to 5 years).
- The hire purchase payables of the Group and the Company bore effective interest rates ranging from 3.88% to 4.74% and 3.88% to 4.16% (2022 - 3.88% to 5.84% and 3.88% to 5.84%) per annum respectively.
- The hire purchase payables of the Group and of the Company with a carrying amount of RM 300,333 and RM172,134 (2022 - RM1,043,389 and RM669,401) was guarantee by directors of the Group.

#### 19. TERM LOANS

|                         | The Group/The Company |                |
|-------------------------|-----------------------|----------------|
|                         | 2023<br>RM'000        | 2022<br>RM'000 |
| Current liabilities     | 3,088                 | 7,483          |
| Non-current liabilities | 5,719                 | 27,645         |
|                         | 8,807                 | 35,128         |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 19. TERM LOANS (CONT'D)

The term loans of the Group and of the Company bore effective interest rates at the reporting date ranging from 4.62% to 5.20% (2022 - 4.17% to 5.08%) per annum and are secured by:-

- (i) a legal charge on the properties of the Group and of the Company as disclosed in Notes 7 and 8 to the financial statements; and
- (ii) a pledge of the fixed deposits of the Group and of the Company as disclosed in Note 15 to the financial statements.

#### 20. DEFERRED TAX LIABILITIES

|                                                    | The Group      |                | The Company    |                |
|----------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                    | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| At 1 January                                       | 11,395         | 10,986         | 11,108         | 10,664         |
| Recognised in profit or loss (Note 31)             | (2,000)        | (35)           | (2,000)        | -              |
| Recognised in other comprehensive income (Note 32) | -              | 444            | -              | 444            |
| At 31 December                                     | 9,395          | 11,395         | 9,108          | 11,108         |

The deferred taxation are attributable to the following:-

|                                                  | The Group      |                | The Company    |                |
|--------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                  | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Deferred tax liabilities:-                       |                |                |                |                |
| Accelerated capital allowances over depreciation | 3,516          | 5,516          | 3,428          | 5,428          |
| Revaluation of properties                        | 5,879          | 5,879          | 5,680          | 5,680          |
|                                                  | 9,395          | 11,395         | 9,108          | 11,108         |

#### 21. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company ranging from cash term to 90 days (2022 - cash term to 90 days).

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 22. OTHER PAYABLES AND ACCRUALS

|                  | The Group      |                | The Company    |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Other payables   | 1,359          | 1,694          | 571            | 966            |
| Dividend payable | -              | 400            | -              | -              |
|                  | 1,359          | 2,094          | 571            | 966            |
| Accruals         | 4,746          | 2,639          | 3,012          | 1,847          |
|                  | 6,105          | 4,733          | 3,583          | 2,813          |

Included in other payables of the Group and the Company is an amount of RM312,762 and RM167,558 (2022 - RM500,907 and RM91,058) which represents advances received for future performance obligations.

#### 23. AMOUNT OWING TO HOLDING COMPANY

The amount owing is non-trade in nature which is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

#### 24. BANKERS' ACCEPTANCES AND TRUST RECEIPTS

|                      | The Group      |                | The Company    |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Bankers' acceptances | 95,977         | 80,687         | 95,366         | 80,687         |
| Trust receipts       | 69,835         | 86,255         | 69,835         | 86,255         |
|                      | 165,812        | 166,942        | 165,201        | 166,942        |

The bankers' acceptances and trust receipts of the Group and of the Company bore effective interest rates ranging from 4.23% to 5.83% and 4.23% to 5.83% (2022 - 3.32% to 7.20% and 3.32% to 7.20%) per annum respectively.

The bankers' acceptances and trust receipts are secured by:-

- (i) a facility agreement;
- (ii) a legal charge on the properties of the Group and of the Company as disclosed in Notes 7 and 8 to the financial statements; and
- (iii) a pledge of the fixed deposits of the Group as disclosed in Note 15 to the financial statements.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 25. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company at the end of the reporting period bore floating interest rates ranging from 7.76% to 8.30% (2022 - 7.51% to 8.05%) per annum and were secured in the same manner as the short-term borrowings disclosed in Note 24 to the financial statements.

#### 26. REVOLVING CREDIT

The revolving credit of the Group and of the Company at the end of the reporting period bore an effective interest rate of 5.15% per annum and is secured by a pledge of the fixed deposits of the Group and of the Company as disclosed in Note 15 to the financial statements.

#### 27. DERIVATIVES LIABILITIES

|                            | Contract/<br>Notional Amount |                | The Group/<br>The Company |                |
|----------------------------|------------------------------|----------------|---------------------------|----------------|
|                            | 2023<br>RM'000               | 2022<br>RM'000 | 2023<br>RM'000            | 2022<br>RM'000 |
| Forward currency contracts | 38,419                       | 15,185         | 416                       | 337            |

Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contracts range between 1 to 2 months (2022 - 1 to 4 months) after the end of the reporting period.

#### 28. REVENUE

|                                             | The Group      |                | The Company    |                |
|---------------------------------------------|----------------|----------------|----------------|----------------|
|                                             | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <u>Recognised over time</u>                 |                |                |                |                |
| Construction contracts                      | 23,349         | 186            | -              | -              |
| <u>Recognised at a point in time</u>        |                |                |                |                |
| Sales of steel products                     | 346,574        | 373,157        | 312,806        | 327,736        |
| Rendering of transport and courier services | 93             | 98             | -              | -              |
|                                             | 346,667        | 373,255        | 312,806        | 327,736        |
|                                             | 370,016        | 373,441        | 312,806        | 327,736        |



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 28. REVENUE (CONT'D)

The information on the disaggregation of revenue by geographical market is disclosed in Note 38.2 to the financial statements.

##### (a) Construction Contracts

Revenue from construction services is recognised over time in the period when the services are rendered using the input method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time.

Billings to customers are based on agreed milestones under the agreement, certified by architects. The credit period is 60 days from the invoice date. There is no significant financing component in the selling price as the billings are made on the normal credit terms not exceeding 12 months.

A defect liability period ranging from 12 to 24 months is given to the customers.

##### (b) Sale of Steel Products

Revenue from sale of steel products is recognised at a point in time when goods have been transferred and accepted by customers, net of discount.

Some sale contracts allow the customers to return the goods within a specified period. The Group uses the expected value method to estimate goods that will not be returned in arriving at the amount of revenue. There is no material warranty provided to the customers on the sale of goods.

There is no significant financing component in the selling price as the sales are made on a cash term.

##### (c) Revenue from Transport and Courier Services

Transport and courier services income is recognised at a point in time upon completion of the service and acceptance by the customers.

The credit period is 30 days from the invoice date. There is no significant financing component in the selling price as the sales are made on the normal credit terms not exceeding 12 months.

There is no warranty provided to the customers on the services rendered.

#### 29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

|                                                              | The Group      |                | The Company    |                |
|--------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                              | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Impairment losses:                                           |                |                |                |                |
| - trade receivables (Note 11)                                | 856            | 434            | 856            | -              |
| - contract assets (Note 13)                                  | 616            | -              | -              | -              |
| Reversal of impairment losses on trade receivables (Note 11) | (152)          | (35)           | -              | -              |
|                                                              | 1,320          | 399            | 856            | -              |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 30. LOSS BEFORE TAXATION

|                                                                                              | The Group |         | The Company |         |
|----------------------------------------------------------------------------------------------|-----------|---------|-------------|---------|
|                                                                                              | 2023      | 2022    | 2023        | 2022    |
|                                                                                              | RM'000    | RM'000  | RM'000      | RM'000  |
| Loss before taxation is arrived after charging/(crediting):-                                 |           |         |             |         |
| Auditors' remuneration:                                                                      |           |         |             |         |
| - audit fees:                                                                                |           |         |             |         |
| - current financial year                                                                     | 280       | 200     | 130         | 85      |
| - underprovision in the previous year                                                        | -         | 66      | -           | 43      |
| - non-audit fees:                                                                            |           |         |             |         |
| - auditors of the Company                                                                    | 15        | 398     | 15          | 398     |
| - member firms of the auditors of the Company                                                | 52        | 62      | 16          | 17      |
| Directors' fees                                                                              | 754       | 196     | 744         | 186     |
| Directors' non-fee emoluments:                                                               |           |         |             |         |
| - salaries, bonuses and other benefits                                                       | 2,810     | 2,434   | 2,452       | 2,049   |
| - defined contribution benefits                                                              | 326       | 265     | 281         | 225     |
| <b>Material Expenses/(Income)</b>                                                            |           |         |             |         |
| Depreciation:                                                                                |           |         |             |         |
| - property, plant and equipment                                                              | 7,430     | 7,697   | 6,463       | 6,557   |
| - investment properties                                                                      | 225       | 225     | 111         | 110     |
| Interest expense on financial liabilities that are not at fair value through profit or loss: |           |         |             |         |
| - bankers' acceptances                                                                       | 4,430     | 2,545   | 4,428       | 2,545   |
| - bank overdrafts                                                                            | 860       | 180     | 860         | 180     |
| - term loans                                                                                 | 1,440     | 1,425   | 1,440       | 1,425   |
| - trust receipts                                                                             | 5,141     | 3,652   | 4,932       | 3,652   |
| - letter of credit                                                                           | 585       | 523     | 519         | 523     |
| - hire purchase payables                                                                     | 89        | 202     | 73          | 151     |
| - others                                                                                     | 118       | 164     | 108         | 164     |
| Inventories written down                                                                     | -         | 6,760   | -           | 6,707   |
| Lease expenses                                                                               | -         | 28      | -           | -       |
| Listing expenses                                                                             | -         | 1,411   | -           | 1,411   |
| Staff costs (including other key management personnel as disclosed in Note 36):              |           |         |             |         |
| - short-term employee benefits                                                               | 12,144    | 8,570   | 8,166       | 7,132   |
| - defined contribution benefits                                                              | 594       | 587     | 429         | 433     |
| Unrealised loss on derivatives                                                               | 416       | 337     | 416         | 337     |
| Dividend income                                                                              | -         | -       | -           | (2,600) |
| Gain on disposal of property, plant and equipment                                            | (1,620)   | (1,502) | (50)        | (1,442) |
| Gain on foreign exchange:                                                                    |           |         |             |         |
| - realised                                                                                   | (426)     | (417)   | (335)       | (20)    |
| - unrealised                                                                                 | -         | (668)   | -           | (395)   |
| Rental income from investment properties                                                     | (264)     | (236)   | (93)        | (60)    |
| Reversal of inventories previously written down                                              | (1,082)   | -       | (1,082)     | -       |
| Total interest income on financial assets measured at amortised cost                         | (814)     | (276)   | (814)       | (221)   |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 31. INCOME TAX EXPENSE

|                                                      | The Group      |                | The Company    |                |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Current tax expense                                  | 175            | 2,166          | -              | 1,930          |
| (Over)/Underprovision in the previous financial year | (1,330)        | 1,855          | (1,181)        | 1,744          |
|                                                      | (1,155)        | 4,021          | (1,181)        | 3,674          |
| Deferred tax (Note 20):                              |                |                |                |                |
| - originating and reversal of temporary differences  | (2,000)        | -              | (2,000)        | -              |
| - overprovision in the previous financial year       | -              | (35)           | -              | -              |
|                                                      | (2,000)        | (35)           | (2,000)        | -              |
|                                                      | (3,155)        | 3,986          | (3,181)        | 3,674          |

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

|                                                              | The Group      |                | The Company    |                |
|--------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                              | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Loss before taxation                                         | (8,296)        | (3,295)        | (9,928)        | (252)          |
| Tax at the statutory tax rate of 24% (2022 - 24%)            | (1,991)        | (791)          | (2,383)        | (60)           |
| Tax effects of:-                                             |                |                |                |                |
| Non-deductible expenses                                      | 585            | 4,181          | 383            | 3,035          |
| Non-taxable income                                           | (37)           | (1,328)        | -              | (963)          |
| Tax incentive                                                | -              | (82)           | -              | (82)           |
| Deferred tax assets not recognised during the financial year | 48             | 186            | -              | -              |
| Utilisation of deferred tax assets previously not recognised | (430)          | -              | -              | -              |
| (Over)/Underprovision in the previous financial year:        |                |                |                |                |
| - current tax                                                | (1,330)        | 1,855          | (1,181)        | 1,744          |
| - deferred tax                                               | -              | (35)           | -              | -              |
|                                                              | (3,155)        | 3,986          | (3,181)        | 3,674          |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 31. INCOME TAX EXPENSE (CONT'D)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

|                               | The Group      |                |
|-------------------------------|----------------|----------------|
|                               | 2023<br>RM'000 | 2022<br>RM'000 |
| Unused tax losses             | 1,592          | 2,070          |
| Unabsorbed capital allowances | 1,454          | 2,569          |
|                               | 3,046          | 4,639          |

#### 32. OTHER COMPREHENSIVE INCOME

|                                                                           | The Group      |                | The Company    |                |
|---------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                           | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>Items that Will Not be Reclassified Subsequently to Profit or Loss</b> |                |                |                |                |
| Revaluation of properties (Note 7)                                        | -              | 3,836          | -              | 3,836          |
| Less: Deferred taxation (Note 20)                                         | -              | (444)          | -              | (444)          |
|                                                                           | -              | 3,392          | -              | 3,392          |

#### 33. LOSS PER SHARE

|                                                                    | The Group      |                |
|--------------------------------------------------------------------|----------------|----------------|
|                                                                    | 2023<br>RM'000 | 2022<br>RM'000 |
| Loss after taxation attributable to owners of the Company (RM'000) | (4,960)        | (7,259)        |
| Weighted average number of ordinary shares in issue ('000)         | 1,481,013      | 1,197,267      |
| Basic loss per share (sen):                                        | (0.33)         | (0.61)         |

The diluted loss per share is equal to the basic loss per share because there were no potential ordinary shares during the financial year.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 34. DIVIDEND

|                                                                                       | The Group/The Company |        |
|---------------------------------------------------------------------------------------|-----------------------|--------|
|                                                                                       | 2023                  | 2022   |
|                                                                                       | RM'000                | RM'000 |
| Final dividend of 0.9 sen per ordinary share in respect of the current financial year | 13,329                | -      |

#### 35. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

|                                                          | The Group |        | The Company |        |
|----------------------------------------------------------|-----------|--------|-------------|--------|
|                                                          | 2023      | 2022   | 2023        | 2022   |
|                                                          | RM'000    | RM'000 | RM'000      | RM'000 |
| <b>Property, plant and equipment</b>                     |           |        |             |        |
| Cost of property, plant and equipment purchased (Note 7) | 20,174    | 9,384  | 19,702      | 9,177  |
| Acquired through hire purchases arrangements             | -         | (301)  | -           | (200)  |
|                                                          | 20,174    | 9,083  | 19,702      | 8,977  |

(b) The reconciliation of liabilities arising from financing activities are as follows:-

|                                                            | Term<br>Loans<br>RM'000 | Hire<br>purchase<br>payables<br>RM'000 | Bankers'<br>Acceptances<br>RM'000 | Trust<br>Receipts<br>RM'000 | Revolving<br>Credit<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------|-------------------------|----------------------------------------|-----------------------------------|-----------------------------|-------------------------------|-----------------|
| <b>The Group</b>                                           |                         |                                        |                                   |                             |                               |                 |
| <b>2023</b>                                                |                         |                                        |                                   |                             |                               |                 |
| At 1 January                                               | 35,128                  | 2,705                                  | 80,687                            | 86,255                      | -                             | 204,775         |
| <u>Changes in Financing Cash Flows</u>                     |                         |                                        |                                   |                             |                               |                 |
| Proceeds from drawdown                                     | 100                     | -                                      | 263,660                           | 166,034                     | 10,000                        | 439,794         |
| Repayment of principal                                     | (26,421)                | (1,307)                                | (248,370)                         | (182,454)                   | -                             | (458,552)       |
| Repayment of interests                                     | (1,440)                 | (89)                                   | (4,430)                           | (5,141)                     | (84)                          | (11,184)        |
| <u>Other Changes</u>                                       |                         |                                        |                                   |                             |                               |                 |
| Interest expense recognised in<br>profit or loss (Note 30) | 1,440                   | 89                                     | 4,430                             | 5,141                       | 84                            | 11,184          |
| At 31 December                                             | 8,807                   | 1,398                                  | 95,977                            | 69,835                      | 10,000                        | 186,017         |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 35. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

|                                                         | Term<br>Loans<br>RM'000 | Hire<br>purchase<br>payables<br>RM'000 | Bankers'<br>Acceptances<br>RM'000 | Trust<br>Receipts<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------------|-------------------------|----------------------------------------|-----------------------------------|-----------------------------|-----------------|
| <b>The Group</b>                                        |                         |                                        |                                   |                             |                 |
| <b>2022</b>                                             |                         |                                        |                                   |                             |                 |
| At 1 January                                            | 35,142                  | 4,658                                  | 66,483                            | 72,342                      | 178,625         |
| <u>Changes in Financing Cash Flows</u>                  |                         |                                        |                                   |                             |                 |
| Proceeds from drawdown                                  | 6,272                   | -                                      | 191,953                           | 236,994                     | 435,219         |
| Repayment of principal                                  | (6,286)                 | (2,254)                                | (177,749)                         | (223,081)                   | (409,370)       |
| Repayment of interests                                  | (1,425)                 | (202)                                  | (2,545)                           | (3,652)                     | (7,824)         |
| <u>Other Changes</u>                                    |                         |                                        |                                   |                             |                 |
| New hire purchase (Note 35(a))                          | -                       | 301                                    | -                                 | -                           | 301             |
| Interest expense recognised in profit or loss (Note 30) | 1,425                   | 202                                    | 2,545                             | 3,652                       | 7,824           |
| At 31 December                                          | 35,128                  | 2,705                                  | 80,687                            | 86,255                      | 204,775         |

|                                                         | Term<br>Loans<br>RM'000 | Hire<br>purchase<br>payables<br>RM'000 | Bankers'<br>Acceptances<br>RM'000 | Trust<br>Receipts<br>RM'000 | Revolving<br>Credit<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------------|-------------------------|----------------------------------------|-----------------------------------|-----------------------------|-------------------------------|-----------------|
| <b>The Company</b>                                      |                         |                                        |                                   |                             |                               |                 |
| <b>2023</b>                                             |                         |                                        |                                   |                             |                               |                 |
| At 1 January                                            | 35,128                  | 2,226                                  | 80,687                            | 86,255                      | -                             | 204,296         |
| <u>Changes in Financing Cash Flows</u>                  |                         |                                        |                                   |                             |                               |                 |
| Proceeds from drawdown                                  | 100                     | -                                      | 263,049                           | 156,885                     | 10,000                        | 430,034         |
| Repayment of principal                                  | (26,421)                | (956)                                  | (248,370)                         | (173,305)                   | -                             | (449,052)       |
| Repayment of interests                                  | (1,440)                 | (73)                                   | (4,428)                           | (4,932)                     | (84)                          | (10,957)        |
| <u>Other Changes</u>                                    |                         |                                        |                                   |                             |                               |                 |
| Interest expense recognised in profit or loss (Note 30) | 1,440                   | 73                                     | 4,428                             | 4,932                       | 84                            | 10,957          |
| At 31 December                                          | 8,807                   | 1,270                                  | 95,366                            | 69,835                      | 10,000                        | 185,278         |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 35. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

|                                                         | Term<br>Loans<br>RM'000 | Hire<br>purchase<br>payables<br>RM'000 | Bankers'<br>Acceptances<br>RM'000 | Trust<br>Receipts<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------------|-------------------------|----------------------------------------|-----------------------------------|-----------------------------|-----------------|
| <b>The Company</b>                                      |                         |                                        |                                   |                             |                 |
| <b>2022</b>                                             |                         |                                        |                                   |                             |                 |
| At 1 January                                            | 35,142                  | 3,542                                  | 66,483                            | 72,342                      | 177,509         |
| <u>Changes in Financing Cash Flows</u>                  |                         |                                        |                                   |                             |                 |
| Proceeds from drawdown                                  | 6,272                   | -                                      | 191,953                           | 236,994                     | 435,219         |
| Repayment of principal                                  | (6,286)                 | (1,516)                                | (177,749)                         | (223,081)                   | (408,632)       |
| Repayment of interests                                  | (1,425)                 | (151)                                  | (2,545)                           | (3,652)                     | (7,773)         |
| <u>Other Changes</u>                                    |                         |                                        |                                   |                             |                 |
| New hire purchase (Note 35(a))                          | -                       | 200                                    | -                                 | -                           | 200             |
| Interest expense recognised in profit or loss (Note 30) | 1,425                   | 151                                    | 2,545                             | 3,652                       | 7,773           |
| At 31 December                                          | 35,128                  | 2,226                                  | 80,687                            | 86,255                      | 204,296         |

(c) The cash and cash equivalents comprise the following:-

|                                                          | The Group      |                | The Company    |                |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                          | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Fixed deposits with licensed banks                       | 6,102          | 15,604         | 5,581          | 15,604         |
| Cash and bank balances                                   | 18,096         | 35,869         | 13,496         | 30,992         |
| Bank overdrafts                                          | (5,954)        | (7,501)        | (5,954)        | (7,501)        |
|                                                          | 18,244         | 43,972         | 13,123         | 39,095         |
| Less: Fixed deposits pledged to licensed banks (Note 15) | (6,102)        | (604)          | (5,581)        | (604)          |
| Fixed deposits with tenure of more than 3 months         | -              | (15,000)       | -              | (15,000)       |
|                                                          | 12,142         | 28,368         | 7,542          | 23,491         |



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 36. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

|                                        | The Group      |                | The Company    |                |
|----------------------------------------|----------------|----------------|----------------|----------------|
|                                        | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>(a) Directors</b>                   |                |                |                |                |
| <u>Directors of the Company</u>        |                |                |                |                |
| Short-term employee benefits:          |                |                |                |                |
| - fees                                 | 754            | 196            | 744            | 186            |
| - salaries, bonuses and other benefits | 2,810          | 2,434          | 2,452          | 2,049          |
| Defined contribution benefits          | 326            | 265            | 281            | 225            |
|                                        | 3,890          | 2,895          | 3,477          | 2,460          |
| <u>Directors of the Subsidiaries</u>   |                |                |                |                |
| Short-term employee benefits:          |                |                |                |                |
| - fees                                 | 30             | -              | -              | -              |
| - salaries, bonuses and other benefits | 587            | 512            | -              | -              |
| Defined contribution benefits          | 39             | 48             | -              | -              |
|                                        | 656            | 560            | -              | -              |
| Total directors' remuneration          | 4,546          | 3,455          | 3,477          | 2,460          |

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM58,450 and RM51,950 (2022 - RM58,450 and RM51,950) respectively.

|                                                       | The Group      |                | The Company    |                |
|-------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                       | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <b>(b) Other Key Management Personnel</b>             |                |                |                |                |
| Short-term employee benefits                          | 685            | 712            | 685            | 712            |
| Defined contribution benefits                         | 76             | 69             | 76             | 69             |
| Total compensation for other key management personnel | 761            | 781            | 761            | 781            |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 37. RELATED PARTY DISCLOSURES

##### (a) Holding Company and Subsidiaries

The holding company is disclosed in Note 2 to the financial statements.

The subsidiaries are disclosed in Note 6 to the financial statements.

##### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

|                                                | The Company    |                |
|------------------------------------------------|----------------|----------------|
|                                                | 2023<br>RM'000 | 2022<br>RM'000 |
| Labor charges charged to a subsidiary          | 420            | 320            |
| Sales to subsidiaries                          | 88,988         | 60,103         |
| Sales of scrap to subsidiaries                 | 303            | 55             |
| Rental of factory received from a subsidiary   | 74             | 30             |
| Carriage outward expenses paid to a subsidiary | 2,040          | 2,147          |
| Dividend receivable from subsidiaries          | -              | 2,600          |

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

#### 38. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows:-

- Manufacturing segment - involved in manufacturing of steel products comprising steel pipes, guardrails and flat steel products.
- Trading segment - involved in trading of steel products which are deemed complementary to its manufacturing segment.
- Other segment - involved in provision of transport and carrier services of the Group's finished steel products.

Chief operating decision makers monitors the segment results (profit before taxation) of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis but exclude tax asset and tax liabilities. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue and expenses include transfers between business segments that are eliminated on consolidation. Segment results exclude the effects of transfers between business segments.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 38. OPERATING SEGMENTS (CONT'D)

#### 38.1 BUSINESS SEGMENTS

|                                                                         | Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | The Group<br>RM'000 |
|-------------------------------------------------------------------------|-------------------------|-------------------|-----------------|---------------------|
| <b>2023</b>                                                             |                         |                   |                 |                     |
| <b>Revenue</b>                                                          |                         |                   |                 |                     |
| External revenue                                                        | 264,461                 | 105,462           | 93              | 370,016             |
| Inter-segment revenue                                                   | 88,988                  | 221               | 2,361           | 91,570              |
|                                                                         | 353,449                 | 105,683           | 2,454           | 461,586             |
| Consolidation adjustments                                               |                         |                   |                 | (91,570)            |
| Consolidated revenue                                                    |                         |                   |                 | 370,016             |
| <b>Results</b>                                                          |                         |                   |                 |                     |
| Segment profit before interest and taxation                             | 1,977                   | 1,918             | 192             | 4,087               |
| Interest income                                                         |                         |                   |                 | 814                 |
| Interest expenses                                                       |                         |                   |                 | (12,663)            |
| Consolidation adjustments                                               |                         |                   |                 | (534)               |
| Consolidated loss before taxation                                       |                         |                   |                 | (8,296)             |
| Income tax expense                                                      |                         |                   |                 | 3,155               |
| Consolidated loss after taxation                                        |                         |                   |                 | (5,141)             |
| Segment profit before interest and taxation<br>includes the following:- |                         |                   |                 |                     |
| Depreciation:                                                           |                         |                   |                 |                     |
| - property, plant and equipment                                         | 6,720                   | 326               | 384             | 7,430               |
| - investment properties                                                 | 111                     | 113               | 1               | 225                 |
| Impairment losses on:                                                   |                         |                   |                 |                     |
| - trade receivables                                                     | 856                     | -                 | -               | 856                 |
| - contract assets                                                       | 616                     | -                 | -               | 616                 |
| Unrealised loss on derivatives                                          | 416                     | -                 | -               | 416                 |
| Gain on disposal of property, plant and equipment                       | (50)                    | (1,550)           | (20)            | (1,620)             |
| Gain on foreign exchange:                                               |                         |                   |                 |                     |
| - realised                                                              | (426)                   | -                 | -               | (426)               |
| Reversal of impairment losses on trade receivables                      | (85)                    | (67)              | -               | (152)               |
| Reversal of inventories previously written down                         | (1,082)                 | -                 | -               | (1,082)             |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 38. OPERATING SEGMENTS (CONT'D)

##### 38.1 BUSINESS SEGMENTS (CONT'D)

|                                                                   | Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | The Group<br>RM'000 |
|-------------------------------------------------------------------|-------------------------|-------------------|-----------------|---------------------|
| <b>2023</b>                                                       |                         |                   |                 |                     |
| <b>Assets</b>                                                     |                         |                   |                 |                     |
| Segment assets                                                    | 434,160                 | 17,721            | 1,269           | 453,150             |
| Unallocated assets:                                               |                         |                   |                 |                     |
| - current tax assets                                              |                         |                   |                 | 11,447              |
| Consolidation adjustments                                         |                         |                   |                 | (8,050)             |
| Consolidated total assets                                         |                         |                   |                 | 456,547             |
| Additions to non-current assets other than financial instruments: |                         |                   |                 |                     |
| - property, plant and equipment                                   | 19,706                  | 468               | -               | 20,174              |
| <b>Liabilities</b>                                                |                         |                   |                 |                     |
| Segment liabilities                                               | 229,382                 | 1,967             | 62              | 231,411             |
| Unallocated liabilities:                                          |                         |                   |                 |                     |
| - deferred tax liabilities                                        |                         |                   |                 | 9,395               |
| - current tax liabilities                                         |                         |                   |                 | 17                  |
| Consolidation adjustments                                         |                         |                   |                 | (236)               |
| Consolidated total liabilities                                    |                         |                   |                 | 240,587             |
| <b>2022 (Restated)</b>                                            |                         |                   |                 |                     |
| <b>Revenue</b>                                                    |                         |                   |                 |                     |
| External revenue                                                  | 284,065                 | 89,278            | 98              | 373,441             |
| Inter-segment revenue                                             | 60,100                  | 1,028             | 2,332           | 63,460              |
|                                                                   | 344,165                 | 90,306            | 2,430           | 436,901             |
| Consolidation adjustments                                         |                         |                   |                 | (63,460)            |
| Consolidated revenue                                              |                         |                   |                 | 373,441             |
| <b>Results</b>                                                    |                         |                   |                 |                     |
| Segment profit/(loss) before interest and taxation                | 8,163                   | 1,455             | (289)           | 9,329               |
| Interest income                                                   |                         |                   |                 | 276                 |
| Interest expenses                                                 |                         |                   |                 | (8,691)             |
| Consolidation adjustments                                         |                         |                   |                 | (4,209)             |
| Consolidated loss before taxation                                 |                         |                   |                 | (3,295)             |
| Income tax expense                                                |                         |                   |                 | (3,986)             |
| Consolidated loss after taxation                                  |                         |                   |                 | (7,281)             |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 38. OPERATING SEGMENTS (CONT'D)

#### 38.1 BUSINESS SEGMENTS (CONT'D)

|                                                                                | Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | The Group<br>RM'000 |
|--------------------------------------------------------------------------------|-------------------------|-------------------|-----------------|---------------------|
| <b>2022 (Restated)</b>                                                         |                         |                   |                 |                     |
| Segment profit/(loss) before interest and taxation<br>includes the following:- |                         |                   |                 |                     |
| Depreciation:                                                                  |                         |                   |                 |                     |
| - property, plant and equipment                                                | 6,832                   | 365               | 500             | 7,697               |
| - investment properties                                                        | 111                     | 113               | 1               | 225                 |
| Impairment losses on trade receivables                                         | 367                     | 67                | -               | 434                 |
| Inventories written down                                                       | 6,707                   | 53                | -               | 6,760               |
| Unrealised loss on derivatives                                                 | 337                     | -                 | -               | 337                 |
| Gain on disposal of property, plant and equipment                              | (1,442)                 | (60)              | -               | (1,502)             |
| Gain on foreign exchange:                                                      |                         |                   |                 |                     |
| - realised                                                                     | (417)                   | -                 | -               | (417)               |
| - unrealised                                                                   | (668)                   | -                 | -               | (668)               |
| Reversal of impairment losses on trade receivables                             | (35)                    | -                 | -               | (35)                |
| <b>Assets</b>                                                                  |                         |                   |                 |                     |
| Segment assets                                                                 | 495,092                 | 20,233            | 1,143           | 516,468             |
| Unallocated assets:                                                            |                         |                   |                 |                     |
| - current tax assets                                                           |                         |                   |                 | 7,911               |
| Consolidation adjustments                                                      |                         |                   |                 | (8,221)             |
| Consolidated total assets                                                      |                         |                   |                 | 516,158             |
| Additions to non-current assets other than<br>financial instruments:           |                         |                   |                 |                     |
| - property, plant and equipment                                                | 9,323                   | 61                | -               | 9,384               |
| <b>Liabilities</b>                                                             |                         |                   |                 |                     |
| Segment liabilities                                                            | 264,127                 | 6,223             | 209             | 270,559             |
| Unallocated liabilities:                                                       |                         |                   |                 |                     |
| - deferred tax liabilities                                                     |                         |                   |                 | 11,395              |
| - current tax liabilities                                                      |                         |                   |                 | 69                  |
| Consolidation adjustments                                                      |                         |                   |                 | (295)               |
| Consolidated total liabilities                                                 |                         |                   |                 | 281,728             |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 38. OPERATING SEGMENTS (CONT'D)

##### 38.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

The information on the disaggregation of revenue based on geographical region is summarised below:-

|             | The Group      |                | The Company    |                |
|-------------|----------------|----------------|----------------|----------------|
|             | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Cambodia    | 339            | -              | -              | -              |
| Malaysia    | 368,602        | 369,931        | 312,806        | 327,736        |
| New Zealand | 1,075          | 3,510          | -              | -              |
|             | 370,016        | 373,441        | 312,806        | 327,736        |

##### 38.3 MAJOR CUSTOMER

The following is major customer with revenue equal to or more than 10% of the Group's total revenue.

|             | Revenue        |                | Segment       |
|-------------|----------------|----------------|---------------|
|             | 2023<br>RM'000 | 2022<br>RM'000 |               |
| Customer #1 | -              | 37,458         | Manufacturing |

#### 39. CAPITAL COMMITMENTS

|                                   | The Group      |                | The Company    |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Authorised and not contracted for | -              | 30,038         | -              | 30,038         |
| Purchase of equipment             | 3,196          | -              | 3,196          | -              |
| Construction of property          | 14,082         | -              | 14,082         | -              |
|                                   | 17,278         | 30,038         | 17,278         | 30,038         |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currency other than the functional currency of entities within the Group. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

|                                    | <b>United<br/>States<br/>Dollar<br/>RM'000</b> | <b>Ringgit<br/>Malaysia<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------------------|------------------------------------------------|----------------------------------------|-------------------------|
| <b>The Group</b>                   |                                                |                                        |                         |
| <b>2023</b>                        |                                                |                                        |                         |
| <u>Financial Assets</u>            |                                                |                                        |                         |
| Trade receivables                  | 438                                            | 85,800                                 | 86,238                  |
| Other receivables and deposits     | -                                              | 1,922                                  | 1,922                   |
| Fixed deposits with licensed banks | -                                              | 6,102                                  | 6,102                   |
| Cash and bank balances             | 1                                              | 18,095                                 | 18,096                  |
|                                    | 439                                            | 111,919                                | 112,358                 |



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

|                                                                                    | United<br>States<br>Dollar<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------------------------------|--------------------------------------|-------------------------------|-----------------|
| <b>The Group</b>                                                                   |                                      |                               |                 |
| <b>2023</b>                                                                        |                                      |                               |                 |
| <u>Financial Liabilities</u>                                                       |                                      |                               |                 |
| Trade payables                                                                     | 4,640                                | 24,032                        | 28,672          |
| Other payables and accruals                                                        | -                                    | 6,105                         | 6,105           |
| Amount owing to holding company                                                    | -                                    | 4,011                         | 4,011           |
| Bankers' acceptances and trust receipts                                            | -                                    | 165,812                       | 165,812         |
| Revolving credit                                                                   | -                                    | 10,000                        | 10,000          |
| Term loans                                                                         | -                                    | 8,807                         | 8,807           |
| Bank overdrafts                                                                    | -                                    | 5,954                         | 5,954           |
| Hire purchase payables                                                             | -                                    | 1,398                         | 1,398           |
| Derivative liabilities                                                             | -                                    | 416                           | 416             |
|                                                                                    | 4,640                                | 226,535                       | 231,175         |
| Net financial liabilities                                                          | (4,201)                              | (114,616)                     | (118,817)       |
| Add: Net financial liabilities denominated in<br>the entities' functional currency | -                                    | 114,616                       | 114,616         |
| Currency exposure                                                                  | (4,201)                              | -                             | (4,201)         |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

|                                                                                    | United<br>States<br>Dollar<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------------------------------|--------------------------------------|-------------------------------|-----------------|
| <b>The Group</b>                                                                   |                                      |                               |                 |
| <b>2022 (Restated)</b>                                                             |                                      |                               |                 |
| <u>Financial Assets</u>                                                            |                                      |                               |                 |
| Trade receivables                                                                  | 298                                  | 77,423                        | 77,721          |
| Other receivables and deposits                                                     | -                                    | 1,343                         | 1,343           |
| Fixed deposits with licensed banks                                                 | -                                    | 15,604                        | 15,604          |
| Cash and bank balances                                                             | 2                                    | 35,867                        | 35,869          |
|                                                                                    | 300                                  | 130,237                       | 130,537         |
| <u>Financial Liabilities</u>                                                       |                                      |                               |                 |
| Trade payables                                                                     | 34,503                               | 18,415                        | 52,918          |
| Other payables and accruals                                                        | 9                                    | 4,724                         | 4,733           |
| Bankers' acceptances and trust receipts                                            | -                                    | 166,942                       | 166,942         |
| Term loans                                                                         | -                                    | 35,128                        | 35,128          |
| Bank overdrafts                                                                    | -                                    | 7,501                         | 7,501           |
| Hire purchase payables                                                             | -                                    | 2,705                         | 2,705           |
| Derivative liabilities                                                             | -                                    | 337                           | 337             |
|                                                                                    | 34,512                               | 235,752                       | 270,264         |
| Net financial liabilities                                                          | (34,212)                             | (105,515)                     | (139,727)       |
| Add: Net financial liabilities denominated in<br>the entities' functional currency | -                                    | 105,515                       | 105,515         |
| Currency exposure                                                                  | (34,212)                             | -                             | (34,212)        |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

|                                                                                    | United<br>States<br>Dollar<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------------------------------|--------------------------------------|-------------------------------|-----------------|
| <b>The Company</b>                                                                 |                                      |                               |                 |
| <b>2023</b>                                                                        |                                      |                               |                 |
| <u>Financial Assets</u>                                                            |                                      |                               |                 |
| Trade receivables                                                                  | -                                    | 52,117                        | 52,117          |
| Other receivables and deposits                                                     | -                                    | 404                           | 404             |
| Amount owing by subsidiaries                                                       | -                                    | 42,003                        | 42,003          |
| Fixed deposits with licensed banks                                                 | -                                    | 5,581                         | 5,581           |
| Cash and bank balances                                                             | -                                    | 13,496                        | 13,496          |
|                                                                                    | -                                    | 113,601                       | 113,601         |
| <u>Financial Liabilities</u>                                                       |                                      |                               |                 |
| Trade payables                                                                     | 480                                  | 16,763                        | 17,243          |
| Other payables and accruals                                                        | -                                    | 3,583                         | 3,583           |
| Amount owing to a subsidiary                                                       | -                                    | 750                           | 750             |
| Bankers' acceptances and trust receipts                                            | -                                    | 165,201                       | 165,201         |
| Revolving credit                                                                   | -                                    | 10,000                        | 10,000          |
| Term loans                                                                         | -                                    | 8,807                         | 8,807           |
| Bank overdrafts                                                                    | -                                    | 5,954                         | 5,954           |
| Hire purchase payables                                                             | -                                    | 1,270                         | 1,270           |
| Derivative liabilities                                                             | -                                    | 416                           | 416             |
|                                                                                    | 480                                  | 212,744                       | 213,224         |
| Net financial liabilities                                                          | (480)                                | (99,143)                      | (99,623)        |
| Add: Net financial liabilities denominated in<br>the Company's functional currency | -                                    | 99,143                        | 99,143          |
| Currency exposure                                                                  | (480)                                | -                             | (480)           |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

|                                                                                    | United<br>States<br>Dollar<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------------------------------|--------------------------------------|-------------------------------|-----------------|
| <b>The Company</b>                                                                 |                                      |                               |                 |
| <b>2022 (Restated)</b>                                                             |                                      |                               |                 |
| <u>Financial Assets</u>                                                            |                                      |                               |                 |
| Trade receivables                                                                  | -                                    | 60,416                        | 60,416          |
| Other receivables and deposits                                                     | -                                    | 1,033                         | 1,033           |
| Amount owing by subsidiaries                                                       | -                                    | 19,110                        | 19,110          |
| Fixed deposits with licensed banks                                                 | -                                    | 15,604                        | 15,604          |
| Cash and bank balances                                                             | 1                                    | 30,991                        | 30,992          |
|                                                                                    | 1                                    | 127,154                       | 127,155         |
| <u>Financial Liabilities</u>                                                       |                                      |                               |                 |
| Trade payables                                                                     | 16,436                               | 12,922                        | 29,358          |
| Other payables and accruals                                                        | -                                    | 2,813                         | 2,813           |
| Amount owing to a subsidiary                                                       | -                                    | 192                           | 192             |
| Bankers' acceptances and trust receipts                                            | -                                    | 166,942                       | 166,942         |
| Term loans                                                                         | -                                    | 35,128                        | 35,128          |
| Bank overdrafts                                                                    | -                                    | 7,501                         | 7,501           |
| Hire purchase payables                                                             | -                                    | 2,226                         | 2,226           |
| Derivative liabilities                                                             | -                                    | 337                           | 337             |
|                                                                                    | 16,436                               | 228,061                       | 244,497         |
| Net financial liabilities                                                          | (16,435)                             | (100,907)                     | (117,342)       |
| Add: Net financial liabilities denominated in<br>the Company's functional currency | -                                    | 100,907                       | 100,907         |
| Currency exposure                                                                  | (16,435)                             | -                             | (16,435)        |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

|                                       | The Group |        | The Company |        |
|---------------------------------------|-----------|--------|-------------|--------|
|                                       | 2023      | 2022   | 2023        | 2022   |
|                                       | RM'000    | RM'000 | RM'000      | RM'000 |
| <b>Effects on Loss After Taxation</b> |           |        |             |        |
| USD/RM                                |           |        |             |        |
| - strengthened by 5%                  | -160      | -1,300 | -18         | -625   |
| - weakened by 5%                      | +160      | +1,300 | +18         | +625   |

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group and the Company adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group and of the Company are not subject to interest rate risk since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 19, 24, 25 and 26 to the financial statements.

###### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

|                                       | The Group |        | The Company |        |
|---------------------------------------|-----------|--------|-------------|--------|
|                                       | 2023      | 2022   | 2023        | 2022   |
|                                       | RM'000    | RM'000 | RM'000      | RM'000 |
| <b>Effects on Loss After Taxation</b> |           |        |             |        |
| Increase of 100 basis points          | -1,448    | -1,593 | -1,444      | -1,593 |
| Decrease of 100 basis points          | +1,448    | +1,593 | +1,444      | +1,593 |

There is no impact on the Group's equity.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

###### (iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence is not exposed to equity price risk.

##### (b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group and the Company manage their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

###### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by a customer which constituted approximately 10% of its trade receivables at the end of the previous reporting period.

###### (ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM611,000 (2022 - RM107,360), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair values on initial recognition were not material.

###### (iii) Assessment of Impairment Losses

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group and the Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company evaluate whether any of the financial assets at amortised cost and contract assets are credit impaired.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group and the Company consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group and the Company in full or is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

##### Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2022 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables and Contract Assets (Cont'd)

##### *Allowance for Impairment Losses*

|                      | Gross<br>Amount<br>RM'000 | Lifetime<br>Individual<br>Allowance<br>RM'000 | Lifetime<br>Collective<br>Allowance<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|----------------------|---------------------------|-----------------------------------------------|-----------------------------------------------|------------------------------|
| <b>The Group</b>     |                           |                                               |                                               |                              |
| <b>2023</b>          |                           |                                               |                                               |                              |
| Not past due         | 65,802                    | (673)                                         | -                                             | 65,129                       |
| Past due:            |                           |                                               |                                               |                              |
| - less than 3 months | 21,253                    | (183)                                         | -                                             | 21,070                       |
| - more than 6 months | 394                       | (355)                                         | -                                             | 39                           |
| Trade receivables    | 87,449                    | (1,211)                                       | -                                             | 86,238                       |
| Contract assets      | 8,459                     | (616)                                         | -                                             | 7,843                        |
|                      | 95,908                    | (1,827)                                       | -                                             | 94,081                       |
| <b>2022</b>          |                           |                                               |                                               |                              |
| Not past due         | 52,231                    | -                                             | (22)                                          | 52,209                       |
| Past due:            |                           |                                               |                                               |                              |
| - less than 3 months | 22,450                    | -                                             | (61)                                          | 22,389                       |
| - 3 to 6 months      | 3,141                     | -                                             | (18)                                          | 3,123                        |
| - more than 6 months | 406                       | (406)                                         | -                                             | -                            |
| Trade receivables    | 78,228                    | (406)                                         | (101)                                         | 77,721                       |
| Contract assets      | 616                       | -                                             | -                                             | 616                          |
|                      | 78,844                    | (406)                                         | (101)                                         | 78,337                       |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables and Contract Assets (Cont'd)

##### *Allowance for Impairment Losses (Cont'd)*

|                      | Gross<br>Amount<br>RM'000 | Lifetime<br>Individual<br>Allowance<br>RM'000 | Lifetime<br>Collective<br>Allowance<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|----------------------|---------------------------|-----------------------------------------------|-----------------------------------------------|------------------------------|
| <b>The Company</b>   |                           |                                               |                                               |                              |
| <b>2023</b>          |                           |                                               |                                               |                              |
| Not past due         | 36,458                    | (673)                                         | -                                             | 35,785                       |
| Past due:            |                           |                                               |                                               |                              |
| - less than 3 months | 12,958                    | (183)                                         | -                                             | 12,775                       |
| - 3 to 6 months      | 3,557                     | -                                             | -                                             | 3,557                        |
|                      | 52,973                    | (856)                                         | -                                             | 52,117                       |
| <b>2022</b>          |                           |                                               |                                               |                              |
| Not past due         | 40,376                    | -                                             | -                                             | 40,376                       |
| Past due:            |                           |                                               |                                               |                              |
| - less than 3 months | 18,926                    | -                                             | -                                             | 18,926                       |
| - 3 to 6 months      | 1,114                     | -                                             | -                                             | 1,114                        |
|                      | 60,416                    | -                                             | -                                             | 60,416                       |

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 11 and 13 to the financial statements respectively.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### Other Receivables

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

###### *Allowance for Impairment Losses*

No expected credit loss is recognised on other receivables as it is negligible.

###### Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

###### Amount Owing by Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

###### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### Amount Owing by Subsidiaries (Cont'd)

###### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

###### *Allowance for Impairment Losses*

No expected credit loss is recognised on amount owing by subsidiaries as it is negligible.

###### Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

###### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

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

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Financial Guarantee Contracts (Cont'd)

##### *Allowance for Impairment Losses*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

|                                             | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|---------------------------------------------|-----------------------------|------------------------|--------------------------------------------|----------------------|--------------------|---------------------|
| <b>The Group</b>                            |                             |                        |                                            |                      |                    |                     |
| <b>2023</b>                                 |                             |                        |                                            |                      |                    |                     |
| <b>Non-derivative Financial Liabilities</b> |                             |                        |                                            |                      |                    |                     |
| Trade payables                              | -                           | 28,672                 | 28,672                                     | 28,672               | -                  | -                   |
| Other payables and accruals                 | -                           | 6,105                  | 6,105                                      | 6,105                | -                  | -                   |
| Amount owing to holding company             | -                           | 4,011                  | 4,011                                      | 4,011                | -                  | -                   |
| Bankers' acceptances and trust receipts     | 4.23 - 5.83                 | 165,812                | 165,812                                    | 165,812              | -                  | -                   |
| Bank overdrafts                             | 7.76 - 8.30                 | 5,954                  | 5,954                                      | 5,954                | -                  | -                   |
| Hire purchase payables                      | 3.88 - 4.74                 | 1,398                  | 1,456                                      | 790                  | 666                | -                   |
| Revolving credit                            | 5.15                        | 10,000                 | 10,000                                     | 10,000               | -                  | -                   |
| Term loans                                  | 4.62 - 5.20                 | 8,807                  | 11,437                                     | 3,454                | 2,378              | 5,605               |
| <b>Derivative Financial Liability</b>       |                             |                        |                                            |                      |                    |                     |
| Forward currency contracts (gross settled): | -                           | 416                    | -                                          | -                    | -                  | -                   |
| - gross payments                            | -                           | -                      | 38,419                                     | 38,419               | -                  | -                   |
| - gross receipts                            | -                           | -                      | (38,003)                                   | (38,003)             | -                  | -                   |
|                                             |                             | 231,175                | 233,863                                    | 225,214              | 3,044              | 5,605               |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

|                                                | Contractual<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 | 1 – 5<br>Years<br>RM'000 | Over<br>5<br>Years<br>RM'000 |
|------------------------------------------------|--------------------------------------|------------------------------|-----------------------------------------------------|----------------------------|--------------------------|------------------------------|
| <b>The Group</b>                               |                                      |                              |                                                     |                            |                          |                              |
| <b>2022 (Restated)</b>                         |                                      |                              |                                                     |                            |                          |                              |
| <u>Non-derivative Financial Liabilities</u>    |                                      |                              |                                                     |                            |                          |                              |
| Trade payables                                 | -                                    | 52,918                       | 52,918                                              | 52,918                     | -                        | -                            |
| Other payables and accruals                    | -                                    | 4,733                        | 4,733                                               | 4,733                      | -                        | -                            |
| Bankers' acceptances and<br>trust receipts     | 3.21 - 7.70                          | 166,942                      | 166,942                                             | 166,942                    | -                        | -                            |
| Bank overdrafts                                | 7.51 - 8.05                          | 7,501                        | 7,501                                               | 7,501                      | -                        | -                            |
| Hire purchase payables                         | 3.88 - 5.84                          | 2,705                        | 2,851                                               | 1,395                      | 1,456                    | -                            |
| Term loans                                     | 4.17 - 5.08                          | 35,128                       | 40,897                                              | 8,812                      | 22,256                   | 9,829                        |
| <u>Derivative Financial Liability</u>          |                                      |                              |                                                     |                            |                          |                              |
| Forward currency contracts<br>(gross settled): | -                                    | 337                          |                                                     |                            |                          |                              |
| - gross payments                               |                                      |                              | 15,185                                              | 15,185                     | -                        | -                            |
| - gross receipts                               |                                      |                              | (14,848)                                            | (14,848)                   | -                        | -                            |
|                                                |                                      | 270,264                      | 276,179                                             | 242,638                    | 23,712                   | 9,829                        |



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

|                                                                                                | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|------------------------------------------------------------------------------------------------|-----------------------------|------------------------|--------------------------------------------|----------------------|--------------------|---------------------|
| <b>The Company</b>                                                                             |                             |                        |                                            |                      |                    |                     |
| <b>2023</b>                                                                                    |                             |                        |                                            |                      |                    |                     |
| <u>Non-derivative Financial Liabilities</u>                                                    |                             |                        |                                            |                      |                    |                     |
| Trade payables                                                                                 | -                           | 17,243                 | 17,243                                     | 17,243               | -                  | -                   |
| Other payables and accruals                                                                    | -                           | 3,583                  | 3,583                                      | 3,583                | -                  | -                   |
| Amount owing to a subsidiary                                                                   | -                           | 750                    | 750                                        | 750                  | -                  | -                   |
| Bankers' acceptances and trust receipts                                                        | 4.23 - 5.83                 | 165,201                | 165,201                                    | 165,201              | -                  | -                   |
| Bank overdrafts                                                                                | 7.76 - 8.30                 | 5,954                  | 5,954                                      | 5,954                | -                  | -                   |
| Hire purchase payables                                                                         | 3.88 - 4.16                 | 1,270                  | 1,324                                      | 687                  | 637                | -                   |
| Revolving credit                                                                               | 5.15                        | 10,000                 | 10,000                                     | 10,000               | -                  | -                   |
| Term loans                                                                                     | 4.62 - 5.20                 | 8,807                  | 11,437                                     | 3,454                | 2,378              | 5,605               |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | -                           | -                      | 611                                        | 611                  | -                  | -                   |
| <u>Derivative Financial Liability</u>                                                          |                             |                        |                                            |                      |                    |                     |
| Forward currency contracts (gross settled):                                                    | -                           | 416                    |                                            |                      |                    |                     |
| - gross payments                                                                               |                             |                        | 38,419                                     | 38,419               | -                  | -                   |
| - gross receipts                                                                               |                             |                        | (38,003)                                   | (38,003)             | -                  | -                   |
|                                                                                                |                             | 213,224                | 216,519                                    | 207,899              | 3,015              | 5,605               |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

|                                                                                                | Contractual Interest Rate % | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|------------------------------------------------------------------------------------------------|-----------------------------|------------------------|--------------------------------------------|----------------------|--------------------|---------------------|
| <b>The Company</b>                                                                             |                             |                        |                                            |                      |                    |                     |
| <b>2022 (Restated)</b>                                                                         |                             |                        |                                            |                      |                    |                     |
| <u>Non-derivative Financial Liabilities</u>                                                    |                             |                        |                                            |                      |                    |                     |
| Trade payables                                                                                 | -                           | 29,358                 | 29,358                                     | 29,358               | -                  | -                   |
| Other payables and accruals                                                                    | -                           | 2,813                  | 2,813                                      | 2,813                | -                  | -                   |
| Amount owing to a subsidiary                                                                   | -                           | 192                    | 192                                        | 192                  | -                  | -                   |
| Bankers' acceptances and trust receipts                                                        | 3.21 - 7.20                 | 166,942                | 166,942                                    | 166,942              | -                  | -                   |
| Bank overdrafts                                                                                | 7.51 - 8.05                 | 7,501                  | 7,501                                      | 7,501                | -                  | -                   |
| Hire purchase payables                                                                         | 3.88 - 4.92                 | 2,226                  | 2,353                                      | 1,029                | 1,324              | -                   |
| Term loans                                                                                     | 4.17 - 5.08                 | 35,128                 | 40,897                                     | 8,812                | 22,256             | 9,829               |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | -                           | -                      | 107                                        | 107                  | -                  | -                   |
| <u>Derivative Financial Liability</u>                                                          |                             |                        |                                            |                      |                    |                     |
| Forward currency contracts (gross settled):                                                    | -                           | 337                    |                                            |                      |                    |                     |
| - gross payments                                                                               |                             |                        | 15,185                                     | 15,185               | -                  | -                   |
| - gross receipts                                                                               |                             |                        | (14,848)                                   | (14,848)             | -                  | -                   |
|                                                                                                |                             | 244,497                | 250,500                                    | 217,091              | 23,580             | 9,829               |

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include within net debt, loans and borrowings from financial institutions less fixed deposits with licensed banks, cash and bank balances. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group and the Company at the end of the reporting period are as follows:-

|                                          | The Group      |                | The Company    |                |
|------------------------------------------|----------------|----------------|----------------|----------------|
|                                          | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Hire purchase payables                   | 1,398          | 2,705          | 1,270          | 2,226          |
| Term loans                               | 8,807          | 35,128         | 8,807          | 35,128         |
| Bankers' acceptances and trust receipts  | 165,812        | 166,942        | 165,201        | 166,942        |
| Revolving credit                         | 10,000         | -              | 10,000         | -              |
| Bank overdrafts                          | 5,954          | 7,501          | 5,954          | 7,501          |
|                                          | 191,971        | 212,276        | 191,232        | 211,797        |
| Less: Fixed deposits with licensed banks | (6,102)        | (15,604)       | (5,581)        | (15,604)       |
| Less: Cash and bank balances             | (18,096)       | (35,869)       | (13,496)       | (30,992)       |
| Net debt                                 | 167,773        | 160,803        | 172,155        | 165,201        |
| Total equity                             | 215,960        | 234,430        | 203,458        | 223,534        |
| Debt-to-equity ratio                     | 0.78           | 0.69           | 0.85           | 0.74           |

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

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

|                                          | The Group      |                              | The Company    |                              |
|------------------------------------------|----------------|------------------------------|----------------|------------------------------|
|                                          | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) |
| <b>Financial Assets</b>                  |                |                              |                |                              |
| <u>Amortised Cost</u>                    |                |                              |                |                              |
| Trade receivables                        | 86,238         | 77,721                       | 52,117         | 60,416                       |
| Other receivables and deposits           | 1,922          | 1,343                        | 404            | 1,033                        |
| Amount owing by subsidiaries             | -              | -                            | 42,003         | 19,110                       |
| Fixed deposits with licensed banks       | 6,102          | 15,604                       | 5,581          | 15,604                       |
| Cash and bank balances                   | 18,096         | 35,869                       | 13,496         | 30,992                       |
|                                          | 112,358        | 130,537                      | 113,601        | 127,155                      |
| <b>Financial Liabilities</b>             |                |                              |                |                              |
| <u>Amortised Cost</u>                    |                |                              |                |                              |
| Trade payables                           | 28,672         | 52,918                       | 17,243         | 29,358                       |
| Other payables and accruals              | 6,105          | 4,733                        | 3,583          | 2,813                        |
| Amount owing to holding company          | 4,011          | -                            | -              | -                            |
| Amount owing to a subsidiary             | -              | -                            | 750            | 192                          |
| Bankers' acceptances and trust receipts  | 165,812        | 166,942                      | 165,201        | 166,942                      |
| Hire purchase payables                   | 1,398          | 2,705                        | 1,270          | 2,226                        |
| Bank overdrafts                          | 5,954          | 7,501                        | 5,954          | 7,501                        |
| Revolving credit                         | 10,000         | -                            | 10,000         | -                            |
| Term loans                               | 8,807          | 35,128                       | 8,807          | 35,128                       |
|                                          | 230,759        | 269,927                      | 212,808        | 244,160                      |
| <u>Fair Value Through Profit or Loss</u> |                |                              |                |                              |
| Derivative Liabilities                   | 416            | 337                          | 416            | 337                          |

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

|                                                 | The Group      |                              | The Company    |                              |
|-------------------------------------------------|----------------|------------------------------|----------------|------------------------------|
|                                                 | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) | 2023<br>RM'000 | 2022<br>RM'000<br>(Restated) |
| <b>Financial Assets</b>                         |                |                              |                |                              |
| <u>Amortised Cost</u>                           |                |                              |                |                              |
| Net gains/(losses) recognised in profit or loss | 110            | (123)                        | (42)           | 221                          |
| <b>Financial Liabilities</b>                    |                |                              |                |                              |
| <u>Amortised Cost</u>                           |                |                              |                |                              |
| Net losses recognised in profit or loss         | (12,237)       | (7,606)                      | (12,025)       | (8,225)                      |
| <u>Fair Value Through Profit or Loss</u>        |                |                              |                |                              |
| Net losses recognised in profit or loss by:     |                |                              |                |                              |
| - mandatorily required by MFRS 9                | (416)          | (337)                        | (416)          | (337)                        |

#### 40.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instrument carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2023

### 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 20 March 2023, LF Engineering Sdn. Bhd. (“LFESB”), a 60%-owned subsidiary of the Company, had accepted the Letter of Acceptance and executed the Subcontract Agreement with IJM Construction Sdn. Bhd. (the “IJM subcontract”) for the appointment as Subcontractor to supply and install guardrails for Section 11 (Beruas interchange to Taiping South Interchange) of Lebuhraya Pesisiran Pantai Barat (Taiping - Banting). The sum awarded to LFESB for the IJM Subcontract is approximately RM19.5 million.
- (b) On 2 May 2023, LFESB had accepted the Letter of Acceptance from Prebore Piling & Engineering Sdn. Bhd. (the “Main Subcontract”) for the appointment as Subcontractor to supply and install guardrails for the construction and completion of civil works for Section 2 (SKVE Interchange to SAE Interchange) (“Prebore Subcontract”). The sum awarded to LFESB for the Prebore Subcontract is approximately RM2.9 million.
- (c) On 29 May 2023, LFESB had accepted the Letter of Acceptance from IJMC-KEB Joint Venture (the “IJMC-KEB Subcontract”) for the appointment as Subcontractor to supply and install guardrails for Section 7 (Part 1 of 2) Assam Jawa Interchange to Tanjung Karang Interchange. The sum awarded to LFESB for the IJMC-KEB Subcontract is approximately RM6.2 million.
- (d) On 23 November 2023, Leform Metal Sdn. Bhd. (“LMSB”), a 85%-owned subsidiary of the Company, had executed a contract with Nim Meng Group Co., Ltd for the supply of highway guardrail products for the project name: National Road No. 5 Improvement Project, Package 4, The Royal Kingdom of Cambodia. LMSB will be supplying the highway guardrail products with the contract sum of approximately USD1.9 million to Port Sihanoukville, Cambodia.

### 42. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 23 January 2024, Leform CLQ Sdn. Bhd. (formerly known as Leform Steel Mill Sdn. Bhd.), a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement (“SPA”) with a third party for the acquisition of a parcel land for a total cash consideration of RM3,485,784. The completion of the acquisition is subject to the fulfillment of the terms and conditions stipulated in the SPA and approval of the relevant authorities.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2023

#### 43. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

|                                               | The Group                          |                      | The Company                        |                      |
|-----------------------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
|                                               | As<br>Previously<br>Reported<br>RM | As<br>Restated<br>RM | As<br>Previously<br>Reported<br>RM | As<br>Restated<br>RM |
| Statements of Financial Position (Extract):-  |                                    |                      |                                    |                      |
| NON-CURRENT ASSETS                            |                                    |                      |                                    |                      |
| Property, plant and equipment                 | 126,141                            | 132,366              | 122,407                            | 126,868              |
| Right-of-use assets                           | 6,225                              | -                    | 4,461                              | -                    |
| NON-CURRENT LIABILITIES                       |                                    |                      |                                    |                      |
| Lease liabilities                             | 1,398                              | -                    | 1,270                              | -                    |
| Hire purchase payables                        | -                                  | 1,398                | -                                  | 1,270                |
| CURRENT LIABILITIES                           |                                    |                      |                                    |                      |
| Lease liabilities                             | 1,307                              | -                    | 956                                | -                    |
| Hire purchase payables                        | -                                  | 1,307                | -                                  | 956                  |
| Statements of Cash Flows (Extract):-          |                                    |                      |                                    |                      |
| CASH FLOWS FOR OPERATING ACTIVITIES           |                                    |                      |                                    |                      |
| Depreciation of property, plant and equipment | 5,338                              | 7,697                | 4,823                              | 6,557                |
| Depreciation of right-of-use assets           | 2,359                              | -                    | 1,734                              | -                    |
| Increase in trade and other payables          | 29,518                             | 29,118               | 11,482                             | 11,482               |
| CASH FLOWS FOR INVESTING ACTIVITIES           |                                    |                      |                                    |                      |
| Net addition to right-of-use assets           | (247)                              | -                    | (203)                              | -                    |
| Purchase of property, plant and equipment     | (8,836)                            | (9,083)              | (8,774)                            | (8,977)              |
| CASH FLOWS FOR FINANCING ACTIVITIES           |                                    |                      |                                    |                      |
| Net repayment of lease liabilities            | (2,254)                            | -                    | (1,516)                            | -                    |
| Net repayment of hire purchase payables       | -                                  | (2,254)              | -                                  | (1,516)              |
| Dividend paid                                 | (400)                              | -                    | -                                  | -                    |



# Additional Compliance Information

## 1. UTILISATION OF PROCEEDS

The Company was listed on the ACE Market of Bursa Securities on 30 November 2022 in conjunction with its initial public offering (“IPO”) (“Listing”), where the Company undertook a public issue of 311,013,000 new ordinary shares in the Company at an issue price of RM0.23 per share, raising proceeds of RM71.5 million (“IPO Proceeds”).

The gross proceeds of RM71.5 million raised from the IPO have been utilised in the following manner as at 31 December 2023:-

| Purpose of utilisation                                                                  | Proposed utilisation of IPO Proceeds (RM'000) | Variation to the utilisation of the IPO Proceeds <sup>(1)</sup> (RM'000) | Revised utilisation of IPO Proceeds (RM'000) | Actual utilisation (RM'000) | Balance proceeds unutilised (RM'000) | Estimated timeframe for utilisation from date of Listing |
|-----------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------|-----------------------------|--------------------------------------|----------------------------------------------------------|
| Working Capital                                                                         | 21,910                                        | 1,651                                                                    | 23,561                                       | 23,561                      | -                                    | Within 12 months                                         |
| Repayment of bank borrowings                                                            | 14,385                                        | (1,200)                                                                  | 13,185                                       | 13,185                      | -                                    | Within 10 months                                         |
| Construction of new headquarters, warehouse storage facility and workers' accommodation | 30,038                                        | -                                                                        | 30,038                                       | 18,527                      | 11,511                               | Within 18 months                                         |
| Estimated listing expenses                                                              | 5,200                                         | (451)                                                                    | 4,749                                        | 4,749                       | -                                    | Within 3 months                                          |
| <b>Total</b>                                                                            | <b>71,533</b>                                 | <b>-</b>                                                                 | <b>71,533</b>                                | <b>60,022</b>               | <b>11,511</b>                        |                                                          |

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 26 October 2022.

Notes:

<sup>(1)</sup> The balance of unutilised amount that was previously earmarked for the listing expenses and repayment of bank borrowings of RM451,000 and RM1,200,000 respectively, have been re-allocated for working capital.

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors' firm by the Group and the Company for the financial year ended 31 December 2023 are as follows:-

|                 | Company (RM'000) | Group (RM'000) |
|-----------------|------------------|----------------|
| Audit Fees      | 130              | 280            |
| Non-Audit Fees* | 31               | 67             |
| <b>Total</b>    | <b>161</b>       | <b>347</b>     |

\* Non-audit fees comprise the review of Statement of Risk Management and Internal Control, and professional fees for tax compliance.

## Additional Compliance Information

### 3. RECURRENT RELATED PARTY TRANSACTION (“RRPT”)

The details for the Recurrent Related Party Transactions of a Revenue or Trading Nature transacted pursuant to the Shareholders’ Mandate during the financial year ended 31 December 2023 are stated in Section 2.4 of the Circular to Shareholders dated 30 April 2024, which is available on Bursa Securities’s website and the Company’s website.

### 4. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and/or its subsidiary companies involving the interests of Directors and major shareholders, which subsisted at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:-

- (a) the Sale and Purchase Agreement dated 24 March 2022 between Leform (as Purchaser) and Siti Eaishah Binti Hj Mohd Ali and Che Oum Binti Mohd Ali (as Vendors) in respect of the purchase by Leform of Lot 857, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan for a consideration of RM7,840,800. The purchase was completed on 15 September 2022;
- (b) the Underwriting Agreement dated 21 September 2022 between Leform and MIDF Amanah Investment Bank Berhad for the underwriting of 74,051,000 shares made available for appreciation by the Malaysian public via balloting at the initial public offering (“IPO”) price of RM0.23 per IPO share in conjunction with the listing of the Company on the ACE Market of Bursa Securities; and
- (c) the Sale and Purchase Agreement dated 23 January 2024 between Leform CLQ Sdn. Bhd. (formerly known as Leform Steel Mill Sdn. Bhd.) (“Leform CLQ”) (as Purchaser) and Brem Construction Sdn Bhd (as Vendor) in respect of the purchase by Leform CLQ of all that piece of leasehold industrial land held under individual title HSD 64846 PT 18254, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor for a purchase consideration of RM3,485,784.00 (“Acquisition of Land”). The Acquisition of land is expected to be completed by the end of second quarter 2024 which is currently pending approval for bank facilities.

### 5. STATEMENT OF DIRECTORS’ RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards approved by the Malaysian Accounting Standards Board in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the financial performance and cash flows of the Group for the year then ended and of the Company for the financial year then ended.

During the preparation of the financial statements for the financial year ended 31 December 2023, the Directors have:

- (i) applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) applied the going concern basis for the preparation of the financial statements.

## Additional Compliance Information

### 5. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS (CONT'D)

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Integrated Annual Report.

The Statement is made in accordance with a resolution of the Board of Directors 15 April 2024.

# List of Properties

| Location                                                                                                                                       | Descriptions                     | Land Area (Sq m) | Tenure/ Expiry Date | NBV (RM'000) | Age of building (Years) | Date of last revaluation | Date of acquisition |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|---------------------|--------------|-------------------------|--------------------------|---------------------|
| HSD 45503, PT16078 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor                                                                  | Factory, office, warehouse       | 17,935           | Freehold            | 28,758       | 14                      | 2019                     | 2006                |
| HSD 45479, PT16077 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor                                                                  | Factory, warehouse               | 12,143           | Freehold            | 18,264       | 13                      | 2022                     | 2007                |
| Geran 40090, Lot 4314 Mukim Serendah, Daerah Ulu Selangor, Selangor                                                                            | Worker's accommodation           | 4,048            | Freehold            | 2,498        | 7                       | 2019                     | 2011                |
| Geran No. GM3398, Lot No:858, Mukim Serendah, Daerah Hulu Selangor                                                                             | Factory, warehouse, office       | 16,702           | Freehold            | 24,780       | 6                       | 2022                     | 2010                |
| GM 4325, Lot 859, Tempat Sungai Choh, Mukim Serendah, Daerah Hulu Selangor, Selangor                                                           | Vacant Land                      | 36,927           | Freehold            | 19,900       | -                       | 2021                     | 2009                |
| GM 3631, Lot 857, Tempat Sungai Chul, Mukim Serendah, Daerah Hulu Selangor, Selangor                                                           | Vacant Land                      | 16,693           | Freehold            | 7,841        | -                       | -                        | 2022                |
| GM 3740, Lot 893, Sungei Chul, Mukim Serendah, Daerah Hulu Selangor, Selangor                                                                  | Vacant Land                      | 16,946           | Freehold            | 3,213        | -                       | -                        | 2016                |
| Geran 101961, No M1, Tingkat 8, Petak 8, Lot 2262, Bandar George Town, Seksyen 4, Daerah Timor Laut, Pulau Pinang                              | Condominium                      | 414              | Freehold            | 2,158        | 12                      | -                        | 2016                |
| Geran 149803, Lot 5804 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor                                                              | Vacant Land                      | 1,805            | Freehold            | 389          | -                       | -                        | 2016                |
| No 15 & 17, Lorong Tasek Harmoni 1, Taman Tasek Harmoni, 14100 Simpang Ampat, Pulau Pinang                                                     | Double storey shop lot           | 302              | Freehold            | 1,140        | 7                       | -                        | 2017                |
| Geran 185061, No L33, 18141, Seksyen 18, Bandar Rawang, Daerah Gombak, Selangor                                                                | 3 storey link house              | 143              | Freehold            | 935          | 4                       | -                        | 2020                |
| Geran 337110, 337111, 337112, 337113, 337115, Lot 41293, 41294, 41295, 41296, 41298, Seksyen 20, Bandar Serendah Daerah Ulu Selangor, Selangor | 3 storey shop office             | 715              | Freehold            | 4,205        | 5                       | -                        | 2018                |
| HSD 70665 PT 7910 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor                                                                    | Service apartment                | 1,999            | Freehold            | 49           | 17                      | -                        | 2012                |
| HSD 70665 PT 7910 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor                                                                    | Stratified ground floor shop lot | 3,998            | Freehold            | 436          | 16                      | -                        | 2007                |
| HSD 70602 PT 7847 Seksyen 19, Bandar Rawang, Daerah Gombak Negeri Selangor                                                                     | Services apartment               | 2,041            | Freehold            | 221          | 17                      | -                        | 2012                |

# Analysis of Shareholdings

## As At 29 March 2024

|                        |   |                               |
|------------------------|---|-------------------------------|
| Issued Shares          | : | 1,481,013,000 ordinary shares |
| Class of Shares        | : | Ordinary Shares               |
| Voting Rights          | : | One vote per share            |
| Number of Shareholders | : | 4,775                         |

### ANALYSIS BY SHAREHOLDINGS

Distribution of shareholdings according to size:

| Size of Holdings                         | No. of Shareholders/ Depositors | % of Shareholders/ Depositors | No. of Shares Held   | % of Issued Capital |
|------------------------------------------|---------------------------------|-------------------------------|----------------------|---------------------|
| 1 - 99                                   | 0                               | 0.00                          | 0                    | 0.00                |
| 100 - 1,000                              | 680                             | 14.24                         | 319,000              | 0.02                |
| 1,001 - 10,000                           | 1,554                           | 32.55                         | 10,297,400           | 0.70                |
| 10,001 - 100,000                         | 2,063                           | 43.20                         | 81,507,600           | 5.50                |
| 100,001 to less than 5% of issued shares | 475                             | 9.95                          | 416,940,000          | 28.15               |
| 5% and above of issued shares            | 3                               | 0.06                          | 971,949,000          | 65.63               |
| <b>Total</b>                             | <b>4,775</b>                    | <b>100.00</b>                 | <b>1,481,013,000</b> | <b>100.00</b>       |

### SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

| Name of Shareholder                        | <----- Direct -----> |                     | <----- Indirect ----->     |                     |
|--------------------------------------------|----------------------|---------------------|----------------------------|---------------------|
|                                            | No. of Shares held   | % of Issued Capital | No. of Shares held         | % of Issued Capital |
| Tianwen Holdings Sdn Bhd (“ <b>THSB</b> ”) | 755,400,000          | 51.01               | -                          | -                   |
| Law Kok Thye (“ <b>LKT</b> ”)              | 340,549,000          | 22.99               | 760,800,000 <sup>(1)</sup> | 51.37               |

Notes:

(1) Deemed interested through his spouse's and children's shareholding in the Company and deemed interested by virtue of his direct substantial shareholding held through THSB pursuant to Section 8 of the Companies Act 2016 (“**the Act**”).

### SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

| Name of Directors          | <----- Direct -----> |                     | <----- Indirect ----->     |                     |
|----------------------------|----------------------|---------------------|----------------------------|---------------------|
|                            | No. of Shares held   | % of Issued Capital | No. of Shares held         | % of Issued Capital |
| Datuk Seri Akhil Bin Bulat | 350,000              | 0.02                | -                          | 0.00                |
| Law Kok Thye               | 340,549,000          | 22.99               | 760,800,000 <sup>(1)</sup> | 51.37               |
| Chua Leng Leek             | 450,000              | 0.03                | -                          | 0.00                |
| Lai Chin Yang              | 350,000              | 0.02                | -                          | 0.00                |
| Lee Wee Leng               | 100,000              | 0.01                | -                          | 0.00                |
| Esmariza Binti Ismail      | 210,000              | 0.01                | -                          | 0.00                |

Notes:

(1) Deemed interested through his spouse's and children's shareholding in the Company and deemed interested by virtue of his direct substantial shareholding held through THSB pursuant to Section 8 of the Act.

## Analysis of Shareholdings As At 29 March 2024

### THIRTY (30) LARGEST SHAREHOLDERS

| No. | Name of Shareholders                                                                                                   | No. of Shares Held   | % of Issued Capital |
|-----|------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| 1.  | Tianwen Holdings Sdn Bhd                                                                                               | 755,400,000          | 51.01               |
| 2.  | Law Kok Thye                                                                                                           | 126,549,000          | 8.54                |
| 3.  | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Law Kok Thye                                     | 90,000,000           | 6.08                |
| 4.  | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Law Kok Thye                                 | 60,000,000           | 4.05                |
| 5.  | Mercsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Law Kok Thye                                     | 40,000,000           | 2.70                |
| 6.  | Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Law Kok Thye (Margin)                               | 24,000,000           | 1.62                |
| 7.  | Hoh Ding Wei                                                                                                           | 22,500,000           | 1.52                |
| 8.  | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ng Chee Yee                                      | 19,400,000           | 1.31                |
| 9.  | HSBC Nominees (Asing) Sdn Bhd<br>Exempt an for the Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL) | 15,182,400           | 1.03                |
| 10. | Yap Swee Sang                                                                                                          | 9,007,000            | 0.61                |
| 11. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Chiew Kee                                         | 7,000,000            | 0.47                |
| 12. | Tan Aik Hwa                                                                                                            | 5,764,000            | 0.39                |
| 13. | Lim Soon Tut                                                                                                           | 5,200,000            | 0.35                |
| 14. | Lee Khim Hwa                                                                                                           | 5,040,000            | 0.34                |
| 15. | Tay Ah Heng                                                                                                            | 4,900,000            | 0.33                |
| 16. | Lex-Bridge Industries Sdn Bhd                                                                                          | 4,700,000            | 0.32                |
| 17. | Citigroup Nominees (Asing) Sdn Bhd<br>UBS AG                                                                           | 4,539,500            | 0.31                |
| 18. | DL Advance Metal Sdn Bhd                                                                                               | 4,300,000            | 0.29                |
| 19. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Alfie Gan Kong Tian                                   | 3,100,000            | 0.21                |
| 20. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chin Chin Seong (7014455)                  | 3,000,000            | 0.20                |
| 21. | TG Advance Metal Sdn Bhd                                                                                               | 2,575,000            | 0.17                |
| 22. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chooi Yoey Sun                               | 2,500,000            | 0.17                |
| 23. | Helen Yap Bee Eng                                                                                                      | 2,401,000            | 0.16                |
| 24. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Seng Chi                                     | 2,300,000            | 0.16                |
| 25. | Tan Siew Kien                                                                                                          | 2,280,000            | 0.15                |
| 26. | Lee Kok Sian                                                                                                           | 2,127,500            | 0.14                |
| 27. | Law Kar Hou                                                                                                            | 2,100,000            | 0.14                |
| 28. | Law Kar Junn                                                                                                           | 2,100,000            | 0.14                |
| 29. | Affin Hwang Investment Bank Berhad<br>IVT (CEN) Chin Wee Chean                                                         | 2,088,900            | 0.14                |
| 30. | Teng Sin Cheang                                                                                                        | 2,000,100            | 0.14                |
|     | <b>Total</b>                                                                                                           | <b>1,232,054,400</b> | <b>83.19</b>        |

# Notice of Twenty Ninth Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty Ninth (“29<sup>th</sup>”) Annual General Meeting (“AGM”) of Leform Berhad (“Leform” or “Company”) will be held at Level 2 (Johor Kedah Room), World Trade Centre Kuala Lumpur, 41, Jalan Tun Ismail, Chow Kit, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Monday, 24 June 2024 at 10.00 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**
2. To approve the payment of Directors’ fees and benefits payable of RM822,000 to the Directors of the Company for the period from 1 December 2022 to the forthcoming 29<sup>th</sup> AGM of the Company. **Ordinary Resolution 1**  
**Please refer to Explanatory Note 2**
3. To approve the payment of Directors’ fees and benefits payable of RM730,000 to the Directors of the Company for the period from the date of the forthcoming 29<sup>th</sup> AGM until the conclusion of the next AGM of the Company. **Ordinary Resolution 2**  
**Please refer to Explanatory Note 2**
4. To re-elect the following Directors who retire in accordance with Clause 95 of the Constitution of the Company and being eligible, have offered themselves for re-election:
  - (a) Puan Esmariza Binti Ismail **Ordinary Resolution 3**
  - (b) Ms Chua Leng Leek **Ordinary Resolution 4****Please refer to Explanatory Note 3**
5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

### As Special Business

To consider and, if thought fit, to pass the following resolutions:

#### 6. Authority under Sections 75 and 76 of the Companies Act 2016 (“the Act”) for the Directors to allot and issue shares

“THAT pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company,”

**Ordinary Resolution 6**

**Please refer to Explanatory Note 4**

THAT pursuant to Section 85 of the Act, read together with Clause 5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued of the Company shares arising from issuance of new shares pursuant to this Mandate.”



## Notice of Twenty Ninth Annual General Meeting

**AND THAT** the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

### 7. Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders’ Mandate for New Recurrent Related Party Transaction of a Revenue or Trading Nature

“**THAT** approval be and is hereby given to the Company and its subsidiaries (“Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 30 April 2024, provided that :

#### Ordinary Resolution 7

Please refer to Explanatory Note 5

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the Integrated Annual Report 2023 on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:
  - (i) the related transacting parties and their respective relationship with the Company; and
  - (ii) the nature of the recurrent transactions.

**THAT** such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”), unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

**AND THAT** the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

# Notice of Twenty Ninth Annual General Meeting

## Any Other Business

8. To transact any other business that may be transacted at the 29<sup>th</sup> AGM of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA7009143) (SSM PC No.: 202008001023)  
TAN AI NING (MAICSA7015852) (SSM PC No.: 202008000067)  
COMPANY SECRETARIES

SELANGOR DARUL EHSAN  
30 April 2024

## Explanatory Notes

### (1) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders. Hence, this item is not put forward for voting.

### (2) Ordinary Resolutions 1 and 2 – Directors' fees and benefits payable to Directors

The estimated Directors' fees are calculated based on the current Board size, the duties and responsibilities of the Directors, the number of scheduled Board and/or Committee meetings to be held. The resolutions are to facilitate the following:-

- (a) under provision of payment of Directors' fees and benefits payable for the period from 1 December 2022 to the forthcoming 29<sup>th</sup> AGM of the Company; and
- (b) payment of Directors' fees and benefits payable for the period commencing from the date of the 29<sup>th</sup> AGM until the next AGM of the Company.

If in the event that the proposed amounts are insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

### (3) Ordinary Resolutions 3 & 4 – Re-election of Directors

Pursuant to the Malaysian Code on Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda item no. 4 are set out in the Board of Directors' profile of the Integrated Annual Report 2023.

Based on the recommendation of the Nomination Committee, the Board is satisfied with the performance and contributions of the following Directors and supports the re-election based on the following justifications:-

#### **Ordinary Resolution 3 – Re-election of Puan Esmariza Binti Ismail as Non-Independent Executive Director**

1. Puan Esmariza Binti Ismail had been with the Group since 2002. She is well versed with Employees Act, involved in ISO implementation and develop the Standard Operating Procedures of the Group. She had demonstrated her excellence in performing her role throughout her tenure with the Group.

## Notice of Twenty Ninth Annual General Meeting

2. Puan Esmariza Binti Ismail has exercised due care and carried out her professional duties during her tenure as Executive Director of the Company.

### **Ordinary Resolution 4 – Re-election of Ms Chua Leng Leek as Independent Non-Executive Director**

1. Ms Chua Leng Leek fulfils the requirements of independence set out in the AMLR of Bursa Securities as well as the Malaysian Code on Corporate Governance. She has demonstrated her independence through her engagement in the meetings by proactively giving valuable insights to the Management in developing the Group's business strategies.
2. She also exercised her due care and carried out her professional duties proficiently during her tenure as an Independent Non-Executive Director of the Company.

### **(4) Ordinary Resolution 6 – Authority pursuant to Sections 75 and 76 of the Act for the Directors to Allot and Issue Shares**

The Ordinary Resolution 6 proposed under item 6 of the Agenda is to obtain a general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The Ordinary Resolution 6, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of working capital or provide funding for future investments or undertakings. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM or at the expiry of the period within the next AGM is required to be held after the approval was given.

The waiver of pre-emptive rights pursuant to Section 85 of the Act will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

### **(5) Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for New Recurrent Related Party Transaction of a Revenue or Trading Nature**

For further information on Ordinary Resolution 7, please refer to the Circular to Shareholders dated 30 April 2024 accompanying the Integrated Annual Report 2023 of the Company for the financial year ended 31 December 2023.

### **NOTES:**

- (1) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- (2) A member entitled to attend and vote at the 29<sup>th</sup> AGM may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.

## Notice of Twenty Ninth Annual General Meeting

- (3) A member shall be entitled to appoint not more than 2 proxies to participate, speak and vote at the meeting. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (4) Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) The proxy form shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (6) The proxy form 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 office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd of 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the 29<sup>th</sup> AGM or adjourned 29<sup>th</sup> AGM at which the person named in the proxy form proposes to vote, and in default the proxy form shall not be treated as valid.
- (7) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 14 June 2024 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

### **Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.*

|                           |  |
|---------------------------|--|
| <b>No. of shares held</b> |  |
| <b>CDS Account No.</b>    |  |

I/We\*, \_\_\_\_\_ (full name of shareholder, in capital letters)

NRIC No./Passport No./Company No.\* \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (full address)

telephone no. \_\_\_\_\_ and email address \_\_\_\_\_

being a member/ members\* of LEFORM BERHAD hereby appoint(s):-

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings |   |
|----------------------|-------------------|-----------------------------|---|
|                      |                   | No. of Shares               | % |
| Address              |                   |                             |   |
| Email Address        | Telephone No.     |                             |   |

and/or\*

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings |   |
|----------------------|-------------------|-----------------------------|---|
|                      |                   | No. of Shares               | % |
| Address              |                   |                             |   |
| Email Address        | Telephone No.     |                             |   |

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Twenty Ninth Annual General Meeting ("29<sup>th</sup> AGM") of the Company to be held at Level 2 (Johor Kedah Room), World Trade Centre Kuala Lumpur, 41, Jalan Tun Ismail, Chow Kit, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Monday, 24 June 2024 at 10.00 a.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

| No. | RESOLUTION                                                                                                                                                                                                                                                                  |                              | FOR | AGAINST |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----|---------|
| 1.  | To approve the payment of Directors' fees and benefits payable of RM822,000 to the Directors of the Company for the period from 1 December 2022 to the forthcoming 29 <sup>th</sup> AGM of the Company.                                                                     | <b>Ordinary Resolution 1</b> |     |         |
| 2.  | To approve the payment of Directors' fees and benefits payable of RM730,000 to the Directors of the Company for the period from the date of the forthcoming 29 <sup>th</sup> AGM until the conclusion of the next AGM of the Company.                                       | <b>Ordinary Resolution 2</b> |     |         |
| 3.  | To re-elect Puan Esmariza Binti Ismail as Director.                                                                                                                                                                                                                         | <b>Ordinary Resolution 3</b> |     |         |
| 4.  | To re-elect Ms Chua Leng Leek as Director.                                                                                                                                                                                                                                  | <b>Ordinary Resolution 4</b> |     |         |
| 5.  | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.                                                                                                                                                | <b>Ordinary Resolution 5</b> |     |         |
| 6.  | To approve the authority pursuant to Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.                                                                                                                                              | <b>Ordinary Resolution 6</b> |     |         |
| 7.  | To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for New Recurrent Related Party Transaction of a Revenue or Trading Nature of the Company. | <b>Ordinary Resolution 7</b> |     |         |

\*Strike out whichever is not desired.

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

\_\_\_\_\_  
Signature/Common Seal of Member/(s)

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_



**Notes :**

1. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of 29<sup>th</sup> AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
2. A member entitled to attend and vote at the 29<sup>th</sup> AGM may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
3. A member shall be entitled to appoint not more than 2 proxies to participate, speak and vote at the meeting. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The proxy form shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The proxy form 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 office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd of 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the 29<sup>th</sup> AGM or Adjourned 29<sup>th</sup> AGM at which the person named in the proxy form proposes to vote, and in default the proxy form shall not be treated as valid.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 14 June 2024 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 29<sup>th</sup> AGM dated 30 April 2024.

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**AFFIX  
STAMP**

The Share Registrar  
**LEFORM BERHAD**  
**[Registration No: 199501001582 (330776-K)]**  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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