

Corporate Governance Overview Statement

INTRODUCTION

Leform Berhad (“**Leform**” or “**the Company**”) was listed on the ACE Market of Bursa Securities on 30 November 2022.

The Board of Directors (“**the Board**”) of Leform 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.

In preparing this Corporate Governance Overview Statement (“**CGOS**”), the Company is guided by Guidance Note 11 of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Securities and the Corporate Governance Guide (4th 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 FYE 2022 against the Malaysian Code on Corporate Governance 2021 (“**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.

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.

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Corporate Governance Overview Statement (cont'd)

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

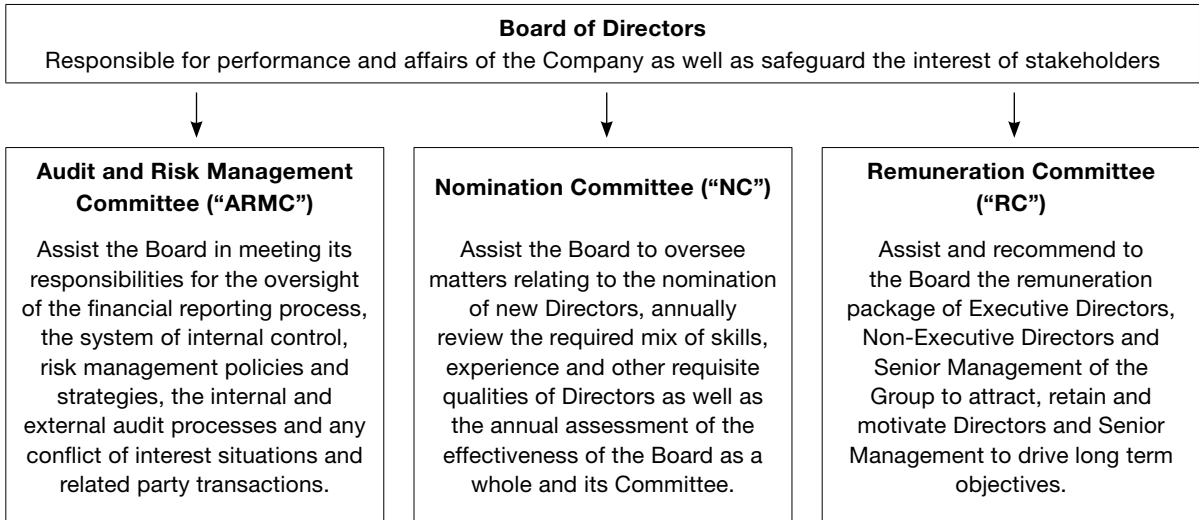
PART I : BOARD RESPONSIBILITIES (CONT'D)

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 delegated specific duties to three (3) Board Committees. Each of the Board Committees operates within its respective Terms of Reference (“TOR”) approved by the Board. 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. The Board Committees established during FYE 31 December 2022 are as follows:-



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.

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.

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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") (cont'd)

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 are 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.

The attendance for Board meetings in FYE 2022 was held on hybrid basis and the breakdown of the Directors' attendance at the Board meetings during the FYE 2022 is set out below:-

Name of Director	No. of meetings attended
Datuk Seri Akhil Bin Bulat	2/3
Mr Law Kok Thye	3/3
Mr Lai Chin Yang	3/3
Mr Phang Yew Cheong @ Phang Yew Choong	3/3

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Overview Statement (cont'd)

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 FYE 2022 was held hybrid and the breakdown of the Directors' attendance at the Board meetings during the FYE 2022 is set out below (cont'd):-

Name of Director	No. of meetings attended
Puan Esmariza Binti Ismail	3/3
Ms Lee Wee Leng	3/3
Ms Chua Leng Leek	2/3

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 a 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/>.

1.8 Anti-Bribery and Anti-Corruption Policy

In addition to the COCE, the Company has further established the Anti-Bribery and Anti-Corruption ("**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, bribes, 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/>.

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Corporate Governance Overview Statement (cont'd)

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

PART I : BOARD RESPONSIBILITIES (CONT'D)

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

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

PART II : BOARD COMPOSITION

2. BOARD'S OBJECTIVES

2.1 Composition of the Board

The Board currently 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	70	Male
Law Kok Thye	Managing Director	57	Male
Chua Leng Leek	Independent Non-Executive Director	43	Female
Lai Chin Yang	Independent Non-Executive Director	70	Male
Lee Wee Leng	Independent Non-Executive Director	42	Female
Phang Yew Cheong @ Phang Yew Choong	Non-Independent Executive Director	64	Male
Esmariza Binti Ismail	Non-Independent Executive Director	48	Female

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

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

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

PART II : BOARD COMPOSITION (CONT'D)

2. BOARD'S OBJECTIVES (CONT'D)

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.

Upon the recommendation of the NC and the Board, Datuk Seri Akhil Bin Bulat and Mr Law Kok Thye will retire and seek for re-election at the forthcoming Twenty-Eighth Annual General Meeting (“**28th AGM**”) and the details of the Directors are disclosed in the Board of Directors’ profile section of the Annual Report.

The NC had also taken into consideration the outcome of the Directors’ self-assessment before making recommendations to the Board who would be seeking for re-election at the forthcoming 28th AGM, and whether the Directors are ‘fit and proper’ under the Fit and Proper Policy after receiving submissions from the aforesaid retiring Directors. The NC took reasonable steps to conduct checks as part of the assessment process on whether the directors have the (i) Character and Integrity; (ii) Experience and Competence; and (iii) Time Commitment to do the job in accordance with the Fit & Proper Policy.

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.

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PART II : BOARD COMPOSITION (CONT'D)

2. BOARD'S OBJECTIVES (CONT'D)

2.4 Board Appointment (cont'd)

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 representing 42% on the Board which meets the MCCG's recommendation of 30% of female Board members.

2.6 ARMC

The Board established the ARMC on 21 February 2022.

The ARMC comprised exclusively of Independent Non-Executive Directors are as follows:-

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

2.7 NC

The Board established the NC on 21 February 2022.

The NC comprised exclusively of Independent Non-Executive Directors are as follows:-

Name	Designation	Directorate
Lai Chin Yang	Chairman	Independent Non-Executive Director
Chua Leng Leek	Member	Independent Non-Executive Director
Lee Wee Leng	Member	Independent Non-Executive Director

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/>.

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

PART II : BOARD COMPOSITION (CONT'D)

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.

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 FYE 31 December 2022 are as follows:-

Name of Directors	Training Programmes Attended	Trainer/ Organiser	Date	Duration
Datuk Seri Akhil Bin Bulat	Mandatory Accreditation Programme	Bursa Malaysia	23-25 August 2022	12 hours
Law Kok Thye	Mandatory Accreditation Programme	Bursa Malaysia	23-25 August 2022	12 hours
Chua Leng Leek	Mandatory Accreditation Programme	Bursa Malaysia	23-25 August 2022	12 hours
Lai Chin Yang	Mandatory Accreditation Programme	Bursa Malaysia	*	*
Lee Wee Leng	Mandatory Accreditation Programme	Bursa Malaysia	20-22 September 2022	12 hours
Phang Yew Cheong @ Phang Yew Choong	Mandatory Accreditation Programme	Bursa Malaysia	23-25 August 2022	12 hours
Esmariza Binti Ismail	Mandatory Accreditation Programme	Bursa Malaysia	23-25 August 2022	12 hours

*Mr Lai has attended the Mandatory Accreditation Programme prior to the FYE 31 December 2022.

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Corporate Governance Overview Statement (cont'd)

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

PART III : REMUNERATION

4. LEVEL AND COMPOSITION OF REMUNERATION

4.1 Remuneration Policies and Procedures

The RC is also 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.

As the Company is listed on the ACE Market of Bursa Securities on 30 November 2022, the Board, through the RC, is in the midst of establishing the Directors and Senior Management's remuneration policies of the Group.

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 and meeting allowances 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. The meeting allowances of the Non-Executive Directors are also approved by the shareholders of the Company at the relevant AGM. All individual Directors shall abstain from making decisions in respect of his own remuneration.

4.2 RC

The Board established the RC on 21 February 2022. 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.

The RC comprises exclusively of Independent Non-Executive Directors are as follows:-

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

The RC meeting is held as and when required, but at least once a year. For the financial year ended 31 December 2022, the RC has not had any RC meeting as the Company was listed on ACE Market of Bursa Malaysia on 30 November 2022. All recommendations of the RC will be subject to endorsement by the Board.

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/>.

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

PART III : REMUNERATION (CONT'D)

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 28th AGM for directors' fees for the current financial year and benefits payable to the directors for the period from 1 January 2023 until the next AGM of the Company in 2024.

Details of the Directors' remuneration of the Company and the Group includes fees, salary, bonus, benefits in-kind and other emoluments for the FYE 31 December 2022 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 the 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 other 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
RM100,000 to RM150,000	2
RM150,000 to RM200,000	2

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I : AUDIT AND RISK MANAGEMENT COMMITTEE

6. AUDIT AND RISK MANAGEMENT COMMITTEE

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 member of the Malaysian Institute of Accountants and a professional member of the Institute of Internal Auditors Malaysia since 2015.

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

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

6. AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

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 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 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. Private sessions between ARMC and the external auditors will be held without the presence of the Managing Director, Non-Independent Executive Directors and Key Senior Management to discuss audit findings and any other observations they might have during the audit process for the next financial year ending 31 December 2023.

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.

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 2023. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming 28th AGM.

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

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

6. AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

6.5 Composition of the Audit and Risk Management Committee

The ARMC was established on 21 February 2022 and 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.

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 the risk management system is to provide reasonable assurance against material misstatements or loss.

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 Annual Report provides an overview of the state of risk management and internal controls within the Group.

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

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

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 Cheng Chean, a Chartered Member of Institute of Internal Auditor ("CMIIA") and a Fellow Member of the Chartered Certified Accountant ("FCCA"). Mr. Cheng has 21 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 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.

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

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Corporate Governance

Overview Statement (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

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 Chairperson of the ARMC, RC, and NC including the Key Senior Management team, the External Auditors and Sponsor would endeavour to attend the 28th AGM to provide meaningful responses to the questions raised by shareholders.

In line with Practice 13.1 of the MCCG, the notice convening the 28th AGM to be held on 27 June 2023 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 a 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 28th AGM will be conducted physically at Sheraton Hotel Petaling Jaya, Lorong Utara, PJS 52, 46800 Petaling Jaya, Selangor on 27 June 2023.

FUTURE PRIORITIES IN KEY AREAS OF CORPORATE GOVERNANCE PRACTICES

Corporate governance is clearly imperative for Leform Group in the year of 2022 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that was characterised by volatile market conditions and commodity prices.

While Leform was only listed on the ACE Market of Bursa Securities on 30 November 2022, the Board will place an even greater emphasis and focus on the Company's corporate governance practices for the financial year ending 31 December 2023. Moving forward, the Board will continue to work towards achieving high quality outcomes in the realm of corporate governance.

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Audit and Risk Management Committee Report

The Audit and Risk Management Committee (“**ARMC**”) was established on 21 February 2022 with the primary objective to assist and support 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.

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 Director which satisfy the requirements of Rule 15.09(1)(a) and (b) of the ACE Market Listing Requirement (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**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 Chairman 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 was formed by the Board on 21 February 2022. The ARMC met once during the financial year ended 31 December 2022 and the details of members’ attendance are as follows:

Members	Total no. of meetings attended
Chua Leng Leek	0/1
Lai Chin Yang	1/1
Lee Wee Leng	1/1

The Company was listed on the ACE Market of Bursa Securities on 30 November 2022. The first ARMC meeting was held on 28 November 2022 prior to the admission to the ACE Market of Bursa Securities.

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Audit and Risk Management Committee Report (cont'd)

SUMMARY OF ACTIVITIES

In preparation of listing of the Company on the ACE Market of Bursa Securities and thereafter, the main activities undertaken by the ARMC during the financial year ended 31 December 2022 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.

2. External Audit

- (a) Reviewed the Audit Plan for the financial year ended 31 December 2022 presented by Messrs. Crowe Malaysia PLT, the External Auditors.
- (b) Reviewed the audit fees of the External Auditors prior to the Board for approval.

3. Related Party Transactions

- (a) Monitoring the related party transaction entered and/or to be entered by the Group.

4. Others

- (a) Reported to the Board on significant issues and concerns discussed during the ARMC meeting.

INTERNAL AUDIT FUNCTION

In preparation for the listing of the Company on the ACE Market of Bursa Securities (“**Listing**”), the Company had engaged Messrs Sterling Business Alignment Consulting Sdn Bhd (“**Sterling**”), an outsourced Internal Auditors, which is independent of the activities and operations of the Group as its Internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group.

Subsequent to the Listing, the Group continued to outsource the internal audit function to Sterling to provide the internal audit services for the Group. Sterling reports directly to the ARMC on the adequacy and effectiveness of the risk management and internal control systems of the Group. No internal audit work was performed during the FYE 31 December 2022 as the Company was only listed on 30 November 2022 and Sterling, was appointed on as the Internal Auditors of the Group at the ARMC Meeting held on 28 February 2023.

No internal audit costs were incurred for the outsourcing of the internal audit function during the FYE 31 December 2022 except for the internal audit cost incurred for the Listing.

This Report is made in accordance with the resolution of the Board dated 17 April 2023.

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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 2022 (“**FYE 2022**”), 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 its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders’ interest and the Company and its subsidiaries (the “**Group**”) assets. The system is designed to manage the Group’s key areas of risk within an acceptable risk profile rather than eliminate the risk of failure to achieve corporate objectives. It can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process to review the effectiveness, adequacy and integrity of the framework and system in place on a regular basis. The Board has established a governance structure within the Group at all levels. It is assisted by the Audit and Risk Management Committee (“**ARMC**”) to ensure independent oversight of the framework and system.

The Management Team is responsible for implementing the Group’s policies and procedures on risk management and internal control to identify, evaluate, measure, 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, risk reporting, etc are stipulated clearly to guide the management of key risks. The Framework also supported with a documented Risk Management Handbook which summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. Besides, 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. The key risk categories during the financial year under review encompassed legal and regulatory, corporate governance, financial, operational, human capital, safety and health and sustainability.

INTERNAL AUDIT FUNCTION

The Company was listed on the ACE Market of Bursa Securities on 30 November 2022 (“**Listing**”). In preparation for the Listing, the Company engaged Sterling Business Alignment Consulting Sdn Bhd (“**Sterling**”) as its internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group in which the period review included the Financial Year under review.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

After the Listing, the ARMC evaluated and outsource the internal audit function to Sterling to carry out the audit services for the Group. 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 is free from any relationships or conflicts of interest, which could potentially impair the objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the internal audit function is effective and able to function independently.

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.

No internal audit costs were incurred for the outsourcing of the internal audit function during the FYE 31 December 2022 except for the internal audit cost incurred for the Listing.

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The key elements of the internal control system established by the Board to provide effective governance and oversight of internal control include:

(a) Board Committees and Oversight Functions

The Board has established ARMC, Nomination Committee and Remuneration Committee to assist in discharging its duties. These Committees are delegated with specific authority to perform their scope of duties as defined in their respective terms of reference.

(b) Organisation Structure and Reporting

The Group has a clear organisation structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. In addition, the Board and its Board Committees are all governed by clearly defined terms of reference.

(c) Limits of Authority / Delegation of Authority

The Group has defined limits of authority which outlines the required approving authority within the Group for a specific transaction or resolution. The limit of authority is reviewed periodically and updated along with the changes in organisation.

(d) Standard Operating Policies and Procedures (“SOPs”)

SOPs consist of elements of internal control in day-to-day operations. It allows accountability and responsibility for processes within the Group. The SOPs are reviewed periodically and updated along with the changes in organisation.

(e) International Organisation for Standardisation (“ISO”)

The Group has established a committee to regularly perform operational audits and ensure the quality of our products is always in adherence to and comply with the ISO 9001:2015 Quality Management System.

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Statement on Risk Management and Internal Control (cont'd)

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of the internal control system established by the Board to provide effective governance and oversight of internal control include (cont'd):

(f) Talent Management

The Group provides on-the-job training programmes as well as sending employees to external training programmes. This is to ensure that they are well-equipped with the latest skills and knowledge to carry out their duties and responsibilities.

(g) Anti-Bribery and Corruption Policy and Procedures

The Group adopts a zero-tolerance towards bribery and corruption practices. The Group is committed to upholding the highest standards of ethics and integrity and operating in an environment free of bribery and corruption. The Group has established a policy which prohibits all forms of bribery and corruption practices. All employees are required to understand the policy laid out. All business partners and associates are required to acknowledge and agree to comply with the Group's policy and procedures which are made available on the Company's website.

(h) Whistle-Blowing Policy

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 on the Company's website.

(i) Safety, Health and Environment Management

The Group puts great importance on the safety and health of employees and stakeholders. The Group enforces strict precautionary measures and guidelines in the workplace at all times as stipulated by relevant authorities.

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. Their review was conducted in accordance with 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 Annual Report as issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have 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 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.

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 Annual Report will, in fact, remedy those problems.

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Statement on Risk Management and Internal Control (cont'd)

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 view that the system of risk management and internal control in place for the financial year under review and up to the date of approve of this statement for inclusion in the Annual Report of the Company is sound and adequate to safeguard shareholders' investment and the Group's assets. 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 17 April 2023.

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Statement on Directors' Responsibility

The Directors are required by the Companies Act 2016 (“**the Act**”) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group, and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2022, the Directors have:

- (i) adopted the appropriate accounting policies, which are consistently applied;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) ensured that the applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and as well as other irregularities.

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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 2022.

PRINCIPAL ACTIVITIES

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

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 14 January 2022, the Company was converted from a private company to a public company limited by shares and assumed its present name of Leform Berhad.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(7,281)	(3,926)
Attributable to:-		
Owners of the Company	(7,259)	(3,926)
Non-controlling interests	(22)	-
	(7,281)	(3,926)

DIVIDEND

On 30 November 2022, the Company declared a special dividend of 0.9 sen per ordinary share amounting to RM13,329,117 in respect of the current financial year, payable on 17 February 2023, to shareholders whose names appeared in the record of depositors on 20 January 2023. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

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.

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Directors' Report (cont'd)

ISSUANCE OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM6,500,000 to RM146,909,369 by way of:-
- (i) 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 of RM71,500,000 of the Company as disclosed in Note 17 to the financial statements;
 - (ii) subdivision of issued and paid-up share capital for 1 existing ordinary shares held by registered shareholder into 15 new ordinary shares as disclosed in Note 17 to the financial statements; and
 - (iii) 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 as disclosed in Note 17 to the financial statements. The listing expenses arising from the issuance of new ordinary shares amounting to RM2,623,621 were offset against share capital.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (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.

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 the 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 director is not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

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Directors’ Report (cont’d)

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 director, will or may substantially affect the ability of the Group and of the Company to meet its 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.

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 director, 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 director, 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
Phang Yew Cheong @ Phang Yew Choong
Datuk Seri Akhil Bin Bulat
Chua Leng Leek
Lai Chin Yang
Esmariza Binti Ismail
Lee Wee Leng

Directors' Report (cont'd)

DIRECTORS (CONT'D)

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 1.1.2022	Allotment and subdivision	Bought	Sold	At 31.12.2022
The Company					
<i>Direct interests</i>					
Law Kok Thye	4,290,000	767,910,000	-	(431,651,000)	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	-	300,000
Phang Yew Cheong @ Phang Yew Choong	-	-	200,000	-	200,000
Esmariza Binti Ismail	-	-	210,000	-	210,000
<i>Indirect Interests</i>					
Law Kok Thye *	2,210,000	395,590,000	358,000,000	-	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 Holding 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 directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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Directors' Report (cont'd)

DIRECTORS' BENEFITS (CONT'D)

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 director to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

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

	The Group RM'000	The Company RM'000
Fees	196	186
Salaries, bonuses and other benefits	2,946	2,049
Defined contribution benefits	313	225
	3,455	2,460

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 Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 44 to the financial statements.

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Directors' Report (cont'd)

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 Group RM'000	The Company RM'000
Audit fees	200	85
Non-audit fees	460	415
	660	500

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Signed in accordance with a resolution of the directors dated 17 April 2023.

Law Kok Thye

Phang Yew Cheong @ Phang Yew Choong

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Law Kok Thye and Phang Yew Cheong @ Phang Yew Choong, being two of the directors of Leform Berhad, state that, in the opinion of the directors, the financial statements set out on pages 83 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 17 April 2023.

Law Kok Thye

Phang Yew Cheong @ Phang Yew Choong

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 83 to 169 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 17 April 2023

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 2022, 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 a summary of significant accounting policies, as set out on pages 83 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the 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.

Valuation of Inventories	
Refer to Note 11 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The carrying amount of inventories held by the Group amounting to approximately RM228 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 2022.</p>	<p>Our audit procedures included:-</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's process for measuring the amount of inventories write down. • Reviewed the ageing analysis of inventories and tested its reliability. • Reviewed the net realisable value of inventories. • Evaluated the reasonableness and adequacy of the allowance for obsolete and slow-moving inventories recognised for identified exposures.

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Independent Auditors' Report to the Members of Leform Berhad (cont'd)

(Incorporated in Malaysia)

Registration No.: 199501001582 (330776-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Recoverability of Trade Receivables Refer to Note 12 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The trade receivables of the Group amounting to approximately RM78 million of which RM26 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"> Reviewed the ageing analysis of trade receivables and tested its reliability. Reviewed subsequent cash collections for major trade receivables and overdue amounts. Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised for identified exposures. 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.

Assessment on Going Concern Refer to Note 4.2 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2022, the Group recorded a loss before taxation amounting to approximately RM3.3 million and negative operating cash flows amounting to approximately RM88 million. This event give rise to concerns whether the Group has sufficient cash flows, if any, to meet its obligations for the next 12 months from the end of the reporting period.</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"> Reviewed management's estimate of the cash flows and financial forecasts ("forecasts") for the next 12 months. Amongst the procedures on reviewing the forecasts ("forecasts procedures") are as follows:- <ul style="list-style-type: none"> (a) reviewed the key business drivers underpinning the forecasts prepared; (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 (c) performed sensitivity analysis over the key assumptions to understand the impact of changes over the forecasts. 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.

Independent Auditors' Report to the Members of Leform Berhad (cont'd)

(Incorporated in Malaysia)

Registration No.: 199501001582 (330776-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Assessment on Going Concern (cont'd) Refer to Note 4.2 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>Our audit procedures included (cont'd):-</p> <ul style="list-style-type: none"> 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. 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). Assessed the Group's compliance with its debt covenants of bank borrowings. 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.

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.

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Independent Auditors' Report to the Members of Leform Berhad (cont'd)

(Incorporated in Malaysia)

Registration No.: 199501001582 (330776-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 a 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.

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Independent Auditors' Report to the Members of Leform Berhad (cont'd)

(Incorporated in Malaysia)

Registration No.: 199501001582 (330776-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

As a 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):

- 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.
- 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

Ho Yen Ling
03378/06/2024 J
Chartered Accountant

Kuala Lumpur

17 April 2023

Statements of Financial Position

as at 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	8,156	8,156
Property, plant and equipment	7	126,141	110,174	122,407	106,811
Investment properties	8	9,758	9,983	4,733	4,843
Right-of-use assets	9	6,225	17,914	4,461	14,846
Goodwill	10	2,702	2,702	-	-
		144,826	140,773	139,757	134,656
CURRENT ASSETS					
Inventories	11	228,860	115,396	201,399	107,064
Trade receivables	12	77,721	62,345	60,416	44,534
Other receivables, deposits and prepayments	13	4,751	18,342	4,233	13,826
Contract asset	14	616	616	-	-
Amount owing by subsidiaries	15	-	-	19,110	21,147
Current tax assets		7,911	92	7,628	-
Fixed deposits with licensed banks	16	15,604	10,000	15,604	10,000
Cash and bank balances		35,869	42,447	30,992	35,677
		371,332	249,238	339,382	232,248
TOTAL ASSETS		516,158	390,011	479,139	366,904

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

Statements of Financial Position

as at 31 December 2022 (cont'd)

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	146,909	6,500	146,909	6,500
Reserves	18	85,199	160,566	76,625	148,659
Equity attributable to owners of the Company		232,108	167,066	223,534	155,159
Non-controlling interests		2,322	2,744	-	-
TOTAL EQUITY		234,430	169,810	223,534	155,159
NON-CURRENT LIABILITIES					
Lease liabilities	19	1,398	2,417	1,270	2,038
Term loans	20	27,645	29,040	27,645	29,040
Deferred tax liabilities	21	11,395	10,986	11,108	10,664
		40,438	42,443	40,023	41,742
CURRENT LIABILITIES					
Trade payables	22	52,918	21,996	29,358	15,813
Other payables and accruals	23	4,733	6,805	2,813	5,271
Amount owing to subsidiaries	15	-	-	192	835
Bankers' acceptances and trust receipts	24	166,942	138,825	166,942	138,825
Lease liabilities	19	1,307	2,241	956	1,504
Term loans	20	7,483	6,102	7,483	6,102
Bank overdrafts	25	7,501	-	7,501	-
Current tax liabilities		69	1,789	-	1,653
Derivatives liabilities	26	337	-	337	-
		241,290	177,758	215,582	170,003
TOTAL LIABILITIES		281,728	220,201	255,605	211,745
TOTAL EQUITY AND LIABILITIES		516,158	390,011	479,139	366,904

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 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CONTINUING OPERATIONS					
REVENUE	27	373,441	373,974	327,736	344,405
COST OF SALES		(358,989)	(294,085)	(313,845)	(268,982)
GROSS PROFIT		14,452	79,889	13,891	75,423
OTHER INCOME		10,573	7,990	12,379	9,564
		25,025	87,879	26,270	84,987
ADMINISTRATIVE EXPENSES		(15,467)	(13,509)	(14,457)	(12,514)
OTHER EXPENSES		(3,763)	(6,434)	(3,425)	(4,582)
FINANCE COSTS		(8,691)	(5,955)	(8,640)	(5,544)
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS	28	(399)	(108)	-	-
(LOSS)/PROFIT BEFORE TAXATION	29	(3,295)	61,873	(252)	62,347
INCOME TAX EXPENSE	30	(3,986)	(16,463)	(3,674)	(15,809)
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(7,281)	45,410	(3,926)	46,538
DISCONTINUED OPERATIONS					
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	31	-	78	-	-
(LOSS)/PROFIT AFTER TAXATION		(7,281)	45,488	(3,926)	46,538
OTHER COMPREHENSIVE INCOME	32				
<u>Items that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Revaluation of properties		3,392	1,800	3,392	1,800
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(3,889)	47,288	(534)	48,338

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 2022 (cont'd)

	Note	The Group		The Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company:					
- continuing operations		(7,259)	44,495	(3,926)	46,538
- discontinued operations	31	-	78	-	-
		(7,259)	44,573	(3,926)	46,538
Non-controlling interests		(22)	915	-	-
		(7,281)	45,488	(3,926)	46,538
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company:					
- continuing operations		(3,867)	46,295	(534)	48,338
- discontinued operations	31	-	78	-	-
		(3,867)	46,373	(534)	48,338
Non-controlling interests		(22)	915	-	-
		(3,889)	47,288	(534)	48,338
(LOSS)/EARNINGS PER SHARE (SEN)					
	33				
Basic:					
- continuing operations		(0.61)	3.80		
- discontinued operations		-	0.01		
		(0.61)	3.81		
Diluted:					
- continuing operations		(0.61)	3.80		
- discontinued operations		-	0.01		
		(0.61)	3.81		

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

Statements of Changes in Equity

for the Financial Year Ended 31 December 2022

	Note	Share Capital RM'000	Non-Distributable Revaluation Reserves RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group							
Balance at 1.1.2021		6,500	41,297	75,915	123,712	2,046	125,758
Profit after taxation for the financial year		-	-	44,573	44,573	915	45,488
Other comprehensive income for the financial year:							
- Revaluation of properties	32	-	1,800	-	1,800	-	1,800
Total comprehensive income for the financial year		-	1,800	44,573	46,373	915	47,288
Distributions to owners of the Company:							
- Dividends:							
- by the Company	34	-	-	(3,000)	(3,000)	-	(3,000)
- by a subsidiary to non-controlling interests		-	-	-	-	(500)	(500)
Changes in a subsidiaries' ownership interests that do not result in a loss of control		-	-	(19)	(19)	283	264
Realisation of revaluation surplus		-	(757)	757	-	-	-
Balance at 31.12.2021		6,500	42,340	118,226	167,066	2,744	169,810

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

Statements of Changes in Equity

for the Financial Year Ended 31 December 2022 (cont'd)

	Share Capital RM'000	Non-Distributable Revaluation Reserves RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group						
Balance at 31.12.2021/1.1.2022	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:						
- Revaluation of properties	-	3,392	-	3,392	-	3,392
Total comprehensive income/(expenses) for the financial year	-	3,392	(7,259)	(3,867)	(22)	(3,889)
Contribution by and distributions to owners of the Company:						
- Issuance of shares pursuant to bonus issue	17	-	(71,500)	-	-	-
- Issuance of shares pursuant to public issue	17	-	-	71,533	-	71,533
- Shares issuance expenses for the public issue	17	-	-	(2,624)	-	(2,624)
- Dividend by a subsidiary to non-controlling interests	-	-	-	-	(400)	(400)
Balance at 31.12.2022	146,909	45,732	39,467	232,108	2,322	234,430

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

Statements of Changes in Equity

for the Financial Year Ended 31 December 2022 (cont'd)

	Note	Share Capital RM'000	Non-Distributable Revaluation Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
The Company					
Balance at 1.1.2021		6,500	38,751	64,570	109,821
Profit after taxation for the financial year		-	-	46,538	46,538
Other comprehensive income for the financial year:					
- Revaluation of properties	32	-	1,800	-	1,800
Total comprehensive income for the financial year		-	1,800	46,538	48,338
Distributions to owners of the Company:					
- Dividend	34	-	-	(3,000)	(3,000)
Balance at 31.12.2021/1.1.2022		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 for the financial year		-	3,392	(3,926)	(534)
Contribution and distributions to owners of the Company:					
- Issuance of shares pursuant to bonus issue	17	71,500	-	(71,500)	-
- Issuance of shares pursuant to the public issue	17	71,533	-	-	71,533
- Share issuance expenses for the public issue	17	(2,624)	-	-	(2,624)
Balance at 31.12.2022		146,909	43,943	32,682	223,534

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

Statements of Cash Flows

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation:					
- continuing operations		(3,295)	61,873	(252)	62,347
- discontinued operations		-	78	-	-
Adjustments for:-					
Bad debts written off on trade receivables		-	29	-	29
Depreciation of right-of-use assets		2,359	3,197	1,734	2,395
Depreciation of property, plant and equipment		5,338	4,864	4,823	4,585
Depreciation of investment properties		225	586	110	469
1 Impairment loss on:					
- investment properties		-	530	-	530
2 - investments in subsidiaries		-	-	-	672
3 - trade receivables		399	108	-	-
4 Interest expense on lease liabilities		202	1,038	151	778
4 Interest expenses		8,489	4,917	8,489	4,766
5 Inventories written down		6,760	688	6,707	558
5 Loss on disposal of a subsidiary		-	2,274	-	-
6 Property, plant and equipment written off		-	240	-	-
6 Unrealised loss on derivatives		337	-	337	-
7 Dividend income		-	-	(2,600)	(3,800)
Gain on disposal of property, plant and equipment		(1,502)	(2,812)	(1,442)	(192)
Gain on disposal of right-of-use assets		-	(475)	-	(429)
Interest income		(276)	(223)	(221)	(93)
Unrealised gain on foreign exchange		(668)	-	(395)	-
Operating profit before working capital changes		18,368	76,912	17,441	72,615
8 Increase in inventories		(120,224)	(32,461)	(101,042)	(32,618)
(Increase)/Decrease in trade and other receivables		(2,184)	18,363	(6,289)	18,225
9 Increase/(Decrease) in trade and other payables		29,518	(12,739)	11,482	(6,021)
BALANCE CARRIED FORWARD		(74,522)	50,075	(78,408)	52,201

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

Statements of Cash Flows

for the Financial Year Ended 31 December 2022 (cont'd)

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
BALANCE BROUGHT FORWARD		(74,522)	50,075	(78,408)	52,201
Decrease/(Increase) in amount owing by subsidiaries		-	-	2,037	(2,368)
Decrease in amount owing to subsidiaries		-	-	(643)	(3,150)
Decrease in amount owing to a director		-	(591)	-	(591)
CASH (FOR)/FROM OPERATIONS		(74,522)	49,484	(77,014)	46,092
Income tax paid		(13,560)	(12,763)	(12,955)	(11,467)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(88,082)	36,721	(89,969)	34,625
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Net addition to right-of-use assets	37(a)	(247)	(2,272)	(203)	(1,986)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	36	-	922	-	-
Dividend received		-	-	2,600	3,800
Proceeds from disposal of property, plant and equipment		2,747	6,999	2,687	222
Proceeds from disposal of right-of-use assets		-	1,239	-	1,193
Proceeds from partial disposal of investment in a subsidiary		-	270	-	-
Purchase of property, plant and equipment	37(a)	(8,836)	(2,372)	(8,774)	(2,353)
Interest received		276	223	221	93
Additions of deposits pledged with licensed financial banks or with tenure more than 3 months		(15,604)	-	(15,604)	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(21,664)	5,009	(19,073)	969
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayment)/drawdown of term loans	37(b)	(14)	15,874	(14)	17,361
Net repayment of lease liabilities	37(b)	(2,254)	(3,558)	(1,516)	(2,490)
Net drawdown/(repayment) of bankers' acceptances	37(b)	14,204	(22,603)	14,204	(22,603)
Net drawdown in trust receipt	37(b)	13,913	25,161	13,913	25,161
Dividend paid		(400)	(3,500)	-	(3,000)
Interest paid		(8,691)	(5,955)	(8,640)	(5,544)
Proceeds from issuance of ordinary shares		71,533	-	71,533	-
Payment of share issuance expenses		(2,624)	-	(2,624)	-
NET CASH FROM FINANCING ACTIVITIES		85,667	5,419	86,856	8,885
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(24,079)	47,149	(22,186)	44,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		52,447	5,298	45,677	1,198
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(d)	28,368	52,447	23,491	45,677

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

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022

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 : 12th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor, Malaysia.

Principal place of business : PT16077 and PT16078, Jalan Kesidang 4,
Kawasan Perindustrian Sg. Choh,
48200 Serendah,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 April 2023.

2. CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 14 January 2022, the Company was converted from a private company to a public company limited by shares and assumed its present name of Leform Berhad.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of manufacturing of steel products. 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 are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

Amendments to MFRS 3: Reference to the Conceptual Framework

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

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

4. BASIS OF ACCOUNTING (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

- (b) The Group has 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
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
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 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 upon their initial application.

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 and negative operating cash flows as at 31 December 2022.

In assessing the appropriateness of the use of the going concern assumption, management has considered the Group's cash flow forecast for the financial year ending 31 December 2023 which has indicated the Group's ability to generate positive net income and operating cash flows.

In addition, management has considered the following:

- The Group has approximately RM16 million fixed deposits with licensed banks and approximately RM36 million cash and bank balances as at 31 December 2022;
- 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 RM87 million as at 31 December 2022;
- The Group has total equity attributable to owners of the Company of approximately RM232 million and net current assets of approximately RM130 million as at 31 December 2022;
- The Group continues to undertake measures to improve operational efficiencies and productivity; and
- The management is confident that the segments will be able to improve their operating results and profitability in the financial year ending 31 December 2023.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

4. BASIS OF ACCOUNTING (CONT'D)

4.2 BASIS OF MEASUREMENT (CONT'D)

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. SIGNIFICANT ACCOUNTING POLICIES

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, Investment Properties and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment, investment properties and right-of-use assets 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, investment properties and right-of-use assets 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, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 7, 8 and 9 to the financial statements.

(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 is disclosed in Note 10 to the financial statements.

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Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (cont'd)

(d) Impairment of Investments in Subsidiaries, Property, Plant and Equipment, Investment Properties and Right-of-use Assets

The Group determines whether an item of its investments in subsidiaries, property, plant and equipment, investment properties and right-of-use assets are 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, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 6, 7, 8 and 9 to the financial statements.

(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 11 to the financial statements.

(f) Impairment of Trade Receivables and Contract Asset

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract asset. The contract asset is grouped with trade receivables for impairment assessment because it has substantially the same risk characteristics as the trade receivables for the same types of contract. 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 asset. The carrying amounts of trade receivables and contract asset as at the reporting date are disclosed in Notes 12 and 14 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 amounts owing by subsidiaries as at the reporting date are disclosed in Notes 13 and 15 to the financial statements.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (cont'd)

(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 asset as the reporting date is disclosed in Note 14 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 amount of net current tax assets of the Group and the Company as at the reporting date are RM7,842,202 and RM7,628,263 (2021 - net current tax liabilities of RM1,696,180 and RM1,653,209) respectively.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies 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 director is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group are remote.

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Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION

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

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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.

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Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (cont'd)

Debt Instruments (cont'd)

(i) Amortised Cost (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

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Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every five years. 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.

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose 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%

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

5.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 INVESTMENT PROPERTIES (CONT'D)

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

5.9 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials, labour and an appropriate proportion of production overheads.

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

5.11 CONTRACT ASSET

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.13 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

5.14 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.15 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 EMPLOYEE BENEFITS (CONT'D)

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.16 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 OPERATING SEGMENTS

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

5.18 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive ordinary shares.

5.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5.20 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.22 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

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

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

(a) Sale of Steel Products

Revenue from sale of steel products is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Revenue from Transport and Courier Services

Revenue from providing transport and courier services is recognised at a point in time in the period in which the services are rendered.

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for the Financial Year Ended 31 December 2022 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.22 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

5.23 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(c) Rental Income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

(d) Sale of Scrap

Sales of accumulated scrap materials that are produced as a result of its manufacturing process is recognised at a point in time when the scrap materials have been delivered to the customers and upon its acceptance.

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost		
At 1 January	8,898	8,893
Addition during the financial year	-	5
At 31 December	8,898	8,898
Accumulated impairment losses	(742)	(742)
	8,156	8,156

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for the Financial Year Ended 31 December 2022 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	The Company	
	2022 RM'000	2021 RM'000
Allowance for impairment losses:-		
At 1 January	(742)	(70)
Addition during the financial year (Note 29)	-	(672)
At 31 December	(742)	(742)

- (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
	2022	2021	
	%	%	
LF Metal Sdn. Bhd. ("LFMSB")	100	100	Trading in steel products.
Leform Steel Pipes Sdn. Bhd. ("LSPSB")	100	100	Trading in steel pipes.
Leform Steel Mill Sdn. Bhd. ("LSMSB") *	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	
	2022 %	2021 %	2022 RM'000	2021 RM'000
LFESB	40	40	1,645	1,709
LMKSB	20	20	484	839
Other individually immaterial subsidiaries			193	196
			2,322	2,744

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

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 are as follows:-

	LFESB	
	2022 RM'000	2021 RM'000
<hr/>		
<u>At 31 December</u>		
Non-current assets	1,815	1,753
Current assets	29,042	16,842
Non-current liabilities	(376)	(225)
Current liabilities	(26,368)	(14,097)
<hr/>		
Net assets	4,113	4,273
<hr/>		
<u>Financial Year Ended 31 December</u>		
Revenue	19,121	25,217
(Loss)/Profit for the financial year	(159)	1,013
Total comprehensive (expenses)/income	(159)	1,013
<hr/>		
Total comprehensive (expenses)/income attributable to non-controlling interests	(64)	405
<hr/>		
Net cash flows (for)/from operating activities	(574)	274
Net cash flows for investing activity	(44)	-
Net cash flows for financing activities	(500)	(1,060)
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for the Financial Year Ended 31 December 2022 (cont'd)

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 are as follows (cont'd):-

	LMKSB	
	2022	2021
	RM'000	RM'000
<hr/>		
<u>At 31 December</u>		
Non-current assets	1,542	1,670
Current assets	7,964	12,256
Non-current liabilities	(75)	(142)
Current liabilities	(7,011)	(9,588)
<hr/>		
Net assets	2,420	4,196
<hr/>		
<u>Financial Year Ended 31 December</u>		
Revenue	47,659	54,291
Profit for the financial year	224	3,890
Total comprehensive income	224	3,890
<hr/>		
Total comprehensive income attributable to non-controlling interests	45	778
<hr/>		
Net cash flows from operating activities	702	162
Net cash flows (for)/from investing activities	(2)	6,554
Net cash flows for financing activities	(2,112)	(4,571)
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7. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2022 RM'000	Additions (Note 37(a)) RM'000	Revaluation Surplus RM'000	Disposal RM'000	Transfer from Right-of-use Assets (Note 9) RM'000			At 31.12.2022 RM'000
					Depreciation Charges RM'000	Reclassification RM'000	RM'000	
The Group								
2022								
<i>Carrying Amount</i>								
Freehold land and buildings	95,750	7,860	3,836	-	-	(1,158)	-	106,288
Plant and machineries	7,077	-	-	-	9,570	(2,379)	-	14,268
Motor vehicles	1,135	50	-	-	308	(687)	-	806
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
Construction-in-progress	1,755	197	-	(1,245)	-	-	110	817
	110,174	8,836	3,836	(1,245)	9,878	(5,338)	-	126,141

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for the Financial Year Ended 31 December 2022 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2021		Additions		Revaluation		Disposal		Transfer from		Write		Disposal of A		At		
	RM'000	RM'000	(Note 37(a))	RM'000	Surplus	RM'000	RM'000	RM'000	Right-of-use	Assets	Off	Depreciation	Subsidiary	RM'000	RM'000	RM'000	RM'000
The Group																	
2021																	
<i>Carrying Amount</i>																	
Freehold land and buildings	94,665	241	2,000	-	-	-	-	-	-	-	-	(1,156)	-	95,750			
Plant and machineries	4,385	210	-	-	4,715	-	-	-	(199)	-	(2,019)	(15)	(15)	7,077			
Motor vehicles	100	346	-	(80)	1,294	-	-	-	-	-	(467)	(58)	(58)	1,135			
Furniture and fittings	26	4	-	-	-	-	-	-	-	-	(7)	-	-	23			
Office equipment	104	35	-	-	-	-	-	-	-	-	(35)	(1)	(1)	103			
Computers	44	-	-	-	-	-	-	-	-	-	(20)	(2)	(2)	22			
Renovation	1,918	-	-	-	-	-	-	-	(11)	-	(206)	-	-	1,701			
Tools and equipment	1,425	638	-	-	63	-	-	-	(1)	-	(616)	(20)	(20)	1,489			
Electrical fittings	617	673	-	-	-	-	-	-	(26)	-	(333)	(1)	(1)	930			
Cabin hostel	194	-	-	-	-	-	-	-	-	-	(5)	-	-	189			
Construction-in-progress	1,533	225	-	-	-	-	-	-	(3)	-	-	-	-	1,755			
	105,011	2,372	2,000	(80)	6,072	(240)	(4,864)	(97)	110,174								

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for the Financial Year Ended 31 December 2022 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost/Valuation RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Group			
2022			
Freehold land and buildings	116,055	(9,767)	106,288
Plant and machineries	52,730	(38,462)	14,268
Motor vehicles	9,749	(8,943)	806
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
Construction-in-progress	817	-	817
	200,700	(74,559)	126,141
2021			
Freehold land and buildings	104,359	(8,609)	95,750
Plant and machineries	38,472	(31,395)	7,077
Motor vehicles	8,869	(7,734)	1,135
Furniture and fittings	785	(762)	23
Office equipment	723	(620)	103
Computers	529	(507)	22
Renovation	2,011	(310)	1,701
Tools and equipment	12,729	(11,240)	1,489
Electrical fittings	3,700	(2,770)	930
Moulds	18	(18)	-
Cabin hostel	249	(60)	189
Construction-in-progress	1,755	-	1,755
	174,199	(64,025)	110,174

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2022 RM'000	Additions (Note 37(a)) RM'000	Revaluation Surplus RM'000	Disposal RM'000	Transfer from Right-of-use			At 31.12.2022 RM'000
					Assets (Note 9) RM'000	Depreciation Charges RM'000	Reclassification RM'000	
The Company								
2022								
<i>Carrying Amount</i>								
Freehold land and buildings	92,750	7,860	3,836	-	-	(1,158)	-	103,288
Plant and machineries	7,328	-	-	-	9,000	(2,323)	-	14,005
Motor vehicles	689	-	-	-	54	(313)	-	430
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
Construction-in-progress	1,755	197	-	(1,245)	-	-	110	817
	106,811	8,774	3,836	(1,245)	9,054	(4,823)	-	122,407

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for the Financial Year Ended 31 December 2022 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2021 RM'000	Additions (Note 37(a)) RM'000	Revaluation Surplus RM'000	Disposal RM'000	Transfer from Right-of-use		At 31.12.2021 RM'000
					Assets (Note 9) RM'000	Depreciation Charges RM'000	
The Company							
2021							
<i>Carrying Amount</i>							
Freehold land and buildings	91,665	241	2,000	-	-	(1,156)	92,750
Plant and machineries	4,689	195	-	-	4,447	(2,003)	7,328
Motor vehicles	39	346	-	(30)	716	(382)	689
Furniture and fittings	25	4	-	-	-	(7)	22
Office equipment	99	31	-	-	-	(31)	99
Computers	42	-	-	-	-	(19)	23
Renovation	1,859	-	-	-	-	(193)	1,666
Tools and equipment	1,221	638	-	-	-	(474)	1,385
Electrical fittings	556	673	-	-	-	(315)	914
Cabin hostel	185	-	-	-	-	(5)	180
Construction-in-progress	1,530	225	-	-	-	-	1,755
	101,910	2,353	2,000	(30)	5,163	(4,585)	106,811

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost/Valuation RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Company			
2022			
Freehold land and buildings	113,055	(9,767)	103,288
Plant and machineries	48,910	(34,905)	14,005
Motor vehicles	4,840	(4,410)	430
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
Construction-in-progress	817	-	817
	185,731	(63,324)	122,407
2021			
Freehold land and buildings	101,359	(8,609)	92,750
Plant and machineries	35,650	(28,322)	7,328
Motor vehicles	4,739	(4,050)	689
Furniture and fittings	775	(753)	22
Office equipment	669	(570)	99
Computers	519	(496)	23
Renovation	1,931	(265)	1,666
Tools and equipment	10,045	(8,660)	1,385
Electrical fittings	3,325	(2,411)	914
Cabin hostel	238	(58)	180
Construction-in-progress	1,755	-	1,755
	161,005	(54,194)	106,811

- (a) The freehold land and buildings of the Group and of the Company with a carrying value of RM98,446,935 and RM95,446,935 (2021 – RM95,749,741 and RM92,749,741) respectively have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 20 and 24 to the financial statements.

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for the Financial Year Ended 31 December 2022 (cont'd)

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2022				
Freehold land and buildings	-	106,288	-	106,288
2021				
Freehold land and buildings	-	95,750	-	95,750
The Company				
2022				
Freehold land and buildings	-	103,288	-	103,288
2021				
Freehold land and buildings	-	92,750	-	92,750

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 and level 2 during the financial year.

- (c) On 9 December 2021, 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.

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for the Financial Year Ended 31 December 2022 (cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land	20,872	13,031	19,860	12,019
Buildings	40,488	41,706	40,488	41,706
	61,360	54,737	60,348	53,725

8. INVESTMENT PROPERTIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cost:-				
At 1 January	11,626	12,564	5,920	5,920
Disposal of a subsidiary (Note 36)	-	(938)	-	-
At 31 December	11,626	11,626	5,920	5,920
Accumulated depreciation:-				
At 1 January	(1,113)	(571)	(547)	(78)
Disposal of a subsidiary (Note 36)	-	44	-	-
Depreciation during the financial year	(225)	(586)	(110)	(469)
At 31 December	(1,338)	(1,113)	(657)	(547)
Accumulated impairment losses:-				
At 1 January	(530)	-	(530)	-
Impairment during the financial year (Note 29)	-	(530)	-	(530)
At 31 December	(530)	(530)	(530)	(530)
	9,758	9,983	4,733	4,843
Represented by:-				
Buildings	9,758	9,983	4,733	4,843
Fair value	12,599	12,095	5,202	5,367

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

8. INVESTMENT PROPERTIES (CONT'D)

- (a) The buildings of the Group and of the Company with a carrying value of RM9,092,797 and RM4,344,050 (2021 – RM9,310,536 and RM4,454,670) have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 20 and 24 to the financial statements.
- (b) The titles of the buildings of the Group and of the Company with a carrying value of RM2,948,329 and RM2,222,000 (2021 – RM3,421,237 and RM2,674,580) are in the process of registered in the Group's name by the relevant authority.
- (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.
- (d) In the previous financial year, the Group has carried out a review of the recoverable amount of its building because the significant decline in the asset's market value than would be expected as a result of the passage of time or normal use. An impairment loss of RM530,000, representing the write-down of the investment properties to the recoverable amount was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 29 to the financial statements.

9. RIGHT-OF-USE ASSETS

	At 1.1.2022 RM'000	Additions (Note 37(a)) RM'000	Transfer Upon Exercise of Purchase Option (Note 7) RM'000	Depreciation Charges (Note 29) RM'000	At 31.12.2022 RM'000
The Group					
2022					
<i>Carrying Amount</i>					
Plant and machineries	10,742	-	(9,570)	(651)	521
Motor vehicles	7,172	548	(308)	(1,708)	5,704
	17,914	548	(9,878)	(2,359)	6,225

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for the Financial Year Ended 31 December 2022 (cont'd)

9. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2021 RM'000	Additions (Note 37(a)) RM'000	Disposal RM'000	Transfer Upon Exercise of Purchase Option (Note 7) RM'000	Depreciation Charges (Note 29) RM'000	At 31.12.2021 RM'000
The Group						
2021						
<i>Carrying Amount</i>						
Plant and machineries	16,971	-	-	(4,715)	(1,514)	10,742
Motor vehicles	5,274	5,625	(764)	(1,294)	(1,669)	7,172
Tools and equipment	77	-	-	(63)	(14)	-
	22,322	5,625	(764)	(6,072)	(3,197)	17,914

	At 1.1.2022 RM'000	Additions (Note 37(a)) RM'000	Disposal RM'000	Transfer Upon Exercise of Purchase Option (Note 7) RM'000	Depreciation Charges (Note 29) RM'000	At 31.12.2022 RM'000
The Company						
2022						
<i>Carrying Amount</i>						
Plant and machineries		9,474	-	(9,000)	(474)	-
Motor vehicles		5,372	403	(54)	(1,260)	4,461
		14,846	403	(9,054)	(1,734)	4,461

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for the Financial Year Ended 31 December 2022 (cont'd)

9. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2021 RM'000	Additions (Note 37(a)) RM'000	Disposal RM'000	Transfer Upon Exercise of Purchase Option (Note 7) RM'000	Depreciation Charges (Note 29) RM'000	At 31.12.2021 RM'000
The Company						
2021						
<i>Carrying Amount</i>						
Plant and machineries	15,240	-	-	(4,447)	(1,319)	9,474
Motor vehicles	2,915	5,013	(764)	(716)	(1,076)	5,372
	18,155	5,013	(764)	(5,163)	(2,395)	14,846

- (a) The lease contracts for plant and machineries, motor vehicles and tools and equipment used in its operations. Their lease terms are as below:-

	The Group/The Company	
	2022	2021
Plant and machineries	1 to 5 years	1 to 5 years
Motor vehicles	1 to 5 years	1 to 5 years
Tools and equipment	-	1 to 5 years

- (b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' recognition exemptions for these leases.

10. GOODWILL

	The Group	
	2022	2021
	RM'000	RM'000
Costs:-		
At 1 January	2,788	2,814
Disposal of a subsidiary (Note 36)	-	(26)
At 31 December	2,788	2,788
Accumulated impairment loss	(86)	(86)
	2,702	2,702

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

10. GOODWILL (CONT'D)

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Trading	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	
	2022	2021
Gross margin	1.2% - 1.3%	1.50%
Growth rate	3% - 9%	3% - 16%
Discount rate	11.8%	6.5%

- (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 2022
Estimated based on the Group's weighted average cost of capital.
- 2021
Estimated based on the Group's existing rate of borrowings.

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.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

11. INVENTORIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finished goods	60,988	37,763	33,794	32,054
Raw materials	157,045	76,981	156,778	74,421
Goods-in-transit	9,786	-	9,786	-
Consumables	1,041	652	1,041	589
	228,860	115,396	201,399	107,064
Recognised in profit or loss:-				
Inventories recognised as cost of sales	352,229	293,397	307,138	268,424
Amount written down to net realisable value	6,760	688	6,707	558

12. TRADE RECEIVABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Third parties	78,228	62,453	60,416	44,534
Allowance for impairment losses	(507)	(108)	-	-
	77,721	62,345	60,416	44,534
Allowance for impairment losses:-				
At 1 January	(108)	-	-	-
Addition for the financial year (Note 28)	(434)	(108)	-	-
Reversal during the financial year (Note 28)	35	-	-	-
At 31 December	(507)	(108)	-	-

The Group's and the Company's normal trade credit terms ranging from 14 to 90 days (2021 – 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	625	839	540	738
Deposits	718	777	493	413
Prepayments	3,408	16,726	3,200	12,675
	4,751	18,342	4,233	13,826

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- (a) Included in deposits of the Group and of the Company in the previous financial year was RM32,300 and RM32,300 which represented deposits paid in respect of purchase of property, plant and equipment.
- (b) Included in prepayment of the Group and of the Company was an amount of RM849,000 and RM849,000 (2021 – RM14,666,891 and RM10,711,437), being advance payments made to suppliers for future supply of goods. The amount will be offset against future purchases from the suppliers.

14. CONTRACT ASSET

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	616	616
Revenue recognised in profit or loss during the financial year	186	312
Billings to customers during the financial year	(186)	(312)
At 31 December	616	616

The contract asset primarily relates to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date.

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Amount owing by:		
- Trade	16,355	21,143
- Non-trade	2,755	4
	19,110	21,147
Amount owing to:		
- Trade	(192)	(821)
- Non-trade	-	(14)
	(192)	(835)

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/repayable on demand. The amounts owing are to be settled in cash.

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for the Financial Year Ended 31 December 2022 (cont'd)

16. 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 2.30% to 3.94% (2021 – 2.00%) per annum. The fixed deposits had maturity periods ranging from 1 to 12 months (2021 – 1 month).
- (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 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 Note 24 to the financial statements.

17. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number Of Shares ('000)		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	6,500	6,500	6,500	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	6,500	146,909	6,500

- (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) During the 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 shares 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.

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for the Financial Year Ended 31 December 2022 (cont'd)

18. RESERVES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revaluation reserve	45,732	42,340	43,943	40,551
Retained profits	39,467	118,226	32,682	108,108
	85,199	160,566	76,625	148,659

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.

19. LEASE LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	4,658	4,863	3,542	3,005
Additions (Note 37(a))	301	3,353	200	3,027
Interest expense recognised in profit or loss (Note 29)	202	1,038	151	778
Repayment of principal	(2,254)	(3,558)	(1,516)	(2,490)
Repayment of interest expense	(202)	(1,038)	(151)	(778)
At 31 December	2,705	4,658	2,226	3,542
Analysed by:-				
Current liabilities	1,307	2,241	956	1,504
Non-current liabilities	1,398	2,417	1,270	2,038
	2,705	4,658	2,226	3,542

- The lease liabilities of the Group and the Company are secured by the Group and the Company's equipment with lease term ranging from 1 to 5 years (2021 – 1 to 5 years).
- The lease liabilities of the Group and the Company bore effective interest rates ranging from 3.88% to 5.84% and 3.88% to 5.84% (2021 – 3.88% to 6.09% and 3.88% to 5.84%) per annum respectively.
- The lease liabilities of the Group and of the Company with a carrying amount of RM1,043,389 and RM669,401 (2021 – RM1,509,814 and RM1,125,968) was guarantee by a director of the Company.

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for the Financial Year Ended 31 December 2022 (cont'd)

20. TERM LOANS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current liabilities	7,483	6,102	7,483	6,102
Non-current liabilities	27,645	29,040	27,645	29,040
	35,128	35,142	35,128	35,142

Details of the repayment terms for term loans are as follows:-

Term Loans	Number of Monthly Instalment	Instalment Amount RM	Date of Commencement of Repayment
Term loan 1	240	10,477	Upon full drawdown
Term loan 2	180	80,702	Upon full drawdown
Term loan 3	120	16,302	Upon full drawdown
Term loan 5	72	54,794	Upon full drawdown
Term loan 6	60	11,861	Upon full drawdown
Term loan 7	60	33,334	Upon full drawdown
Term loan 8	36	277,778	Upon full drawdown
Term loan 9	184	48,671	Upon full drawdown

The term loans of the Group and of the Company bore effective interest rates at the reporting date ranging from 4.17% to 5.08% (2021 – 3.17% to 4.89%) 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;
- (ii) a personal guarantee of a director of the Company; and
- (iii) a corporate guarantee of a corporate shareholder.

21. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	10,986	11,491	10,664	10,464
Recognised in profit or loss (Note 30)	(35)	(678)	-	-
Recognised in other comprehensive income (Note 32)	444	200	444	200
Disposal of a subsidiary (Note 36)	-	(27)	-	-
At 31 December	11,395	10,986	11,108	10,664

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for the Financial Year Ended 31 December 2022 (cont'd)

21. DEFERRED TAX LIABILITIES (CONT'D)

The deferred taxation are attributable to the following:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	5,516	5,551	5,428	5,428
Revaluation of properties	5,879	5,435	5,680	5,236
	11,395	10,986	11,108	10,664

22. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company ranging from cash term to 90 days (2021 – cash term to 90 days).

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	1,694	4,589	966	4,327
Dividend payable	400	-	-	-
	2,094	4,589	966	4,327
Accruals	2,639	2,216	1,847	944
	4,733	6,805	2,813	5,271

Included in other payables of the Group and the Company is an amount of RM500,907 and RM91,058 respectively (2021 – RM4,089,500 and RM4,089,500) respectively which represents advances received for future performance obligations.

24. BANKERS' ACCEPTANCES AND TRUST RECEIPTS

	The Group/The Company	
	2022 RM'000	2021 RM'000
Bankers' acceptances	80,687	66,483
Trust receipts	86,255	72,342
	166,942	138,825

The effective interest rates of the bankers' acceptances and trust receipts of the Group and of the Company were ranging from 3.32% to 7.20% (2021 – 2.21% to 6.45%) per annum.

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24. BANKERS' ACCEPTANCES AND TRUST RECEIPTS (CONT'D)

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;
- (iii) a personal guarantee of a director of the Company;
- (iv) a corporate guarantee of a corporate shareholder; and
- (v) a pledge of the fixed deposits of the Group and of the Company as disclosed in Note 16 to the financial statements.

25. BANK OVERDRAFTS

The bank overdrafts of the Group at the end of the reporting period bore floating interest ranging from 7.51% - 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. DERIVATIVES LIABILITIES

	Contract/Notional Amount		The Group/The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Forward currency contracts	15,185	-	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 4 months after the end of the reporting period.

27. REVENUE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Continuing operations:-				
<u>Revenue recognised at a point of time</u>				
Sales of steel products	373,157	373,600	327,736	344,405
Rendering of transport and courier services	98	62	-	-
<u>Revenue recognise overtime</u>				
Construction contracts	186	312	-	-
	373,441	373,974	327,736	344,405

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27. REVENUE (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Discontinued operations:-				
<u>Revenue recognised at a point of time</u>				
Sales of steel products	-	701	-	-
	373,441	374,675	327,736	344,405

The information on the disaggregation of revenue by geographical market is disclosed in Note 40.2 to the financial statements.

28. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impairment losses on trade receivables (Note 12)	434	108	-	-
Reversal of impairment losses on trade receivables (Note 12)	(35)	-	-	-
	399	108	-	-

29. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>(Loss)/Profit before taxation is arrived after charging/(crediting):-</u>				
Auditors' remuneration:				
- audit fees:				
- current financial year	200	169	85	57
- underprovision in the previous year	66	11	43	-
- non-audit fees:				
- auditors of the Company	398	232	398	232
- member firms of the auditors of the Company	62	53	17	16
Directors' fees	196	130	186	60
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	2,946	2,879	2,049	1,961
- defined contribution benefits	313	334	225	235

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for the Financial Year Ended 31 December 2022 (cont'd)

29. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before taxation is arrived after charging/(crediting) (cont'd):-				
Material Expenses/(Income)				
Bad debts written off on trade receivables	-	29	-	29
Depreciation:				
- property, plant and equipment	5,338	4,864	4,823	4,585
- investment properties	225	586	110	469
- right-of-use assets	2,359	3,197	1,734	2,395
Impairment loss on:				
- investment in subsidiaries	-	-	-	672
- investment properties	-	530	-	530
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	2,545	1,494	2,545	1,494
- bank overdrafts	180	35	180	35
- term loans	1,425	879	1,425	877
- trust receipts	3,652	990	3,652	990
- letter of credit	523	1,299	523	1,299
- others	164	220	164	71
Interest expense on lease liabilities	202	1,038	151	778
Inventories written down	6,760	688	6,707	558
Loss on disposal of a subsidiary	-	2,274	-	-
Lease expenses	28	109	-	41
Listing expenses	1,411	598	1,411	598
Staff costs (including other key management personnel as disclosed in Note 38) :				
- short-term employee benefits	8,570	11,765	7,132	9,703
- defined contribution benefits	587	606	433	426
Property, plant and equipment written off	-	240	-	-
Unrealised loss on derivatives	337	-	337	-
Dividend income	-	-	(2,600)	(3,800)
Gain on disposal of:				
- property, plant and equipment	(1,502)	(2,812)	(1,442)	(192)
- right-of-use-assets	-	(475)	-	(429)
(Gain)/Loss on foreign exchange:				
- realised	(417)	(169)	(20)	12
- unrealised	(668)	-	(395)	-
Rental income from investment properties	(236)	(199)	(60)	(27)
Total interest income on financial assets measured at amortised cost	(276)	(223)	(221)	(93)

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for the Financial Year Ended 31 December 2022 (cont'd)

30. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense	2,166	16,331	1,930	15,135
Underprovision in the previous financial year	1,855	743	1,744	674
	4,021	17,074	3,674	15,809
Deferred tax (Note 21):				
- originating and reversal of temporary differences	-	(238)	-	-
- overprovision in the previous financial year	(35)	(440)	-	-
	(35)	(678)	-	-
Real property gain tax	-	67	-	-
	3,986	16,463	3,674	15,809

A reconciliation of income tax expense applicable to the (loss)/profit 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before taxation				
- continuing operations	(3,295)	61,873	(252)	62,347
- discontinued operations	-	78	-	-
	(3,295)	61,951	(252)	62,347
Tax at the statutory tax rate of 24% (2021 – 24%)	(791)	14,868	(60)	14,963
Tax effects of:-				
Non-deductible expenses	4,181	1,461	3,035	1,335
Non-taxable income	(1,328)	-	(963)	(912)
Crystallisation of deferred tax liabilities on amortisation of revalued properties	-	(40)	-	(40)
Tax incentive	(82)	(211)	(82)	(211)
Deferred tax assets not recognised during the financial year	186	253	-	-
Utilisation of previously unrecognised deferred tax assets	-	(238)	-	-
Real property gain tax arising from disposal of property	-	67	-	-
Under/(over)provision in the previous financial year:				
- current tax	1,855	743	1,744	674
- deferred tax	(35)	(440)	-	-
	3,986	16,463	3,674	15,809

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 – 24%) of the estimated assessable profit for the financial year.

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for the Financial Year Ended 31 December 2022 (cont'd)

30. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised by the Group in respect of the following items:-

	The Group	
	2022 RM'000	2021 RM'000
Unused tax losses and unabsorbed capital allowances	4,333	3,612
Other deductible temporary differences	182	130
	4,515	3,742

31. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 36 to the financial statements, the Group has disposed one of its business under trading operating segment. The comparative consolidated statements of profit or loss and other comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

An analysis of the results of the discontinued operations is as follows:-

	2021 RM'000
Revenue	701
Cost of sales	(613)
Gross profit	88
Other income	4
Administrative expenses	92
Other expenses	(14)
Profit before taxation	#
Income tax expense	78
Profit after taxation	-
	78

– Amount less than RM1,000.

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for the Financial Year Ended 31 December 2022 (cont'd)

31. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(a) Included in the results from operating activities are the following:-

	2021 RM'000
Depreciation:	
- property, plant and equipment	5
- investment properties	3
Rental expenses	16
Staff costs:	
- defined contribution plans	1
- salaries and other benefits	45

(b) The cash flows attributable to the discontinued operations are the following:-

	2021 RM'000
Net cash from operation activities	5
Net cash for investing activities	(15)
Net cash for discontinued operations	(10)

32. OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Items that Will Not be Reclassified Subsequently to Profit or Loss				
Revaluation of properties (Note 7)	3,836	2,000	3,836	2,000
Less: Deferred tax liabilities (Note 21)	(444)	(200)	(444)	(200)
	3,392	1,800	3,392	1,800

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33. (LOSS)/EARNINGS PER SHARE

	The Group	
	2022	2021
	RM'000	RM'000
(Loss)/Profit after taxation attributable to owners of the Company (RM'000):		
- continuing operations	(7,259)	44,495
- discontinued operations	-	78
	(7,259)	44,573
Weighted average number of ordinary shares in issue ('000)	1,197,267	1,170,000 [®]
Basic (loss)/earnings per share (sen):		
- continuing operations	(0.61)	3.80
- discontinued operations	-	0.01
	(0.61)	3.81

[®] The comparative figure for the weighted average number of ordinary shares in issue has been restated to reflect the adjustments arising from bonus issue and share split which was completed on 19 September 2022 and 20 September 2022 respectively.

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to basic earnings per share.

34. DIVIDEND

	The Group/The Company	
	2022	2021
	RM'000	RM'000
Interim single dividend:		
- 46.15384% per ordinary share in financial year ended 31 December 2021	-	3,000

The Company has declared a special dividend of 0.9 sen per ordinary share in respect of the financial year ended 31 December 2022 to be paid on 17 February 2023.

35. ACQUISITION OF NON-CONTROLLING INTERESTS

On 23 December 2021, the Company acquired an additional 30% equity interests in LSMSB for RM5,586 in cash, increasing its ownership from 70% to 100%. The carrying amount of LSMSB's net assets in the Group's financial statements on that date was RM15,328. The Group recognised a decrease in non-controlling interests of RM4,598 and a decrease in retained profits of RM988.

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35. ACQUISITION OF NON-CONTROLLING INTERESTS (CONT'D)

The following summarises the effect of changes in the equity interests in LSMSB that are attributable to the owners of the Company:-

	2021 RM'000
Equity interest at 1 January 2021	16
Effect of decrease in the Company's ownership interest	4
Share of losses	(5)
Equity interest at 31 December 2021	15

36. DISPOSAL OF A SUBSIDIARY

On 4 March 2021, LSPSB disposed 2,100,000 ordinary shares representing 100% equity interest in Lex-Bridge Industries Sdn. Bhd. ("LISB") for a consideration of RM1,050,000 in cash.

Consequently, LISB ceased to be a subsidiary of the Group.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group 2021 RM'000
Property, plant and equipment	97
Investment properties	894
Goodwill on consolidation	26
Inventories	4,038
Trade receivables	2,571
Other receivables, deposits and prepayments	11
Current tax assets	3
Cash and bank balances	128
Deferred tax liabilities	(27)
Trade payables	(4,392)
Other payables and accruals	(25)
Carrying amount of net assets disposed of	3,324
Loss on disposal of a subsidiary	(2,274)
Consideration received, satisfied in cash	1,050
Less: Cash and bank balances of a subsidiary disposed of	(128)
Net cash inflow from the disposal of a subsidiary	922

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for the Financial Year Ended 31 December 2022 (cont'd)

37. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and right-of-use assets are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 7)	8,836	2,372	8,774	2,353
Right-of-use assets				
Cost of right-of-use asset acquired (Note 9)	548	5,625	403	5,013
Less: Addition of new lease liabilities (Note 37(b))	(301)	(3,353)	(200)	(3,027)
	247	2,272	203	1,986

- (b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term Loans RM'000	Lease Liabilities RM'000	Bankers' Acceptances RM'000	Trust Receipts RM'000	Total RM'000
The Group					
2022					
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>					
Acquisition of new leases (Note 37(a))	-	301	-	-	301
Interest expense recognised in profit or loss (Note 29)	1,425	202	2,545	3,652	7,824
At 31 December	35,128	2,705	80,687	86,255	204,775

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for the Financial Year Ended 31 December 2022 (cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (cont'd):-

	Term Loans RM'000	Lease Liabilities RM'000	Bankers' Acceptances RM'000	Trust Receipts RM'000	Total RM'000
The Group					
2021					
At 1 January	19,268	4,863	89,086	47,181	160,398
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	20,000	-	148,408	154,189	322,597
Repayment of principal	(4,126)	(3,558)	(171,011)	(129,028)	(307,723)
Repayment of interests	(879)	(1,038)	(1,494)	(990)	(4,401)
<u>Other Changes</u>					
Acquisition of new leases (Note 37(a))	-	3,353	-	-	3,353
Interest expense recognised in profit or loss (Note 29)	879	1,038	1,494	990	4,401
At 31 December	35,142	4,658	66,483	72,342	178,625
The Company					
2022					
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>					
Acquisition of new leases (Note 37(a))	-	200	-	-	200
Interest expense recognised in profit or loss (Note 29)	1,425	151	2,545	3,652	7,773
At 31 December	35,128	2,226	80,687	86,255	204,296

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for the Financial Year Ended 31 December 2022 (cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (cont'd):-

	Term Loans RM'000	Lease Liabilities RM'000	Bankers' Acceptances RM'000	Trust Receipts RM'000	Total RM'000
The Company					
2021					
At 1 January	17,781	3,005	89,086	47,181	157,053
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	20,000	-	148,408	154,189	322,597
Repayment of principal	(2,639)	(2,490)	(171,011)	(129,028)	(305,168)
Repayment of interests	(877)	(778)	(1,494)	(990)	(4,139)
<u>Other Changes</u>					
Acquisition of new leases (Note 37(a))	-	3,027	-	-	3,027
Interest expense recognised in profit or loss (Note 29)	877	778	1,494	990	4,139
At 31 December	35,142	3,542	66,483	72,342	177,509

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest paid on lease liabilities	202	1,038	151	778
Payment on lease liabilities	2,254	3,558	1,516	2,490
	2,456	4,596	1,667	3,268

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	15,604	10,000	15,604	10,000
Cash and bank balances	35,869	42,447	30,992	35,677
Bank overdrafts	(7,501)	-	(7,501)	-
	43,972	52,447	39,095	45,677
Less: Fixed deposits pledged to licensed banks (Notes 16)	(604)	-	(604)	-
Fixed deposits with tenure of more than 3 months	(15,000)	-	(15,000)	-
Cash and cash equivalents	28,368	52,447	23,491	45,677

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38. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	196	80	186	60
- salaries, bonuses and other benefits	2,434	2,118	2,049	1,961
Defined contribution benefits	265	252	225	235
	2,895	2,450	2,460	2,256
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	-	50	-	-
- salaries, bonuses and other benefits	512	761	-	-
Defined contribution benefits	48	82	-	-
	560	893	-	-
Total directors' remuneration (Note 29)	3,455	3,343	2,460	2,256

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM99,800 and RM51,950 (2021 – RM28,000 and RM28,000).

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(b) Other Key Management Personnel				
Short-term employee benefits	712	959	712	830
Defined contribution benefits	69	91	69	77
Total compensation for other key management personnel	781	1,050	781	907

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39. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its corporate shareholder, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Acquisition of additional shareholding in subsidiary from a director	-	6	-	6
Disposal of shareholding in subsidiary to a corporate shareholder	-	1,050	-	-
Disposal of shareholding in subsidiary to a director of the subsidiary	-	270	-	-
Labor charges charged to a subsidiary	-	-	320	181
Payments on behalf for a company in which a director has interest	-	16	-	16
Sales to subsidiaries	-	-	60,103	73,247
Sales of scrap to subsidiaries	-	-	55	747
Sales to companies in which a director has interest	-	26,892	-	25,198
Sales of scrap to companies in which a director has interest	-	552	-	552
Purchases from companies in which a director has interest	-	6,879	-	2,891
Purchases from subsidiaries	-	-	-	188
Rental of premises paid to a corporate shareholder	-	78	-	42
Rental of factory received from a subsidiary	-	-	30	-
Carriage outward expenses paid to a subsidiary	-	-	2,147	2,152
Dividend receivable from subsidiaries	-	-	2,600	3,800

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.

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40. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments 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.

40.1 BUSINESS SEGMENTS

	Manufacturing RM'000	Trading RM'000	Other RM'000	The Group RM'000
2022				
Revenue				
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
Results				
Segment profit/(loss) before interest and taxation	8,163	1,455	(289)	9,329
Interest income				276
Interest expenses				(8,691)
Adjustments/eliminations on combination				(4,209)
Consolidated loss before taxation				(3,295)
Income tax expense				(3,986)
Consolidated loss after taxation				(7,281)

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40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM'000	Trading RM'000	Other RM'000	The Group RM'000
2022				
Segment profit/(loss) before interest and taxation includes the following:-				
Depreciation:				
- property, plant and equipment	4,858	176	304	5,338
- investment properties	111	113	1	225
- right-of-use-assets	1,974	189	196	2,359
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	(415)	-	-	(415)
- unrealised	(668)	-	-	(668)
Reversal of impairment losses on trade receivables	(35)	-	-	(35)
Assets				
Segment assets	495,092	20,233	1,143	516,468
Unallocated assets:				
- current tax assets				7,911
Adjustments/eliminations on combination				(8,221)
Consolidated total assets				516,158
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	8,775	61	-	8,836
- right-of-use-assets	548	-	-	548
Liabilities				
Segment liabilities	264,127	6,223	209	270,559
Unallocated liabilities:				
- deferred tax liabilities				11,395
- current tax liabilities				69
Adjustments/eliminations on combination				(295)
Consolidated total liabilities				281,728

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for the Financial Year Ended 31 December 2022 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM'000	Trading RM'000	Other RM'000	The Group RM'000
2021				
Revenue				
External revenue:				
- continuing operations	295,047	78,865	62	373,974
- discontinued operations	-	701	-	701
	295,047	79,566	62	374,675
Inter-segment revenue	74,575	1,669	2,360	78,604
	369,622	81,235	2,422	453,279
Consolidation adjustments				(78,604)
Consolidated revenue				374,675
Results				
Segment profit/(loss) before interest and taxation				
- continuing operations	69,807	5,021	(481)	74,347
- discontinued operations	-	78	-	78
	69,807	5,099	(481)	74,425
Interest income				223
Interest expenses				(5,955)
Adjustments/eliminations on combination				(6,742)
Consolidated profit before taxation				61,951
Income tax expense				(16,463)
Consolidated profit after taxation				45,488

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for the Financial Year Ended 31 December 2022 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM'000	Trading RM'000	Other RM'000	The Group RM'000
2021				
Segment profit/(loss) before interest and taxation includes the following:-				
Bad debts written off	29	-	-	29
Depreciation:				
- property, plant and equipment	4,533	309	22	4,864
- investment properties	469	116	1	586
- right-of-use-assets	2,481	194	522	3,197
Impairment loss on:				
- trade receivables	108	-	-	108
- investment properties	530	-	-	530
Inventories written down	558	130	-	688
Loss on disposal a subsidiary	-	2,274	-	2,274
Property, plant and equipment written off	-	240	-	240
Gain on disposal of:				
- property, plant and equipment	(192)	(2,620)	-	(2,812)
- right-of-use-assets	(429)	(46)	-	(475)
Gain on foreign exchange:				
- realised	(169)	-	-	(169)
Assets				
Segment assets	385,497	33,430	1,822	420,749
Unallocated assets:				
- current tax assets				92
Adjustments/eliminations on combination				(30,830)
Consolidated total assets				390,011
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	2,353	19	-	2,372
- right-of-use-assets	5,013	612	-	5,625
Liabilities				
Segment liabilities	213,594	16,047	604	230,245
Unallocated liabilities:				
- deferred tax liabilities				10,986
- current tax liabilities				1,789
Adjustments/eliminations on combination				(22,819)
Consolidated total liabilities				220,201

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for the Financial Year Ended 31 December 2022 (cont'd)

40. OPERATING SEGMENTS (CONT'D)

40.2 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Continuing operations:-				
Cambodia	-	162	-	-
Malaysia	369,931	362,796	327,736	344,153
New Zealand	3,510	9,856	-	-
Others	-	1,160	-	252
	373,441	373,974	327,736	344,405
Discontinued operations:-				
Malaysia	-	701	-	-
	373,441	374,675	327,736	344,405

40.3 MAJOR CUSTOMER

The following is major customer with revenue equal to or more than 10% of the Group's total revenue.

	Revenue		Segment
	2022 RM'000	2021 RM'000	
Customer #1	37,458	-	Manufacturing

41. CAPITAL COMMITMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Authorised and not contracted for	30,038	-	30,038	-

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS

The Group's activities 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 Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

42.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currency other than Ringgit Malaysia. 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 Group's 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

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group			
2022			
<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

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group			
2022			
<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
Derivatives liabilities	-	337	337
	34,512	233,047	267,559
Net financial liabilities	(34,212)	(102,810)	(137,022)
Add: Net financial liabilities denominated in the entity's functional currency	-	102,810	102,810
Currency exposure	(34,212)	-	(34,212)

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group			
2021			
<u>Financial Assets</u>			
Trade receivables	2,633	59,712	62,345
Other receivables and deposits	-	1,616	1,616
Fixed deposits with a licensed bank	-	10,000	10,000
Cash and bank balances	1,002	41,445	42,447
	3,635	112,773	116,408
<u>Financial Liabilities</u>			
Trade payables	-	21,996	21,996
Other payables and accruals	-	6,805	6,805
Bankers' acceptances and trust receipts	-	138,825	138,825
Term loans	-	35,142	35,142
	-	202,768	202,768
Net financial assets/(liabilities)	3,635	(89,995)	(86,360)
Add: Net financial liabilities denominated in the entity's functional currency	-	89,995	89,995
Currency exposure	3,635	-	3,635

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Company			
2022			
<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 subsidiaries	-	192	192
Bankers' acceptances and trust receipts	-	166,942	166,942
Term loans	-	35,128	35,128
Bank overdrafts	-	7,501	7,501
Derivatives liabilities	-	337	337
	16,436	225,835	242,271
Net financial liabilities	(16,435)	(98,681)	(115,116)
Add: Net financial liabilities denominated in the Company's functional currency	-	98,681	98,681
Currency exposure	(16,435)	-	(16,435)

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Company			
2021			
<u>Financial Assets</u>			
Trade receivables	252	44,282	44,534
Other receivables and deposits	-	1,151	1,151
Amount owing by subsidiaries	-	21,147	21,147
Fixed deposits with a licensed bank	-	10,000	10,000
Cash and bank balances	-	35,677	35,677
	252	112,257	112,509
<u>Financial Liabilities</u>			
Trade payables	-	15,813	15,813
Other payables and accruals	-	5,271	5,271
Amount owing to subsidiaries	-	835	835
Bankers' acceptances and trust receipts	-	138,825	138,825
Term loans	-	35,142	35,142
	-	195,886	195,886
Net financial asset/(liabilities)	252	(83,629)	(83,377)
Add: Net financial liabilities denominated in the Company's functional currency	-	83,629	83,629
Currency exposure	252	-	252

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects on (Loss)/Profit After Taxation				
USD/RM				
- strengthened by 5%	-1,300	+138	-625	+10
- weakened by 5%	+1,300	-138	+625	-10

(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 Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's 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 20, 24 and 25 to the financial statements.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects on (Loss)/Profit After Taxation				
Increase of 100 basis points	-1,593	-1,322	-1,593	-1,322
Decrease of 100 basis points	+1,593	+1,322	+1,593	+1,322

There is no impact on the Group's equity.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure 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 minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(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 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).

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses

The Group has 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 trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, and contract assets are credit impaired.

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 difficult 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 considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit using a lifetime expected 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.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (cont'd)

The expected loss rates are based on the payment profiles of sales over 12 months (2021 – 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.

Allowance for Impairment Losses

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2022				
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 asset	616	-	-	616
	78,844	(406)	(101)	78,337

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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 Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2021				
Not past due	55,377	-	-	55,377
Past due:				
- less than 3 months	6,962	-	-	6,962
- 3 to 6 months	6	-	-	6
- more than 6 months	108	(108)	-	-
Trade receivables	62,453	(108)	-	62,345
Contract asset	616	-	-	616
	63,069	(108)	-	62,961

The movement in the loss allowance in respect of trade receivables is disclosed in Note 12 to the financial statements.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

Other Receivables

The Group applies 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).

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Other Receivables (cont'd)

In deriving the PD and LGD, the Group considers 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 considers the licensed banks low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owning By Subsidiaries (Non-trade Balances)

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.

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.

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Amount Owing By Subsidiaries (Non-trade Balances) (cont'd)

Allowance for Impairment Losses

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
The Company			
2022			
Low credit risk	19,110	-	19,110
2021			
Low credit risk	21,147	-	21,147

Financial Guarantee Contracts

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 practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
The Group						
2022						
<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 trust receipts	3.21 - 7.20	166,942	166,942	166,942	-	-
Bank overdrafts	7.51 - 8.05	7,501	7,501	7,501	-	-
Lease liabilities	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 (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 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
The Group						
2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	21,996	21,996	21,996	-	-
Other payables and accruals	-	6,805	6,805	6,805	-	-
Bankers' acceptances and trust receipts	2.21 – 6.45	138,825	138,825	138,825	-	-
Lease liabilities	3.88 – 6.09	4,658	4,996	2,437	2,559	-
Term loans	3.17 – 4.89	35,142	39,590	7,360	20,640	11,590
		207,426	212,212	177,423	23,199	11,590

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for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
The Company						
2022						
<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 subsidiaries	-	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	-	-
Lease liabilities	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 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
The Company						
2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	15,813	15,813	15,813	-	-
Other payables and accruals	-	5,271	5,271	5,271	-	-
Amount owing to subsidiaries	-	835	835	835	-	-
Bankers' acceptances and trust receipts	2.21 – 6.45	138,825	138,825	138,825	-	-
Lease liabilities	3.88 – 5.84	3,542	3,816	1,654	2,162	-
Term loans	3.17 – 4.89	35,142	39,590	7,360	20,640	11,590
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	439	439	-	-
		199,428	204,589	170,197	22,802	11,590

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group 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 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 includes 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 at the end of the reporting period was as follows:-

	The Group	
	2022	2021
	RM'000	RM'000
Lease liabilities	2,705	4,658
Term loans	35,128	35,142
Bankers' acceptances and trust receipts	166,942	138,825
Bank overdrafts	7,501	-
	212,276	178,625
Less: Fixed deposits with licensed banks	(15,604)	(10,000)
Less: Cash and bank balances	(35,869)	(42,447)
Net debt	160,803	126,178
Total equity	234,430	169,810
Debt-to-equity ratio	0.69	0.74

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

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Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Trade receivables	77,721	62,345	60,416	44,534
Other receivables and deposits	1,343	1,616	1,033	1,151
Amount owing by subsidiaries	-	-	19,110	21,147
Fixed deposits with licensed banks	15,604	10,000	15,604	10,000
Cash and bank balances	35,869	42,447	30,992	35,677
	130,537	116,408	127,155	112,509
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables	52,918	21,996	29,358	15,813
Other payables and accruals	4,733	6,805	2,813	5,271
Amount owing to subsidiaries	-	-	192	835
Bankers' acceptances and trust receipts	166,942	138,825	166,942	138,825
Bank overdrafts	7,501	-	7,501	-
Term loans	35,128	35,142	35,128	35,142
	267,222	202,768	241,934	195,886
<u>Fair value Through Profit or Loss</u>				
Derivatives Liabilities	337	-	337	-

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Net (loss)/gains recognised in profit or loss	(123)	115	221	93
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(7,404)	(4,748)	(8,074)	(4,778)
<u>Fair Value Through Profit or Loss</u>				
Net losses recognised in profit or loss by:				
- mandatorily required by MFRS 9	(337)	-	(337)	-

42.4 FAIR VALUE INFORMATION

At the end of the reporting period, there was 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 approximately their carrying amounts as they are repriced to market interest rates on or near the reporting date.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 24 March 2022, the Company entered into a Sales and Purchase Agreement (“SPA”) with a third party for the acquisition of a parcel of land for a total cash consideration of RM7,840,800. The acquisition was completed on 15 September 2022.
- (b) On 19 September 2022, the Company issued 71,500,000 new ordinary shares pursuant to the bonus issue. The bonus issue of 71,500,000 new ordinary shares in the Company to be credited as fully paid-up on the basis of 11 new shares for every 1 existing share held by the capitalisation of retained earnings of the Company of RM71,500,000.
- (c) On 20 September 2022, the Company subdivided every 1 existing ordinary share into 15 ordinary shares. The issued shares of the Company have increased from 78,000,000 ordinary shares into 1,170,000,000 ordinary shares.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2022 (cont'd)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (d) On 30 November 2022, the Company listed on ACE Market of Bursa Malaysia Securities Berhad with a public issue of RM311,013,000 new ordinary shares in the Company and offer for sale by a selling shareholder of up to 74,051,000 ordinary shares in the Company at a price of RM0.23 per share.
- (e) On 19 December 2022, one of the subsidiary, LF Engineering Sdn Bhd accepted the Letter of Acceptance from Ganda Imbuhan Sdn Bhd for the appointment as subcontractor to supply and install guardrails for Section 6 (Kapar Interchange to Assam Jawa Interchange) of West Coast Expressway.

44. SIGNIFICANT EVENT OCCURING AFTER THE REPORTING PERIOD

On 20 March 2023, one of the subsidiaries, LF Engineering Sdn. Bhd. accepted the Letter of Acceptance and executed the Subcontract Agreement with IJM Construction Sdn. Bhd. 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 LF Engineering for the Subcontract is approximately RM19.5 million and is expected to be completed by 30 August 2023.

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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”), 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.

The status of utilisation of proceeds raised from the IPO amounting to RM71.5 million are as follows:-

Purpose of utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Estimated timeframe for Utilisation from date of Listing
Working Capital	21,910	16,387	5,523	Within 12 months
Repayment of bank borrowings	14,385	742	13,643	Within 10 months
Construction of new headquarters, warehouse storage facility and workers' accommodation	30,038	-	30,038	Within 18 months
Estimated listing expenses	5,200	4,287	913	Within 3 months
Total	71,533	21,416	50,117	

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 2022 are as follows:-

	The Company (RM)	The Group (RM)
Audit Fees	85,000	200,000
Non-Audit Fees*	415,000	460,000
Total	500,000	660,000

* Non-audit fees comprise the review of Statement of Risk Management and Internal Control, professional fees for tax compliance and advisory services and various report including Accountants' Report pursuant to the Company's listing exercise.

3. RECURRENT RELATED PARTY TRANSACTION (“RRPT”)

The RRPTs of the Group have been entered into in the normal course of business. The Company will be seeking its first shareholder's mandate for the RRPTs, following its listing on 30 November 2022, at its forthcoming Twenty Eighth AGM to be held on 27 June 2023 and comprises proposed shareholders ratification for RRPT entered into by the Group for the period commencing from the listing of the Company on 30 November 2022 to the date of the AGM and propose new shareholders' mandate for the Group to enter into RRPT of a revenue or trading nature. The details of the proposed shareholder's mandate for RRPTs entered and to be entered by the Group with the related parties are disclosed in Section 2.4 of the Circular to Shareholders dated 28 April 2023, which includes the name of the related parties and the Company's relationship with the related parties.

Additional Compliance Information (cont'd)

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 Eashah 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; and
- (b) the Underwriting Agreement dated 21 September 2022 between Leform and MIDF Investment

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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	29,232	13	2019	2006
HSD 45479, PT16077 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor	Factory, warehouse	12,143	Freehold	18,500	12	2022	2007
Geran 40090, Lot 4314 Mukim Serendah, Daerah Ulu Selangor, Selangor	Worker's accommodation	4,048	Freehold	2,498	6	2019	2011
1 Geran No. GM3398, Lot No:858, Mukim Serendah, Daerah Hulu Selangor	Factory, warehouse, office	16,702	Freehold	25,099	5	2022	2010
2							
3 GM 4325, Lot 859, Tempat Sungai Choh, Mukim Serendah, Daerah Hulu Selangor, Selangor	Vacant Land	36,927	Freehold	19,900	-	2021	2009
4							
5							
6 GM 3631, Lot 857, Tempat Sungai Chul, Mukim Serendah, Daerah Hulu Selangor, Selangor	Vacant Land	16,693	Freehold	7,841	-	-	2022
7							
8 GM 3740, Lot 893, Sungei Chul, Mukim Serendah, Daerah Hulu Selangor, Selangor	Vacant Land	16,946	Freehold	3,218	-	-	2016
9							
Geran 101961, No M1, Tingkat 8, Petak 8, Lot 2262, Bandar George Town, Seksyen 4, Daerah Timor Laut, Pulau Pinang	Condominium	414	Freehold	2,222	11	-	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	1,166	6	-	2017
Geran 185061, No L33, 18141, Seksyen 18, Bandar Rawang, Daerah Gombak, Selangor	3 storey link house	143	Freehold	956	3	-	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	4,299	4	-	2018

ADDITIONAL INFORMATION

List of Properties (cont'd)

Location	Descriptions	Land Area (Sq m)	Tenure/ Expiry Date	NBV (RM'000)	Age of building (Years)	Date of last revaluation	Date of acquisition
HSD 70665 PT 7910 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor	Service apartment	1,999	Freehold	50	16	-	2012
HSD 70665 PT 7910 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor	Stratified ground floor shop lot	3,998	Freehold	449	15	-	2007
HSD 70602 PT 7847 Seksyen 19, Bandar Rawang, Daerah Gombak Negeri Selangor	Services apartment	2,041	Freehold	227	16	-	2012

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Analysis of Shareholdings

As At 31 March 2023

Issued Shares	: 1,481,013,000 ordinary shares
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per share
Number of Shareholders	: 4,480

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	665	14.84	333,000	0.02
1,001 - 10,000	1,423	31.76	9,346,700	0.63
10,001- 100,000	1,966	43.88	75,875,900	5.12
100,001 to less than 5% of issued shares	424	9.47	299,508,400	20.23
5% and above of issued shares	2	0.05	1,095,949,000	74.00
Total	4,480	100.00	1,481,013,000	100.00

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 (“THSB”)	755,400,000	51.01	-	-
Law Kok Thy	340,549,000	22.99	755,800,000 ⁽¹⁾	51.03

Note:

(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 Shareholder	<----- 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 Thy	340,549,000	22.99	755,800,000 ⁽¹⁾	51.03
Chua Leng Leek	450,000	0.03	-	0.00
Lai Chin Yang	350,000	0.02	-	0.00
Lee Wee Leng	300,000	0.02	-	0.00
Phang Yew Cheong @ Phang Yew Choong	200,000	0.01	-	0.00
Esmariza Binti Ismail	210,000	0.01	-	0.00

Note:

(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.

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Analysis of Shareholdings

As At 31 March 2023 (cont'd)

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	340,549,000	22.99
3.	Chandra Kumar A/L Muthusamy	25,000,000	1.69
4.	Hoh Ding Wei	22,200,000	1.50
5.	H.H. Hardware Sdn Bhd	22,000,000	1.49
6.	Marna Capital Sdn Bhd	13,650,000	0.92
7.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Morgan Stanley & Co. International PLC (IPB Client Acct)	10,200,000	0.69
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Siew Mun Chuang (PB)	10,000,000	0.68
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Roshan A/L Mahendran	8,848,300	0.60
10.	Chuah Kok Hin	6,017,000	0.41
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An for the HongKong and ShangHai Banking Corporation Limited (GCHK-LAZARUS)	5,177,600	0.35
12.	Mohamed Salleh Bin Bajuri	4,884,900	0.33
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jeeфри Bin Muhamad Yusup	4,000,000	0.27
14.	DL Advance Metal Sdn Bhd	3,605,100	0.24
15.	Affin Hwang Nominees (Asing) Sdn Bhd Pledged Securities Account for Tang XiaoLing	3,500,000	0.24
16.	Mustapha Bin Buang	3,000,000	0.20
17.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lam Chung Ming (001)	2,500,000	0.17
18.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Keng Thye (023)	2,412,500	0.16
19.	TG Advance Metal Sdn Bhd	2,340,000	0.16
20.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Pok Seng (E-KTN)	2,300,000	0.16
21.	Sua Meng Chiang	2,300,000	0.16
22.	Teng Sin Cheang	2,000,100	0.14
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kin Lip (MY0502)	1,800,000	0.12
24.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Sheikh Mohd Nasarudin (12022733) (444840)	1,784,000	0.12
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Keng Thye	1,726,100	0.12
26.	Sin Hock	1,705,000	0.12
27.	Fong Yeng Foon	1,700,000	0.11
28.	Helen Yap Bee Eng	1,600,000	0.11
29.	MERCSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gerald Nicholas Tan Eng Hoe	1,569,300	0.11
30.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Chew Giap (023)	1,500,000	0.10
	Total	1,265,268,900	85.47

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ADDITIONAL INFORMATION

Notice of Twenty Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting (“28th AGM”) of Leform Berhad (“Leform” or “Company”) will be held at Sheraton Hotel, Petaling Jaya Lorong Utara C, PJS 52, 46200 Petaling Jaya, Selangor on Tuesday, 27 June 2023 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 2022 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 1 |
| 2. | To approve the payment of Directors’ fees of Datuk Seri Akhil Bin Bulat amounting to RM144,000 for the period from 1 January 2023 until the conclusion of the next Annual General Meeting (“AGM”) of the Company. | Ordinary Resolution 1
Please refer to
Explanatory Note 2 |
| 3. | To approve the payment of Directors’ fees of Ms Chua Leng Leek amounting to RM90,000 for the period from 1 January 2023 until the conclusion of the next AGM of the Company. | Ordinary Resolution 2
Please refer to
Explanatory Note 2 |
| 4. | To approve the payment of Directors’ fees of Mr Lai Chin Yang amounting to RM90,000 for the period from 1 January 2023 until the conclusion of the next AGM of the Company. | Ordinary Resolution 3
Please refer to
Explanatory Note 2 |
| 5. | To approve the payment of Directors’ fees of Ms Lee Wee Leng amounting to RM90,000 for the period from 1 January 2023 until the conclusion of the next AGM of the Company. | Ordinary Resolution 4
Please refer to
Explanatory Note 2 |
| 6. | To re-elect the following Directors who retire in accordance with Clause 95 of the Constitution of the Company: | |
| | (a) Datuk Seri Akhil Bin Bulat | Ordinary Resolution 5
Please refer to
Explanatory Note 3 |
| | (b) Mr Law Kok Thye | Ordinary Resolution 6
Please refer to
Explanatory Note 3 |
| 7. | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business

To consider and, if thought fit, to pass the following resolutions:

- | | | |
|----|--|--|
| 8. | Authority under Section 75 and 76 of the Companies Act 2016 (“the Act”) for the Directors to allot and issue shares | |
| | “ THAT pursuant to Section 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 8

Please refer to
Explanatory Note 4 |

Notice of Twenty Eighth Annual General Meeting (cont'd)

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.”

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.”

9. **Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions 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 28 April 2023, provided that :

- (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 annual report 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 Companies Act, 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT all Recurrent Related Party Transactions entered into by the Company and its subsidiary(ies) from 30 November 2022, being the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.4 be and are hereby approved, confirmed and ratified;

Ordinary Resolution 9

**Please refer to
Explanatory Note 5**

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AGM NOTICE
AND INFORMATION

Notice of Twenty Eighth Annual General Meeting (cont'd)

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.”

Any Other Business

10. To transact any other business that may be transacted at the 28th 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
28 April 2023

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 to 4 – Directors’ fees and benefits payable to Directors

The Directors’ fees payable includes fees payable to Non-Executive Directors as members of the Board and Board Committees for the period from 1 January 2023 until the conclusion of the next AGM of the Company pursuant to the Act which shareholders’ approval will be sought at this 28th AGM in accordance with Section 230 of the Act.

(3) Ordinary Resolutions 5 & 6 – 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. 6 are set out in the Board of Directors’ profile of the Annual Report 2022.

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 5 – Re-election of Datuk Seri Akhil Bin Bulat as Independent Non-Executive Chairman

1. Datuk Seri Akhil Bin Bulat fulfils the requirements of independence set out in the ACE Market Listing Requirements of Bursa Securities. He remains objective and independent in expressing his view and participating in Board’s deliberations and decision-making process.
2. Datuk Seri Akhil Bin Bulat has exercised due care and carried out his professional duties during his tenure as Independent Non-Executive Chairman of the Company.

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AGM NOTICE
AND INFORMATION

Notice of Twenty Eighth Annual General Meeting (cont'd)

Ordinary Resolution 6 – Re-election of Mr Law Kok Thye as Managing Director

1. Mr Law Kok Thye oversees and manages the day-to-day operations of the Group.
2. Mr Law Kok Thye shows exemplary leadership in building business and creating value, he has contributed significantly to the Group by providing valuable inputs and steered the Group forward with notable achievements during his tenure as a Managing Director of the Company.

(4) Ordinary Resolution 8 – Authority pursuant to Section 75 and 76 of the Act for the Directors to Allot and Issue Shares

The Ordinary Resolution 8 proposed under item 8 of the Agenda is to obtain a general mandate for issuance of shares by the Company under Section 75 and 76 of the Act. The Ordinary Resolution 8, 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 Companies Act 2016 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 9 – Proposed Shareholders’ Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Shareholders’ Mandate for Leform Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

For further information on Ordinary Resolution 9, please refer to the Circular to Shareholders dated 28 April 2023 accompanying the Annual Report of the Company for the financial year ended 31 December 2022.

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 28th 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.

Notice of Twenty Eighth Annual General Meeting (cont'd)

- (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 11th 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 28th AGM or adjourned 28th 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 20 June 2023 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.*

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AGM NOTICE
AND INFORMATION

Proxy Form

No. of shares held	
CDS Account No.	

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 Eighth Annual General Meeting of the Company to be held at Sheraton Hotel, Petaling Jaya Lorong Utara C, PJS 52, 46200 Petaling Jaya, Selangor on Tuesday, 27 June 2023 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 of Datuk Seri Akhil Bin Bulat amounting to RM144,000 per annum only for the period from 1 January 2023 until the conclusion of the next Annual General Meeting ("AGM") of the Company.	Ordinary Resolution 1		
2.	To approve the payment of Directors' fees of Ms Chua Leng Leek amounting to RM90,000 per annum only for the period from 1 January 2023 until the conclusion of the next AGM of the Company.	Ordinary Resolution 2		
3.	To approve the payment of Directors' fees of Mr Lai Chin Yang amounting to RM90,000 per annum only for the period from 1 January 2023 until the conclusion of the next AGM of the Company.	Ordinary Resolution 3		
4.	To approve the payment of Directors' fees of Ms Lee Wee Leng amounting to RM90,000 per annum only for the period from 1 January 2023 until the conclusion of the next AGM of the Company.	Ordinary Resolution 4		
5.	To re-elect Datuk Seri Akhil Bin Bulat as Director.	Ordinary Resolution 5		
6.	To re-elect Mr Law Kok Thye as Director.	Ordinary Resolution 6		
7.	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7		
8.	To approve the authority pursuant to Section 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 8		
9.	To approve the Proposed Shareholders' Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 9		

*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 28th 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 28th 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.
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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 28th AGM dated 28 April 2023.

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**AFFIX
STAMP**

The Share Registrar
LEFORM BERHAD
[Registration No: 199501001582 (330776-K)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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