

# **Masteel**

**MALAYSIA STEEL WORKS (KL) BHD**

Registration No. 197101000213 (7878-V)



**FTSE4Good**

**DELIVERING THE  
MOST SUSTAINABLE  
STEEL FOR MALAYSIA  
AND BEYOND**



ANNUAL REPORT

**2024**

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Third (“53<sup>rd</sup>”) Annual General Meeting (“AGM”) of MALAYSIA STEEL WORKS (KL) BHD (“Company”) will be held at Ballroom 1, Level 1, Wyndham Acmar Klang Hotel, No. 1-G-1, Persiaran Bukit Raja 2/KU1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan, Malaysia on Friday, 30 May 2025 at 10.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this Notice.

## AGENDA

### As Ordinary Business

- 
- |       |   |  |
|-------|---|--|
| 1.    | To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.  | <i>[Please refer to Note (i) of the Explanatory Notes]</i>   |
| <hr/> |   |  |
| 2.    | To approve the Directors’ fees up to an aggregate amount of RM160,000.00 for the financial year ending 31 December 2025 and benefits payable to the Directors up to an aggregate amount of RM450,000.00 from 31 May 2025 until the next AGM of the Company and the payment thereof. | <b>(Ordinary Resolution 1)</b><br><i>[Please refer to Note (ii) of the Explanatory Notes]</i>  |
| <hr/> |   |  |
| 3.    | To re-elect the following Directors who are retiring pursuant to Clause 96 of the Constitution of the Company:-<br><br>(i) Dato’ Sri Tai Hean Leng @ Tek Hean Leng<br>(ii) Mr. Lau Yoke Leong<br>(ii) Mr. Ong Teng Chun   | <b>(Ordinary Resolution 2)</b><br><b>(Ordinary Resolution 3)</b><br><b>(Ordinary Resolution 4)</b><br><br><i>[Please refer to Note (iii) of the Explanatory Notes]</i> |
| <hr/> |   |  |
| 4.    | To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>(Ordinary Resolution 5)</b>   |

### As Special Business

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

- |    |   |   |
|----|---|---|
| 5. | <b>Proposed Continuation in Office of Mr. Roy Thean Chong Yew as Independent Non-Executive Director</b>   | <b>(Ordinary Resolution 6)</b>                              |
|    | <b>“THAT</b> approval be and is hereby given to Mr. Roy Thean Chong Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company in accordance with the Malaysian Code on Corporate Governance (“MCCG”).” | <i>[Please refer to Note (iv) of the Explanatory Notes]</i> |



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Mandate")** **(Ordinary Resolution 7)**

*[Please refer to Note (v) of the Explanatory Notes]*

**“THAT** subject to the Companies Act 2016 (**“the Act”**), the Constitution of the Company, the Main Market Listing Requirements (**“MMLR”**) of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to make purchases of the Company’s ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

**THAT** an amount not exceeding the Company’s retained earnings account be allocated by the Company for the Proposed Share Buy-Back;

**THAT** the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next AGM of the Company (being the Fifty-Fourth AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the Fifty-Fourth AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

**THAT** upon completion of the purchase(s) by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (i) distribute the shares as share dividends to the shareholders; or
- (ii) resell the shares or any of the shares on Bursa Securities; or
- (iii) transfer the shares or any of the shares for the purposes of or under an employees’ shares scheme; or
- (iv) transfer the shares or any of the shares as purchase consideration; or
- (v) cancel all the ordinary shares so purchased; and/or
- (vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Act.

**AND THAT** the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Mandate as may be agreed or allowed by any relevant governmental and/or regulatory authority.”



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **Proposed Renewal of Authority under Sections 75 and 76 of the Act and the Constitution of the Company for the Directors to allot and issue shares**

**(Ordinary Resolution 8)**

**“THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company 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 (excluding treasury shares) at the time of issue, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

*[Please refer to Note (vi) of the Explanatory Notes]*

**THAT** in connection with the above, pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings of such price and at such terms to be offered arising from any issuance of new shares above by the Company.

**AND THAT** the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

8. To transact any other business, of which due notice shall have been given in accordance with the Constitution of the Company and the Act.

By Order of the Board,

**TAN AI NING** (MAICSA 7015852) (SSM PC No. 202008000067)  
**NELSON FOO CHEAN EE** (MAICSA 7070316) (SSM PC No. 202008003986)  
**TAN KOK AUN** (MACS 01564) (SSM PC No. 201908003805)  
Company Secretaries

Selangor Darul Ehsan  
29 April 2025

### NOTES:-

1. A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his (her) behalf. 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, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) shareholdings to be represented by each proxy.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### NOTES (CONT'D):-

3. Where a member of the Company is an Exempt Authorised Nominee who 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.
4. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the AGM, the proportion of shareholdings to be represented by each proxy must be specified in the proxy form, failing which, the appointment shall be invalid.
5. The proxy form shall be in writing, executed by or on behalf of the appointer or his (her) attorney duly authorised in writing or, if the appointer is a corporation, either be executed under its common seal or by its duly authorised attorney or officer.
6. The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Share Registrar, Securities Services (Holdings) Sdn Bhd no later than Wednesday, 28 May 2025 at 10.00 a.m. or any adjournment thereof:-

#### **In hardcopy form**

Deposited at the office of the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

#### **By electronic means**

Alternatively, the instrument appointing of proxy may also be lodged electronically via SS e-Portal at <https://sshshb.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshshb.com.my](mailto:eservices@sshshb.com.my).

If you have submitted your proxy form(s) prior to the AGM and subsequently decide to appoint another person or wish to personally participate in the AGM, please write to [eservices@sshshb.com.my](mailto:eservices@sshshb.com.my) to revoke the earlier appointed proxy(ies) no later than Wednesday, 28 May 2025 at 10.00 a.m. or any adjournment thereof.

7. Pursuant to paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 May 2025 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### EXPLANATORY NOTES

(i) **Agenda 1 - Audited Financial Statements for the financial year ended 31 December 2024**

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require formal approval of shareholders for the audited financial statements. Hence, this item on the Agenda is not put forward for voting.

(ii) **Ordinary Resolution 1 - Directors' Fees and Benefits**

Section 230(1)(b) of the Act provides that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiary companies shall be approved at a general meeting.

The shareholders had, at the Fifty-Second ("52<sup>nd</sup>") AGM held on 19 June 2024 approved the Directors' fees up to an aggregate amount of RM160,000.00 for the financial year ended 31 December 2024 and benefits payable to the Directors up to an aggregate amount of RM450,000.00 from 19 June 2024 until the next AGM of the Company.

During a review in 2025, the Remuneration Committee recommended and the Board has approved, subject to shareholders' approval at this AGM, that the Directors' fees for the financial year ending 31 December 2025 and the benefits payable to the Directors from 31 May 2025 until the next AGM of the Company to be held in year 2026 remain unchanged.

(iii) **Ordinary Resolutions 2 to 4 - Re-election of Directors**

Section 340(1)(b) of the Act provides that the election of directors in place of those retiring shall be approved at annual general meeting. The profiles of the Directors who are standing for re-election as per Agenda item no. 3 are set out in the Directors' profile of the Annual Report 2024.

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:-

(a) Ordinary Resolution 2 - Re-election of Dato' Sri Tai Hean Leng @ Tek Hean Leng ("Dato' Sri Tai") as Executive Vice Chairman

Dato' Sri Tai has demonstrated exemplary leadership in business development and value creation, playing a pivotal role in the Company's growth. His strategic insights and forward-thinking approach have significantly contributed to the Company's success, driving innovation and sustainable expansion. Throughout his tenure as Executive Vice Chairman, he has led with vision and integrity, achieving notable milestones that have strengthened the Company's market position. His unwavering commitment, diligence, and professional acumen have been instrumental in shaping the Company's trajectory, ensuring long-term value for stakeholders.

(b) Ordinary Resolution 3 - Re-election of Mr. Lau Yoke Leong ("Mr. Lau") as Executive Director/ Chief Financial Officer

Mr. Lau has extensive experience in managing the Group's financial and treasury activities as Chief Financial Officer of the Company. He is also familiar with the Group's business operations and able to provide valuable input to steer the Group forward. He also exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director/Chief Financial Officer of the Company.

(c) Ordinary Resolution 4 - Re-election of Mr. Ong Teng Chun ("Mr. Ong") as Executive Director

Mr. Ong has vast experience in managing the financial, treasury and risk management of the Company. He is also familiar with the Group's business operations and able to provide valuable input to steer the Group forward. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Executive Director of the Company.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### EXPLANATORY NOTES (CONT'D)

(iv) **Ordinary Resolution 6 - Proposed Continuation in Office of Mr. Roy Thean Chong Yew as Independent Non-Executive Director**

Practice 5.3 of the MCCG provides that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in the capacity for more than nine (9) years, to continue to act as Independent Director of the Company.

The Board has via the Nomination Committee assessed the re-appointment of Mr. Roy Thean Chong Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company, as he has continued to display a high level of integrity and is objective in his judgement and decision-making in the best interest of the Company, shareholders and stakeholders. His continuation in office as an Independent Non-Executive Director of the Company is to ensure adequate plan in place for orderly succession planning for independent directors to the Board and that the Company has sufficient time in identifying suitable candidate as appropriate. The detailed justifications are as set out in the Corporate Governance Overview Statement.

(v) **Ordinary Resolution 7 - Proposed Renewal of Share Buy-Back Mandate**

Ordinary Resolution 7 proposed under item 6 of the Agenda, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of ordinary shares by the Company up to ten per centum (10%) of the total number of issued shares of the Company at the time of issue as the Directors may deem fit and expedient in the best interests of the Company. The authority will, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the 53<sup>rd</sup> AGM is required by law to be held.

Please refer to the Statement to Shareholders dated 29 April 2025 for further information.

(vi) **Ordinary Resolution 8 - Proposed Renewal of Authority under Sections 75 and 76 of the Act and the Constitution of the Company for the Directors to allot and issue shares**

The Company had, during its 52<sup>nd</sup> AGM held on 19 June 2024, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As of the date of this notice, the Company had placed out 13,500,000 new ordinary shares pursuant to this mandate obtained. The proceeds raised from the private placement have been utilised for working capital requirements and defrayment of expenses incidental to the private placement.

Ordinary Resolution 8 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, serves as a measure to meet the Company's immediate working capital needs in the short term without relying on conventional debt financing (which will result in higher finance costs to be incurred) for the purpose of funding investment project(s), working capital and/or acquisition(s). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company 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.

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.





## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### PERSONAL DATA PRIVACY:

By submitting proxy form(s) 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.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

(Chairman - Independent Non-Executive)  
**DATUK SYED MOHAMED BIN SYED IBRAHIM**

(Executive Vice Chairman)  
**DATO' SRI TAI HEAN LENG @ TEK HEAN LENG**

(Executive Director/ Chief Financial Officer)  
**LAU YOKE LEONG**

(Executive Director)  
**ONG TENG CHUN**

(Executive Director)  
**NG SIEW PENG**

(Independent Non-Executive Director)  
**ROY THEAN CHONG YEW**

(Independent Non-Executive Director)  
**ZUERAINI BINTI AHMAD BASRI**

(Independent Non-Executive Director)  
**ROSDELIMA BINTI MOHD ALI JAAFAR**

### Audit Committee

Roy Thean Chong Yew (Chairman)

Zueraini Binti Ahmad Basri

Rosdelima Binti Mohd Ali Jaafar

### Nomination Committee

Zueraini Binti Ahmad Basri (Chairperson)

Roy Thean Chong Yew

Rosdelima Binti Mohd Ali Jaafar

### Remuneration Committee

Rosdelima Binti Mohd Ali Jaafar (Chairperson)

Roy Thean Chong Yew

Zueraini Binti Ahmad Basri

### Risk Management Committee

Zueraini Binti Ahmad Basri (Chairperson)

Ong Teng Chun

Rosdelima Binti Mohd Ali Jaafar

### Company Secretaries

Tan Ai Ning (MAICSA 7015852) (SSM Practicing Certificate No. 202008000067)

Tan Kok Aun (MACS 01564) (SSM Practicing Certificate No. 201908003805)

Nelson Foo Chean Ee (MAICSA 7070316) (SSM Practicing Certificate No. 202008003986)

### Registered Office

No. 3A, Mezzanine Floor  
Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Tel : 03-4043 5750 Fax : 03-4043 5755  
Email : pcaadvkl@gmail.com

### Head Office

Wisma Masteel  
Lot 29C, Off Jalan Tandang, Section 51  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7781 1611 Fax : 03-7781 5435

### Auditors

RSM Malaysia PLT  
202206000002 (LLP0030276-LCA) & AF 0768  
5th Floor, Penthouse, Wisma RKT, Block A  
No. 2, Jalan Raja Abdullah  
Off Jalan Sultan Ismail  
50300 Kuala Lumpur

### Share Registrar

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela,  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2084 9000 Fax : 03-2094 9940  
Email : info@sshsb.com.my

### Principal Bankers

Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
MBSB Bank Berhad  
Ambank Berhad  
Alliance Bank Berhad  
Bank Pembangunan Malaysia Berhad  
Bank Kerjasama Rakyat Malaysia Berhad

### Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

**Shares**  
Stock Name : Masteel  
Stock Code : 5098

**Warrants**  
Stock Name : Masteel-WB  
Stock Code : 5098WB



## CORPORATE STRUCTURE

# Masteel

**MALAYSIA STEEL WORKS (KL) BHD**

[Registration No. 197101000213 (7878-V)]

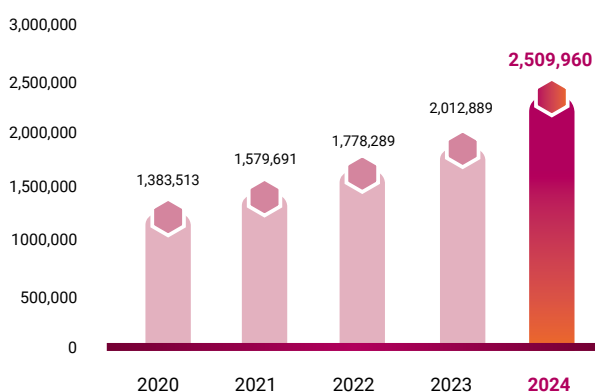




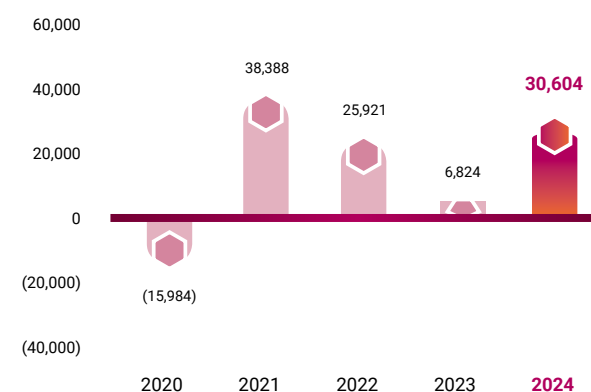
## FINANCIAL HIGHLIGHTS

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	1,383,513	1,579,691	1,778,289	2,012,889	2,509,960
Profit/(Loss) before taxation	(15,984)	38,388	25,921	6,824	30,604
Net Profit/(Loss) for the financial year	(14,726)	32,503	19,071	2,404	16,990
Total Assets Employed	1,606,618	1,722,730	1,803,456	1,963,333	2,273,186
Total Shareholders' funds	720,772	844,372	862,955	865,359	968,373
Paid-up Share Capital	239,942	329,648	329,648	329,648	333,927
No. of Ordinary Shares in Issue ('000)	452,740	679,110	679,110	679,110	692,610
Gearing Ratio	59.11%	46.19%	55.43%	57.86%	62.54%
Net Assets per Share (RM)	1.59	1.24	1.27	1.27	1.40
Earnings/(Loss) per Share (sen)	(3.27)	4.79	2.82	0.35	2.49
Diluted Earnings per Share (sen)	-	3.87	2.39	0.35	2.49

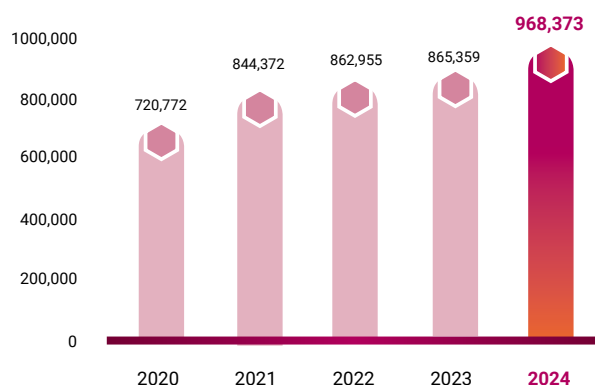
### REVENUE RM'000



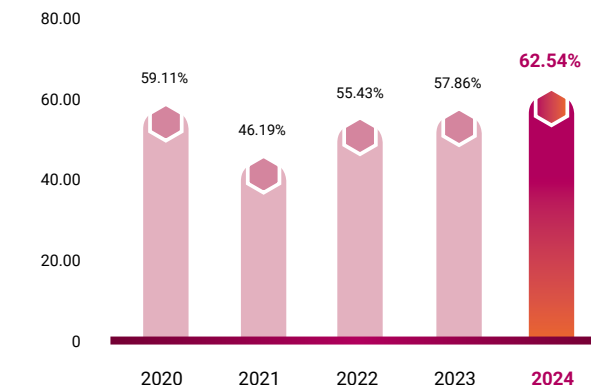
### PROFIT/ (LOSS) BEFORE TAXATION RM'000



### TOTAL SHAREHOLDERS' FUNDS RM'000



### GEARING RATIO %





## DIRECTORS' PROFILE



### DATUK SYED MOHAMED BIN SYED IBRAHIM

(Independent Non-Executive Chairman)

Nationality	Gender	Age
Malaysian	Male	66

**Datuk Syed Mohamed Bin Syed Ibrahim** was appointed as the Independent Non-Executive Chairman of Malaysia Steel Works (KL) Bhd on 1 March 2024. He obtained a Bachelor of Economics (Honours) degree in Analytical Economics from the University of Malaya.

With a distinguished career spanning banking, corporate leadership, real estate development, and business strategy, he brings a wealth of experience and strategic insight to his role. He began his career at Bank Bumiputera (M) Bhd and Bank Rakyat before joining the Johor State Economic Development Corporation, the predecessor of Johor Corporation. His leadership journey saw him take on key roles at Sime Darby Land and Encorp Bhd, before leading the transformation of TH Properties Sdn Bhd's

flagship project, Bandar Enstek, as its CEO. His experience extends internationally, having served as Chief Operating Officer at Knowledge Economic City in Madina, Saudi Arabia. He later took on the role of President and Chief Executive Officer of Iskandar Investment Bhd and also served as Chairman of Felda Investment Corporation Bhd and Encorp Bhd.

Currently, Datuk Syed Mohamed serves as the President and Chief Executive of Johor Corporation and as Chairman of KPJ Healthcare University. He also contributes to the development of key social initiatives through his roles on the boards of Yayasan Sultan Ibrahim and Yayasan Kanser Tunku Laksamana. His commitment to knowledge-sharing and industry collaboration is reflected in his roles as an Adjunct Professor

at the Faculty of Built Environment and Surveying, Universiti Teknologi Malaysia, and the School of Government, Universiti Utara Malaysia, as well as his appointment as an Eminent Industry Fellow at Universiti Sains Malaysia.

In addition to his corporate and academic contributions, he is the Chairman of Waqaf An-Nur Corporation Berhad and JLand Group Sdn Bhd. He also sits on the board of Johor Darul Ta'zim (JDT) Football Club, supporting its continued progress in Malaysian football.

For the financial year ended 31 December 2024, Datuk Syed Mohamed Bin Syed Ibrahim attended all 4 Board meetings of the Company, which were subsequent to his appointment as Director on 1 March 2024.



### DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

(Executive Vice Chairman)

Nationality	Gender	Age
Malaysian	Male	61

**Dato' Sri Tai Hean Leng** was appointed as an Executive Director of Masteel on 25 April 1994. He is also the Executive Vice Chairman of Masteel. He obtained a Bachelor of Science degree in Mechanical Engineering from the University of Southern California in 1987 and a Master's degree in Finance from the University of Hull, United Kingdom in 1993. He began his practical training in 1987 as a Plant Manager in the manufacturing of Liquefied Petroleum Gas ("LPG") pressure vessels for the oil and gas industries. He has been involved

in the formulation and implementation of Masteel's corporate strategies including corporate planning, business expansion and operations. He has more than 37 years of business experience in the iron and steel industry. Dato' Sri Tai also sits on the Board of MS Express Sdn Bhd which is the wholly-owned subsidiary of Masteel. He also sits on the Board of Bio Molecular Industries Sdn Bhd, an associate company of Masteel and several private companies in Malaysia. Dato' Sri Tai is a member of the board of the Malaysia Steel Institute

("MSI") and he is the Vice President and Honorary Treasurer of the Malaysia Steel Association ("MSA"). Dato' Sri Tai is also the Vice Chairman of the Sustainable Development & Climate Change Committee ("SDCC") of the Federation of Malaysian Manufacturers ("FMM"). He does not hold any directorship in any other public company.

Dato' Sri Tai attended all 5 Board meetings of the Company held during the financial year ended 31 December 2024.



## DIRECTORS' PROFILE (CONT'D)



### LAU YOKE LEONG

(Executive Director/Chief Financial Officer)

<b>Nationality</b> Malaysian	<b>Gender</b> Male	<b>Age</b> 56
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**Lau Yoke Leong** was appointed as an Executive Director of Masteel on 16 April 2007. He joined Masteel as an Accountant in July 2000, was promoted as Chief Accountant in June 2004, and was appointed as Chief Financial Officer in April 2016. He is a Fellow Chartered Certified Accountant ("FCCA") and a member of the Malaysian Institute of Accountants ("MIA"). He has more than 23 years of experience in various fields of accounting, audit, taxation and management matters as well as an in-house training instructor on

updating accounting standards and audit software programs, corporate restructuring, corporate exercise and due diligence assignments. He started his accounting profession in 1994 as an auditor with Messrs Ong & Wong. He completed the professional qualification from The Association of Chartered Certified Accountants in late 1995. Upon graduation in 1995, he joined another public accounting firm, Messrs T.H.Liew & Gan before moving on to Messrs Deloitte Touche Tohmatsu from 1996 to 1999. From 1999 to 2000, he was

with Bell Management Services Sdn Bhd before joining Masteel. Mr. Lau also sits on the Board of MS Fabricon Sdn Bhd which is the wholly-owned subsidiary of Masteel. He also sits on the Board of Bio Molecular Industries Sdn Bhd, an associate company of Masteel and several private companies in Malaysia. He does not hold any directorship in any other public company.

Mr. Lau attended all 5 Board meetings of the Company held during the financial year ended 31 December 2024.



### ONG TENG CHUN

(Executive Director)

(Member of the Risk Management Committee)

<b>Nationality</b> Malaysian	<b>Gender</b> Male	<b>Age</b> 57
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**Ong Teng Chun** was appointed as an Executive Director of Masteel on 30 September 2015. He joined Masteel as an Assistant Finance Manager in September 1998 and was subsequently promoted to the position of Senior Vice President in July 2010. His principal duties include managing the Financial, Treasury and Risk Management of Masteel. He was also en-tasked to spearhead the marketing division of steel bars. He obtained his Bachelor of Business degree majoring in Banking and Finance, in 1991, from Curtin

University, Western Australia. Prior to joining Masteel, Mr. Ong worked in Malaysian International Merchant Bankers Bhd ("MIMB"), where he was actively engaged in various syndicated fundraising exercises and structuring of project loan facilities. He also sits on the Board of a private company in Malaysia. He does not hold any directorship in any other public company.

Mr. Ong attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2024.



## DIRECTORS' PROFILE (CONT'D)



### NG SIEW PENG

(Executive Director)

<b>Nationality</b> Malaysian	<b>Gender</b> Female	<b>Age</b> 46
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**Ng Siew Peng** was appointed as an Executive Director of Masteel on 23 November 2017. She obtained a Master of Business Administration with a specialisation in Finance from the University of Southern Queensland, Australia. She has more than 21 years of working experience in Corporate Finance and Corporate Governance. Ms. Ng journey at Masteel began in October 2012, when she joined as an Assistant Finance Manager and advancing to the role of Corporate Manager in April 2016. In her current

role, she assumes the responsibilities of ensuring the integrity of the governance framework and overseeing compliance with statutory and regulatory requirements. Additionally, Ms. Ng has been tasked with spearheading Masteel's sustainability team to drive the company's Environmental, Social and Governance ("ESG") strategies and initiatives. Before joining Masteel, she played instrumental roles at Frontken Corporation Berhad, working closely with Senior Vice President to achieve corporate objectives and engaged in

finance-related assignments. From 2004 to 2010, Ms. Ng was with Soon Seng Palm Oil Mill Sdn Bhd, assisting the Group Director in the implementation and coordination of new overseas investment plans. She also sits on the Board of several private companies in Malaysia. She does not hold any directorship in any other public company.

Ms. Ng attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2024.



### ROY THEAN CHONG YEW

(Independent Non-Executive Director)

(Chairman of Audit Committee, Member of Nomination Committee and Remuneration Committee)

<b>Nationality</b> Malaysian	<b>Gender</b> Male	<b>Age</b> 53
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**Roy Thean Chong Yew** was appointed as an Independent Non-Executive Director of Masteel on 2 July 2015. He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"), Malaysian Institute of Accountants ("MIA") and a Chartered Member of Institute of Internal Auditors of Malaysia ("CMIIA"). He started embarking on his career path in 1994 with PKF Malaysia. After accumulating extensive working experience in his field, he left PKF Malaysia as an Audit Manager in 2003 to join a professional services firm, Russell Bedford Malaysia Business Advisory Sdn. Bhd. ("RBMBBA") for another six (6) years, rising to the position of an

Executive Director. In 2009, he left RBMBBA to start his own business venture. With over 28 years of working experience in local and international professional services firms, Mr. Roy Thean has been involved in rendering a wide and diverse range of professional services to public listed companies and multinational and large national enterprises. His work encompasses a wide range of professional services with his core practice being in corporate finance and advisory work for transaction support services including business valuations, financial due diligence, preparation of business plans and financial modeling,

internal control and business risk review, corporate governance, risk management, merger / acquisition-related services, internal and external auditing. Presently, Mr. Roy Thean is holding directorships in JAG Berhad which is listed on the ACE Market and Teladan Group Berhad which is listed on the Main Market.

Mr. Roy Thean attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2024.



**DIRECTORS' PROFILE**  
(CONT'D)



**ZUERAINI BINTI AHMAD BASRI**

(Independent Non-Executive Director)

(Chairperson of Nomination Committee and Risk Management Committee, Member of Audit Committee and Remuneration Committee)

<b>Nationality</b>	<b>Gender</b>	<b>Age</b>
Malaysian	Female	51

Zueraini Binti Ahmad Basri was appointed as an Independent Non-Executive Director on 1 July 2022. With a Bachelor of Business Administration in Finance & Organisational Behavior from the University of Missouri-St. Louis and a Master's in Finance from the Royal Melbourne Institute of Technology University, Puan Zueraini is currently pursuing a Climate and Sustainability certification to further contribute to sustainability efforts. With over 27 years of experience in risk management across financial institutions, encompassing both local and foreign banks, she is recognised

for her leadership. Notably, she played a pivotal role in establishing integrated risk management as the first Chief Risk Officer for BMW Financial Services Malaysia. In this capacity, she oversaw a range of risk domains such as retail and commercial credit, operational risk, enterprise risk, market risk and business continuity management. During her tenure in banking, she focused on evaluating credit across commercial, corporate and investment sectors, encompassing both conventional and Islamic banking practices. Her proficiency lies in assessing credit and financial viability, structuring loans

and ensuring robustness in corporate governance and risk management frameworks. Utilising her extensive knowledge, she advocates for proactive risk management strategies to support business objectives and encourages an enterprise-wide risk management approach. She does not hold directorship in any other public company.

Puan Zueraini attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2024.



**ROSDELIMA BINTI MOHD ALI JAAFAR**

(Independent Non-Executive Director)

(Chairperson of Remuneration Committee, Member of Nomination Committee, Risk Management Committee and Audit Committee)

<b>Nationality</b>	<b>Gender</b>	<b>Age</b>
Malaysian	Female	61

Rosdelima Binti Mohd Ali Jaafar was appointed as an Independent Non-Executive Director on 1 March 2024. Puan Rosdelima obtained her Bachelor of Accountancy from MARA Technological University (UiTM) and Master in Business Administration (Strategic Management) from International Islamic University Malaysia. She is a member of Malaysian Institute of Accountants ("MIA") and a member of Malaysian Association of Tax Accountants ("MATA"). She has over

21 years of experience being a partner in an audit firm Rosdelima & Co. She was involved mainly in statutory audits of small and medium-sized enterprises. She is also a partner of Ramli & Co., an audit firm that is vastly involved in many public sector audits as a private audit firm appointed by the National Audit Department to perform the audit for Federal Statutory Bodies, State Statutory Bodies, Local Councils on behalf of the Auditor General of Malaysia. Prior

to establishing Rosdelima & Co, she was a Senior Account Executive with Kaf-Seagroatt & Campbell Sdn. Bhd., a stockbroking firm. She does not hold any directorship in any other public company.

For the financial year ended 31 December 2024, Puan Rosdelima attended all 4 Board meetings of the Company which were subsequent to her appointment as Director on 1 March 2024.

Other than the aforesaid, none of the Directors has a family relationship with any other directors/ major shareholders, except for the Executive Vice Chairman, who is related to a major shareholder. None of the Directors have any conflict of interest / potential conflict of interest with the Company. The members of the Board have no convictions for any offences within the past five (5) years or have been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2024, other than traffic offences (if any).





## PARTICULARS OF KEY SENIOR MANAGEMENT

### TAN KA YEONG

(Senior Vice President)

Nationality	Gender	Age
Malaysian	Male	56

**Tan Ka Yeong** was appointed as a Senior Vice President of Masteel on 1 October 2018. He joined Masteel as a Plant Engineer in 1997 and was promoted as a Special Assistant to the Managing Director/ Chief Executive Officer in 2006. In 2009, he was promoted again as Deputy General

Manager. He holds a MSC in Materials Engineering with Distinction from the University of Sunderland, Sunderland U.K. He has more than 30 years of experience in the engineering field. He started his engineering profession in 1994 to 1997 with Harom LPG Industries Sdn Bhd as a Plant Engineer before joining Masteel in 1997.

None of the Key Senior Management has any directorship in public companies and listed issuers. None of the Key Senior Management has a family relationship with any directors/ major shareholders. None of the Key Senior Management have any conflict of interest / potential conflict of interest with the Company. The Key Senior Management have no convictions for any offences within the past five (5) years or have been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2024, other than traffic offences (if any).



# MANAGEMENT DISCUSSION AND ANALYSIS

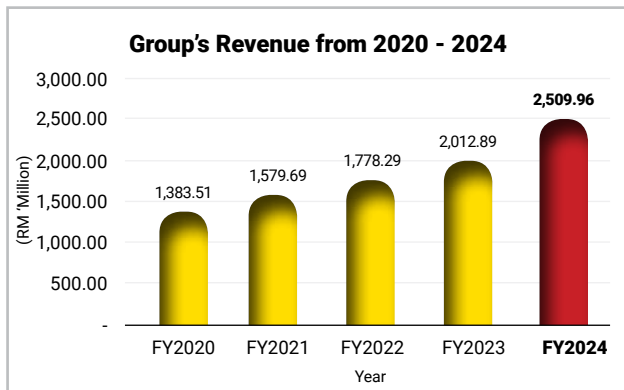
## GROUP'S BUSINESS AND OPERATIONS

Masteel's principal business activities are in the manufacturing and marketing of high tensile steel bars, mild steel bars and prime steel billets which comply with the Malaysian Standard (MS 146:2014 & MS 144:2014), Australasian Certification Authority for Reinforcing and Structural Steels [(“ACRS”) (Australia)] for the construction and infrastructure sectors and ISO 9001 (Quality Management System). In addition, Masteel has also been accredited ISO 14001 (Environmental Management Systems), ISO 5000:2018 (Energy Management System) & ISO 45001 (Occupational Health and Safety Management Systems). The Company has two (2) 100%-owned subsidiaries i.e., MS Express Sdn Bhd (“MSX”) and MS Fabricon Sdn Bhd (“MSF”). MSX is mainly involved in the transportation and logistics of steel bar and billets between Masteel’s Bukit Raja and Petaling Jaya facilities.

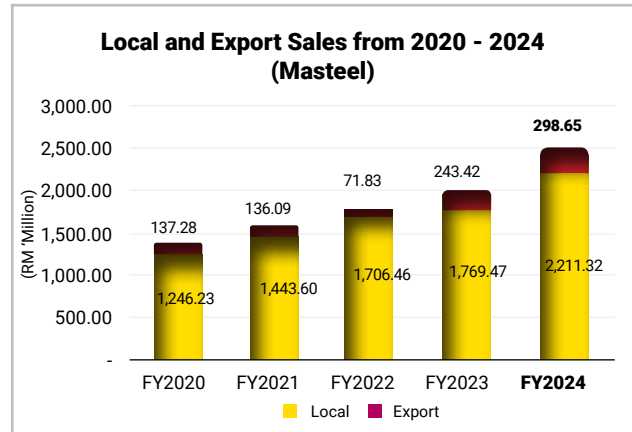
Masteel also has a 48.25% owned associate company, Bio Molecular Industries Sdn Bhd (“Bio-M”), which is a strategic partnership between Masteel and Curium International S.A., which is a worldwide leader in radiopharmaceuticals. Bio-M has its own cyclotron and a dedicated radiochemistry lab for R&D in its facility and it is principally involved in producing radiopharmaceuticals for the diagnosis and management of cancer patients [(Positron Emission Tomography) PET]. Bio-M is GMP-certified by the local National Pharmaceutical Control Bureau (NPCB). Bio-M has also been granted the BioNexus Status by Malaysian Biotechnology Corporation Sdn Bhd and the facility is also licensed by the Atomic Energy Licensing Board.

The manufacturing facilities of Masteel and MSF are located in Petaling Jaya and Bukit Raja, Klang, Selangor. The geographical presence of the sales of its steel bars are primarily in the Klang Valley, Johor and the East Coast of West Malaysia. Its radioisotopes manufacturing facility is located in Bandar Enstek, Negeri Sembilan. The main market for its radioisotopes are hospitals throughout Malaysia.

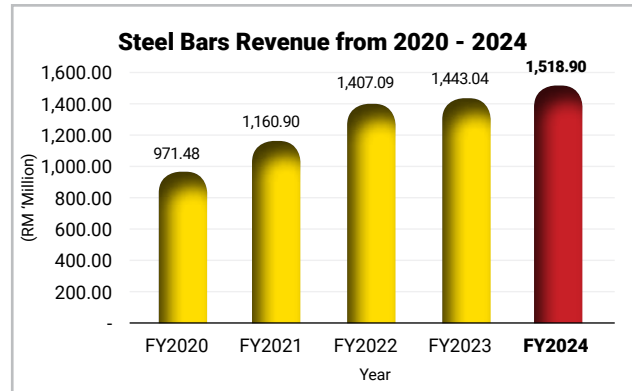
The main drivers of revenue for the Group are from the sales of steel bars and billets.



The distribution between local and export sales for the past 5 years are as follows:



The sales revenue from steel bars in the past 5 years are as follows:



## BUSINESS OBJECTIVES

The objective of the Company’s manufacturing activities is to maximize shareholders’ value through the generation of profits by increasing sales volume and widening profit margin per MT with the efficient utilisation of minimum overheads and capital.

Whilst the Company is constantly striving to improve its productivity and cost efficiency through continuous management upskilling and upgrading of its plant and machinery, whilst focusing its core objective of being a sustainable steel producer to better serve its home market and new markets across the continents.

Ongoing development on the technology and methodology to improve the efficiencies and reliability of the manufacturing facilities are key agendas for the management team of the Company. The utilisation of a new environmentally efficient steel melting facility also improves the billet production



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

efficiency and reduce reliance on various consumables which constitutes a significant amount of the production cost. The Company also further embarked on High-Speed Steel Bar Rolling facility to improved its cost of production efficiency. These technological transformations will eventually enable the Company to keep the costs of production in check and remain competitive in the industry. Besides to remain competitive, this technological transformation further reduces Green House Gases (“GHG”) emission which is in line with our Company’s mission as the first “green” integrated steel mill in Malaysia.

The Company employs and retains a dedicated and experienced workforce which is accustomed to the challenges of the cyclical nature inherent in the steel business and the demanding working environment of heavy industry.

The complexity of ensuring consistently high utilization rate of all manufacturing facilities is a major factor that can affect the costs and competitiveness of its products. The Company has in place stringent and comprehensive training, inspection and maintenance programs with extensive incentives and penalty schemes to ensure the fullest compliance. Other external factors such as market pricing, exchange rate fluctuations and cost-push factors are harder to mitigate and anticipate.

Although majority Covid-19 pandemic restrictions have been removed, Masteel is still observing some critical Covid-19 prevention measures to ensure the safety and wellbeing of its employees whilst mitigating any disruption to its operation.

It is the business philosophy of the Company to be prudent when expending its financial resources and is constantly remaining vigilant and informed about future economic and industry trends.

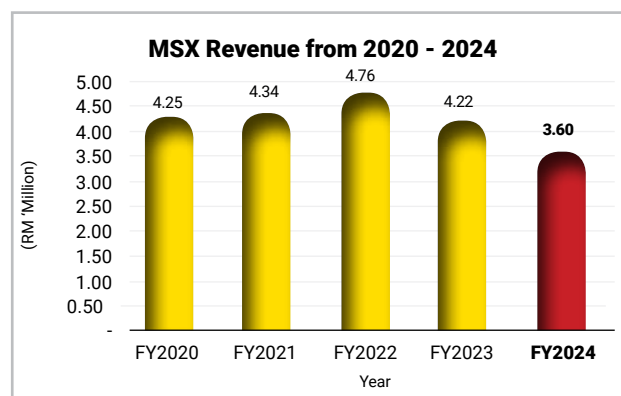
### FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group’s key financial performance for FYE2024 is as follows:

- (a) For the year under review, the Group’s revenue increased by 24.88% to RM2.51 billion as compared to RM2.01 billion in the previous financial year. The increase in revenue was mainly attributed to higher sales volume of steel products recorded from the export and domestic markets. A higher sales volume was recorded mainly due to improvement of demand as a consequence of sustainable local and global economic recovery. In local market, Malaysia’s construction sector in 2024 demonstrated a solid performance which grew by 20.2% to RM158.8 billion underpinned by broad-based growth across all sub-sectors according to the Department of Statistics Malaysia (“DOSM”).

- (b) The Group recorded an increase in its profit before tax from RM6.82 million in FYE2023 to RM30.60 million in FYE2024. The Group’s improved performance was mainly due to improvement in overall margin as compared to previous year.

In FYE2024, the Group managed to record an improved turnover with a higher profitability despite operating in a very challenging global and local economic environments which has been caused by numerous complex and interconnected challenges such as the geopolitical tensions including the on-going Russia/Ukraine war, Israel-Palestine conflict, high inflationary and interest rate regime and patchy economic recovery of China. Nevertheless, in comparison to other locally-owned steel mills, the Group had achieved a commendable performance mainly due to the improvement of its steel manufacturing productivity and cost efficiency arising from its substantial technological transformation investments since 2018.



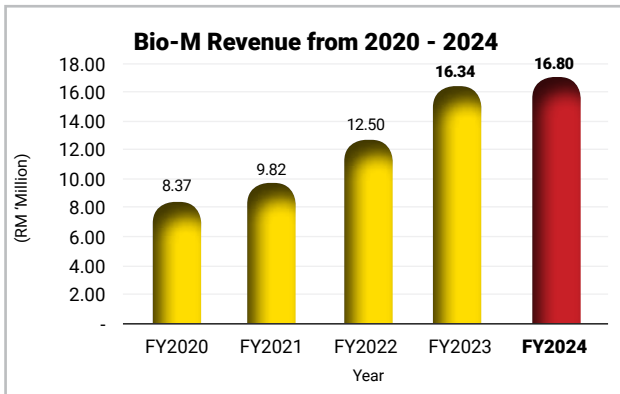
During the year under review, in line with the improvement of Masteel’s distribution channel in 2024, more steel bars were being directly sent out from its Bukit Raja plant to the Company’s end-users’ sites without having them being sorted out in Petaling Jaya plant. Therefore, MSX’s revenue decreased marginally by 14.7% from RM4.22 million in FYE2023 to RM3.6 million in FYE2024. In line with decrease in revenue, MSX’s profit after taxation (“PAT”) decreased by 39.06% from RM0.64 million in FYE2023 to RM0.39 million in FYE2024. The main reasons for the decline in profit after taxation is because of reduced utilization of its fleet due to the higher maintenance downtime.

Bio-M, the associate company which is the leading radioisotopes manufacturer in Malaysia for PET-CT imaging of cancer had recorded a turnover of RM16.80 million in FYE2024, an increase of 2.82% from RM16.34 million in FYE 2023. During the year under review, Bio-M’s gross profit decreased by 29.38% from RM11.54 million in FYE 2023 to RM8.15 million in FYE 2024 as a consequence of higher production cost. Thus, the Company also recorded profit before taxation of RM4.38 million in FYE2024 as compared to profit before taxation of RM7.46 million recorded in FYE2023.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)



The financial outcome of the Group other than being driven by the available manufacturing capacities is also affected by actual sales volumes, selling price of its end products and raw material costs. In addition, the magnitude of the increase in energy costs, labour costs, and financial costs will also affect the final financial outcome of the Group.

The following are the risk factors that could affect the financial performance of the Company:

- 1) Political stability has contributed to Malaysia's economic growth since its independence in 1957 as well as its recovery from the many previous economic recessions. Unprecedented unity government of Malaysia which provides a strong foundation of economic growth and stability, will also be able to mitigate the negative effects associated with political instability of a country.
- 2) The pace of rollout of new megaprojects under the 2025 Budget coupled with the current softness in the property sector, in particular commercial building and residential property, are the major risk factors which could affect the local demand for steel bars. Nevertheless, with the improved political stability situation in the country, acceleration on the implementation of infrastructure projects with high multiplier effects and anticipated easing of interest rate, Malaysia's economy is poised for continued growth in 2025 with forecast range of 4.5% to 5.5%. Anticipation of 0.25% OPR cut in second half of 2025 will lead to better demand in property sectors. Improved confidence and sentiment in property investment will also provide better outlook to Malaysian property sector.
- 3) The risk of imported steel bars being dumped into Malaysia due to various tariffs on all US steel import imposed by President Trump is not imminent as the previous steel tariff on Malaysian steel was 25% in 2018 has not impacted our Company's export revenue as US is not our target market. Furthermore, the present international freight charges remain high which are not conducive for the dumping of steel products into Malaysia. Nevertheless, our Company via Malaysia Steel Association ("MSA") and Malaysian Iron & Steel Industry Federation ("MISIF") has been engaging with MITI to step up the necessary trade measures, particularly safeguard measures if there are any signs of a dumping activities due to trade diversion from manufacturers in the affected countries into Malaysia.
- 4) The Company is susceptible to any adverse movement in borrowing cost as the Company is reliant on short-term borrowings to meet its working capital requirements. Any decision by the Bank Negara Malaysia to revise the monetary policy by changing the overnight policy rate will impact the borrowing cost of the Company. In line, with the expectation of US Fed Rate reductions of up to two quarter-percentage points in 2025, our OPR is expected to ease slightly. Nevertheless, as a cost-conscious manufacturer, the Company is always on the lookout for alternative financing options such as equity funding.
- 5) Certain operational risks which are inherent in the manufacturing industry such as disruption of electricity supply and fire hazards will affect production of the plant and have a negative impact on the financial performance of the Company. Presently, the Company is engaging with Tenaga Nasional Berhad ("TNB") to expedite in providing another high voltage cable (132kv Incomer) in order to mitigate any potential power supply disruption to its Bukit Raja plant. The risk of potential fire hazard exists as the nature of the steel manufacturing processes involves the use of furnaces to generate heat for the melting of scrap metals. With the existence of this fire hazard, the management of the Company has implemented various mitigating measures such as installing effective fire suppression systems, providing suitable firefighting equipment and training for employees on fire-fighting techniques.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

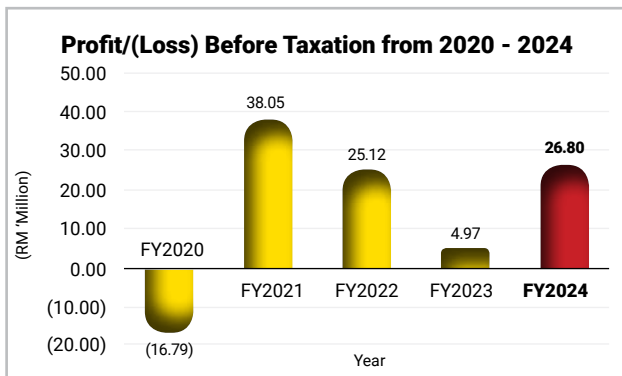
- 6) The cost of the Company's steel production is subjected to fluctuations in prices of raw materials, in particular scrap metal and electricity tariff. In some situations, increases in the prices of raw materials and electricity tariff cannot be directly passed to the customers in order to remain price-competitive and to maintain the Company's market share. Recently, China had announced that it will restructure its steel industry through output cuts by approximately 50 million tonnes which is about 5% of its steel output in 2024. This latest policy measure will not only address its overcapacity issue but also reduce China's global trade tensions with US, Vietnam, Korea and other major steel producing countries. In line of this potential steel output reduction, prices of raw materials are expected to stabilize and stronger selling prices of finished steel products will be achieved. Thus, the above favourable factors may be able to offset any potential increase of our Company's energy cost due to the anticipated electricity tariff hike in the second half of 2025. In essence, a significant increase in the market prices of raw materials and increase in energy cost will have an adverse effect on the business and future earnings of the Company. Nevertheless, the management of the Company will endeavour to mitigate any potential increase in cost by striving for higher output and better production cost efficiency with the implementation of new technology packages and manpower retraining.
- 7) Foreign exchange volatility risk will continue to be minimized and mitigated through constant monitoring of the foreign exchange market and the Company's overall forex exposure. In addition, the Company is anticipating to increase its foreign currency-based revenue via the export of billets and steel bars. Thereby, this anticipated increase of exports will provide a natural hedge to a portion of its forex exposure.
- 8) Our steel manufacturing business operates in a market characterised by strong competition resulting from a number of established local and foreign steel players as well as some volume of imported steel products. Such competition, arising from local steel producers or imported steel products, may result in a loss of market share and a margin compression on our steel products.
- 9) Global steel industry is susceptible to geopolitical and natural disaster risks that will affect the supply chain of steel industry. The Russia-Ukraine war which was erupted in early 2022 coupled with the recent massive earthquake in Turkey have a disruptive effect on the global steel supply chain as their combined crude steel output accounts to approximately 138 million tonnes. Besides affecting the crude steel output, these geopolitical tensions and natural disaster will also trigger severe disruption to global market's critical raw materials supply chain. The eventual repercussion of the supply chain disruptions in relation to raw materials and steel products will have a continued inflationary impact on the costs of raw materials and building materials which in turn will have a detrimental knock-on effect on the global economic growth. While on the Israel-Palestine conflict, it has led to consequences such as blockades on routes connecting the Mediterranean Sea and the Red Sea and sporadic attacks in the Red Sea targeting commercial ships associated with Israel. Thus, rerouting increases the delivery time and shipping charges which may eventually escalate to another substantial rise in global inflation.



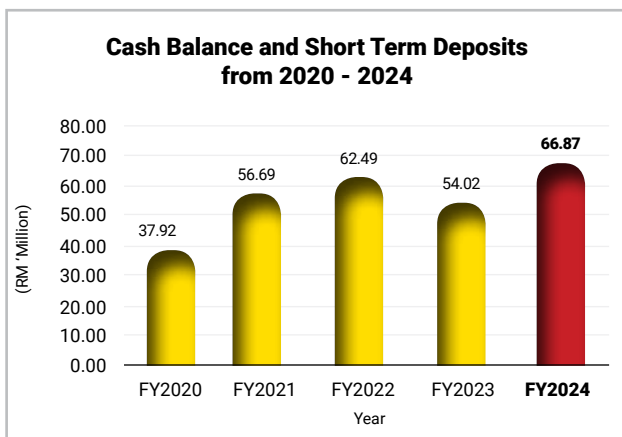
## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL SECTION OF THE COMPANY

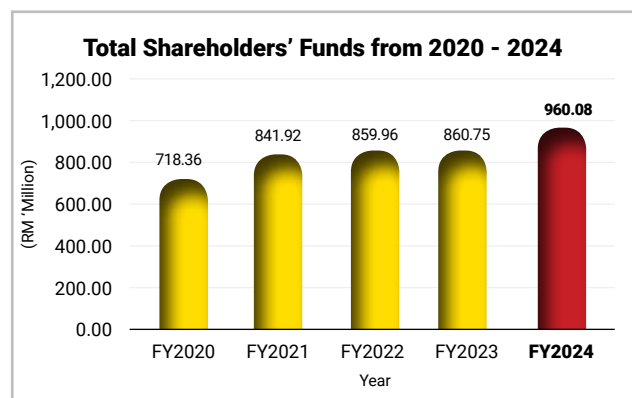
- The Company's revenue increased by 24.88% from RM2.01 billion in FYE2023 to RM2.51 billion in FYE2024 attributed by the surge in the export which increased by 22.7% from RM243.42 million in FYE 2023 to RM298.65 million in FYE 2024. In addition, the sales of steel bars had also increased marginally by 5.6% from RM1.44 billion in FYE 2023 to RM1.52 billion in FYE 2024 in line with the normalization of Malaysian economic growth which registered a Gross Domestic Product ("GDP") increase of 5.1%.



- In FYE2024, the Company recorded a Profit before Taxation ("PBT") of RM26.80 million as compared to Profit Before Taxation of RM4.97 million in FYE 2023. The factors which contributed to the Company's continuous profitability were increased sales volume, improved production cost efficiency, productivity and overall margins.
- As at 31 December 2024, the Company's inventories value increased by 8.3% from RM791.07 million as at 31 December 2023 to RM857.00 million as a result of higher quantity of finished goods and raw materials.



- In line with the Company's improved profitability, the Company's cash balance and short-term deposits increased by 23.8% from RM54.02 million in FYE2023 to RM66.87 million in FYE2024.
- As a result of higher inventories as at 31 December 2024, the Company's short-term borrowings increased by 35.4% from RM429.09 million in FYE2023 to RM580.99 million in FYE2024. The Company's net long-term borrowings decreased by 67.76% from RM67.86 million in FYE2023 to RM21.88 million in FYE2024 due to its punctual settlements on the scheduled installments.
- Despite the increase of the Company's bank borrowings from RM496.95 million in FYE2023 to RM602.87 million in FYE2024, its gearing ratio remained at a sustainable level of 0.63 times.
- In tandem with the increase of the Company's turnover, its trade receivables increased from RM282.82 million as at 31 December 2023 to RM329.45 million as at 31 December 2024. The average collection period remained stable at 45 days.
- In view of the Company's higher production volume of its steel products, the Company's trade payables increased from RM400.75 million as at 31 December 2023 to RM508.79 million as at 31 December 2024. The average payment period remained stable at 69 days in FYE2024.





## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

- 9) The Company's shareholders' funds had increased by 11.5% to RM960.08 million as at 31 December 2024 as compared to RM860.75 million in the previous year. The increase was contributed by the following:
- Revaluation surplus of RM81.75 million.
  - Proceeds from private placement of new Masteel shares amounting to RM4.28 million.
  - An increased of retained earnings by RM13.30 million.

### FORWARD LOOKING STATEMENTS

Global steel industry outlook for 2025 remains cautiously optimistic, with signs of mild recovery and growth in China's economy, the world's second biggest economy, amidst facing multiple headwinds such as high inflationary environment and interest rates regime, intensified US-China trade sanctions, particularly on technology related sector and rising geopolitical tensions.

Recently, China's March 2025 purchasing Manager's Index expanded at its fastest pace (50.5) since March last year, signalling the various monetary and fiscal stimulus packages announced late last year by Beijing were having an effect on its economic growth which is targeted to be around 5% in 2025.

With the impending imposition of Section 232 of the Trade Expansion Act 1962 (US), import duties of 25% for imported steel into the United States, the threat of trade diversion by major exporting countries to the United States to Malaysia is being addressed by MITI. Masteel, through its steering role in the Malaysian Steel Association ('MSA'), is working closely with MITI, MISIF, SIRIM, CIDB & MOF to enact policies both monetary and non-monetary trade policies that will thwart any opportunistic dumping of unfair priced steel into Malaysia.

Masteel remains upbeat on the Company's prospects as prices of its steel products are firming upward supported by our government's various fiscal stimulus measures including, acceleration on the implementation of infrastructure projects which offer high multiplier impact. Under the largest-ever Budget of RM421 billion for 2025, Prime Minister Datuk Sri Anwar Ibrahim allocated RM86 billion for development expenditure for 2025 which will augur well for the entire infrastructure and construction sectors.

Construction sector is expected to have a growth of 9.4% in 2025. The growth will be spurred by the continuation and acceleration of major infrastructure projects such as Johor-Singapore Rapid Transit System (RTS), the Pan Borneo highways in Sabah and Sarawak, Penang Light Rail Transit, Baleh Hydroelectric Power Plant, Sarawak Water Supply Grid Programme, Large-Scale Solar 3 plants, upgrade of the Klang Valley Double Track (KDVT) Phase 2, East Coast Rail Link, Sabah-Sarawak Link Road, Plus Highway expansion in Johor and massive flood mitigation projects.

Furthermore, in line with the revival and launching of new rail and road network infrastructure coupled with the planned massive construction costs of all Data Centre projects along with semiconductor factories and industrial warehouse, Malaysia property and building markets will continue to improve in 2025. In particular, the total potential construction costs of all these commercial projects, just in Johor alone, will be exceeding RM26 billion over the next few years. The relaxation on the application conditions for the Malaysia My Second Home Scheme will also help to bolster the demand of high-end condominiums property. This improved outlook on Malaysia property and building sectors will bode well for the construction and building materials sectors.

Despite of the margin compression on the sales of steel product, Masteel was still able to achieve a commendable profitable performance in FYE2024 contributed by the upgraded and revamped Klang rolling mill facilities. In June 2024, Masteel had embarked on a significant Bukit Raja's rolling mill plant revamping (i.e. implementation of the Hi-Speed Bar Rolling Project). Masteel is also the first steel mill in Malaysia to implement direct casting and direct rolling at its Bukit Raja factory which had effectively increased its production capacity by 200% and also improved its production cost. By second quarter of 2025, Masteel will implement additional technological enhancements on its melting furnaces which will result in increasing its billet production capacity and the overall cost of billet production.

On another positive note, we believe that construction sector outlook in FYE2025 is promising by virtue of multiple catalysts such as the rollout of various announced and on-going mega projects, the Government's continuous efforts in promoting infrastructure development and the return of foreign direct investments leading to the construction of numerous data centre projects, semiconductor factories and industrial warehouses. Moving forward, the steel industry is expected to recover alongside with the improving performance of the construction and building sectors.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FORWARD LOOKING STATEMENTS (CONT'D)

Masteel is well-positioned to capitalize on any potential economic boom in the long steel sector due to its latest state-of-the-art steel melting and rolling mill facilities, the successful technological upgrades and revamping of its Klang rolling mill along with the technological enhancements on its melting furnaces project.

To further support and bolster an orderly and sustainable development of Malaysia's steel sector, Ministry of Investment, Trade and Industry ("MITI") acknowledges that the local iron and steel industry is facing various structural challenges. To address these challenges, the Government implemented two important strategies, one of which is a two-year moratorium on expansion and diversification in the steel industry which has been extended until local capacities achieve 80% utilization. This moratorium provides respite for local industry players to coordinate, stabilize and rebuild the industry in order to face future challenges, including domestic overcapacity and carbon emission issues. In addition, MITI, in collaboration with the MISIF and MSA, is developing a Green Transition Roadmap for the local steel sector. This roadmap aims to reduce carbon emissions and adopt more eco-friendly production methods.

As part of Malaysia's commitment to achieving net-zero emission by 2050, the government had announced the introduction of a carbon tax under its 2025 Budget, which initially will focus on high-emission industries such as iron, steel and energy sectors. Masteel, being the lowest GHG emission steel mill in the country, stands to benefit from the implementation of the policy as it will make the costs of Masteel's steel products very competitive versus other steel mills which will bare significantly higher carbon tax.

Masteel's subsidiary, MSX, is expected to continue its contribution to the Group's cost-saving initiatives by delivering its steel bars directly to Masteel's end customers' sites which will reduce its dependence on third party transporters.

In the radiopharmaceutical division, the quantity of radioisotopes in 2025 is expected to grow organically with the addition of three new customers who will be launching their Positron Emission Tomography - Computed Tomography (PET-CT) services. These new customers are estimated to order approximately 4,900 mCi of radioisotopes per year.

Masteel and its Management has always made the spirit of dynamism and proactiveness as its hallmark, this is reflected in the Board of Directors' and Management's ability to look forward and plan ahead and this has allowed the Company to overcome many hurdles over the past 5 decades.

On Masteel's endeavour in increasing the value creation to its stakeholders, the Company is cognisant of the importance of adopting Environmental, Social and Governance ("ESG") best practices in the steel manufacturing activities. Masteel is the first and only steel mill in Malaysia to be included in the FTSE4GOOD Bursa Malaysia Index, achieving the highest ESG rating of 4 stars. During the year under review, the Company had also been awarded with RAM Sustainability Platinum Rating 2024: The 1st and Highest Platinum Sustainability rating from RAM Sustainability for a Malaysian Companies and also achieved Gold Winner position for the "Most Improved Performance Over 3 Years (Below RM300M Market Capitalisation)" in the Equity Category by The Edge. In 2024, the Company optimised its bar production process by eliminating the electric induction heater for billet reheating and instead the produced red-hot billets are directly charged from the Continuous Casting Machine to the rolling mill plant. This optimisation further reduced energy consumption and directly lowered the Company's carbon footprint. These ESG Awards and green initiative reaffirm the Company's recognition as Malaysia's most sustainable ultra-low GHG emissions integrated steel mill will augur well for the stock price performance in the future.

Looking to maintain the above achievements, we have also established both short and long-term emissions reduction targets, with a goal of reducing emissions by a further 10% by 2026, and 15% by 2031.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

In recognising the importance of good governance as a fundamental part of discharging their responsibilities, the Board of Directors (“Board”) of Malaysia Steel Works (KL) Bhd (“Masteel” or “Company”) has taken steps to evaluate and implement the Group’s corporate governance policies and procedures. The Board is committed to ensure that good corporate governance is practiced and complied with throughout the Group within the framework as expounded by the Malaysian Code on Corporate Governance 2021 (“MCCG”) and Corporate Governance Guide (4th Edition) to enhance the shareholders’ value.

This Corporate Governance Overview Statement is supported by a report (“Corporate Governance Report”), based on a prescribed format as outlined in paragraph 15.25(2) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) so as to map the application of Masteel’s corporate governance practices against the MCCG. The Corporate Governance Report is available on the Company’s website, [www.masteel.com.my](http://www.masteel.com.my) as well as via an announcement on the website of Bursa Securities.

This Statement should also be read in conjunction with the other statements in this Annual Report, namely the Audit Committee Report, Statement on Risk Management and Internal Control, and Sustainability and International Financial Reporting Standards (IFRS) S2 Climate-related Disclosure Standards Report 2024, for a more holistic and granular understanding of the Group’s corporate governance framework and practices.

### Summary of Corporate Governance Practices

Masteel has benchmarked its practices against the relevant promulgations and higher order practices, across the three (3) principles of the MCCG, namely:-

- Principle A: Board Leadership and Effectiveness;
- Principle B: Effective Audit and Risk Management; and
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

As at the date of this statement, Masteel has applied most of the practices espoused by the MCCG (“Practices”), except for the following:-

- Practice 5.3 - Tenure of independent directors does not exceed a cumulative term limit of nine (9) years, and if does, to seek shareholders’ approval via two-tier voting process;
- Practice 5.4 (Step Up) - Policy which limits the tenure of independent directors to nine (9) years;
- Practice 8.2 - Disclosure on a named basis of the Company’s top five (5) senior management’s remuneration in bands of RM50,000;
- Practice 8.3 (Step Up) - Fully disclose the detailed remuneration of each member of senior management on a named basis; and
- Practice 12.2 - Adoption of integrated reporting based on a globally recognised framework.

Amongst the five (5) Step Ups advocated by the MCCG, the Board has adopted Step Up 4.5 which calls for the board to identify a designated person to provide dedicated focus to manage sustainability strategically; Step Up 9.4 which calls for the Audit Committee to comprise solely Independent Directors; and Step Up 10.3 which required the Risk Management Committee to comprise of majority Independent Directors. Step Ups are aspirational practices to facilitate companies in achieving greater excellence in corporate governance. Accordingly, the adoption of Step Ups is voluntary and in the heightened self-interest of Masteel.

In line with the requirements of the MCCG, the Group has provided clear and forthcoming explanations for departures from the Practices in the Corporate Governance Report. With regards to departure in Practices, the Board has provided disclosures on the alternative measures in place which will achieve similar outcomes to those Intended Outcomes of the MCCG. The explanations on the departures, supplemented with disclosure on the alternative practices are contained in the Corporate Governance Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### I Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group by setting the appropriate tone at the top, including planning its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board is guided by a Board Charter which sets out the duties and responsibilities of the Board. The Board Charter sets out the matters reserved for Board's collective decision to ensure a clear division of responsibilities. The Limits of Authority further detailed the authorisation of expenditures within the Group.

The Group is continuously taking proactive actions to ensure that adequate procedures are in place to prevent persons associated with the Group from undertaking corrupt conduct. Subsequent to the introduction of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"), the Group had adopted the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") and will conduct a review of the ABAC policy at appropriate intervals or at least once every three (3) years to consider its suitability, adequacy and effectiveness. An Integrity Committee was established and a Compliance Officer was appointed to assist Risk Management Committee in undertaking primarily anti-bribery and anti-corruption measures and responses in accordance with the Guidelines on Adequate Procedures issued pursuant to the MACC Act. The Company also maintains a Register of Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship (GEHTDS) which will be regularly reviewed by the Integrity Committee.

The Executive Vice Chairman together with the Executive Directors, supported by the Management staff, are closely involved in the Company's day-to-day operations and ensure that shareholders' long-term interests are served. Through oversight, review and counsel, the Board establishes and promotes the Group's business and organizational objectives, provides leadership to the Group, oversees business affairs and integrity, and works with the Management to determine the Group's mission and long-term strategy.

Collectively, the Board brings a balance of skills and experience appropriate to the business owing to their diverse background in business, accounting, finance, political and commercial fields.

In order to assist in the discharge of its responsibilities, the Board has established the following committees ("Board Committee(s)") to perform certain of its functions and to provide recommendations and advice:-

- Audit Committee ("AC");
- Remuneration Committee ("RC");
- Nomination Committee ("NC"); and
- Risk Management Committee ("RMC").

Each Board Committee operates its functions within its terms of reference which have been approved by the Board and are subject to periodic review. The Board appoints the Chairman and members of each Board Committee amongst themselves.

The Chairman of the respective Board Committees reports to the Board on key matters deliberated at the Board Committees' meetings and makes necessary recommendations to the Board. The ultimate responsibility for decision-making lies with the Board.

During the year, the Board undertook a review on the Board Charter, Terms of Reference of Board Committees and policies in order to ensure compliance with legislation and best practices and to remain relevant and effective. The policies are designed to provide guidance and clarity for Directors and Management on the role of the Board and Board Committees in discharging their duties towards the Company.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I Board Responsibilities (Cont'd)

The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. It is also the Board's policy for Directors to notify the Chairman of the Board before accepting any new directorships notwithstanding that the MMLR allows a Director to sit on the board of up to five (5) listed issuers.

The Board met five (5) times during the financial year ended ("FYE") 31 December 2024. The attendance of each Director at the Board meetings held during the FYE 31 December 2024 is as follows:-

Name of Directors	Number of Attendance Achieved	Percentage (%)
Datuk Syed Mohamed Bin Syed Ibrahim - Independent Non-Executive Chairman (Appointed on 1 March 2024)	4/4	100
Dato' Sri Tai Hean Leng @ Tek Hean Leng - Executive Vice Chairman	5/5	100
Mr. Lau Yoke Leong - Executive Director/Chief Financial Offer	5/5	100
Mr. Ong Teng Chun - Executive Director	5/5	100
Ms. Ng Siew Peng - Executive Director	5/5	100
Mr. Roy Thean Chong Yew - Independent Non-Executive Director	5/5	100
Puan Zueraini Binti Ahmad Basri - Independent Non-Executive Director	5/5	100
Puan Rosdelima Binti Mohd Ali Jaafar - Independent Non-Executive Director (Appointed on 1 March 2024)	4/4	100
Dato' Ikhwan Salim Bin Dato' Haji Sujak - Independent Non-Executive Chairman (Resigned on 28 February 2024)	1/1	100
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad - Independent Non-Executive Director (Resigned on 28 February 2024)	1/1	100



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I Board Responsibilities (Cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings.

There is a clear division of responsibilities between the Chairman and Executive Vice Chairman, who also assumes the role of Principal Executive Officer of the Company, to ensure that there is a balance of power and authority, as set out in the Board Charter. Datuk Syed Mohamed Bin Syed Ibrahim, who assumed the role of Independent Non-Executive Chairman effective 1 March 2024 following the resignation of Dato' Ikhwan Salim Bin Dato' Haji Sujak as Independent Non-Executive Chairman on 28 February 2024, is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board, whereas the Executive Vice Chairman, Dato' Sri Tai Hean Leng @ Tek Hean Leng, is entrusted by the Board on the daily running of the business and implementation of the Board's policies and decisions.

The Board is also of the view that the Chairman of the Board should not be involved in any Board Committees to ensure that checks and balances, as well as objectivity, will not be impaired/influenced by the Chairman of the Board who also sits on Board Committee(s). During the year under review, the Chairman of the Board has not been a member of any Board Committee and was not involved/participated in the decision-making process of all the Board Committees of the Company.

The Board is mindful and aware of the importance of business sustainability, and takes into consideration the impact on the Environmental, Social and Governance ("ESG") aspects in conducting the Group's businesses. The Group also embraces sustainability in its operations. The Group continuously and constantly monitors the targets and performances of the ESG and if necessary, communicates to all the stakeholders of the Group. The Board has adopted a Sustainability Policy which sets out guidelines for the Group's sustainability initiatives, implementation and integration into its overall business operations. The Sustainability Policy is available on the Company's website at [www.masteel.com.my](http://www.masteel.com.my).

The detailed disclosures on the sustainability practices and performance of the Group are set out in the stand-alone Sustainability and International Financial Reporting Standards (IFRS) S2 Climate-related Disclosure Standards Report 2024.

The Board has access to the advice and services of the Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretaries under the Companies Act 2016. Ms. Tan Ai Ning and Mr. Nelson Foo Chean Ee are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), whereas Mr. Tan Kok Aun is a member of the Malaysian Association of Company Secretaries (MACS). The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance of the Group.

Notices of meetings are circulated to Directors at least seven (7) days before the meetings. The Management provides the Board with detailed meeting materials at least five (5) business days in advance. Senior Management may be invited to join the meetings to brief the Board and the Board Committees on requisite information being discussed, where necessary.

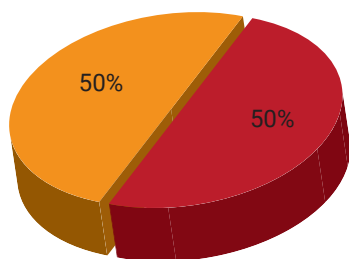


## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

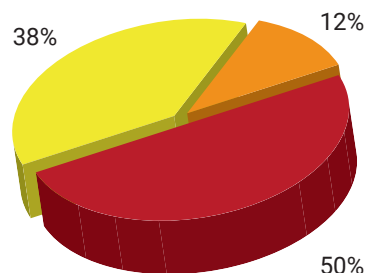
#### II Board Composition

**Board Composition**



■ Independent Non-Executive Director ■ Executive Director

**Board Age Diversity**



■ 40 - 49 years ■ 50 - 59 years ■ 60 years and above

The Board currently has eight (8) members, comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors. The present Board composition complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent. The Chairman of the Board is an Independent Non-Executive Director who carries out a leadership role in the conduct of the Board and its relations with shareholders and stakeholders.

The current size and composition of the Board are adequate for facilitating effective and objective decision making given the scope and nature of the Group's business and operations. The Independent Directors play a strong and vital role in entrenching good governance practices in the affairs of the Group through their participation in the respective Board Committees. The Independent Non-Executive Directors of the Company had devoted sufficient time and attention to the Group's affairs. None of the Directors on the Board hold more than five (5) directorships in other listed issuers on Bursa Securities.

According to the Company's Board Diversity Policy, the Board recognised diversity as an important criterion in determining board composition and to ensure different perspectives are considered for Board effectiveness and strength.

The Board acknowledges the requirement under Practice 5.9 of the MCCG to have at least 30% of women Directors on the Board in order to have diverse perspectives insights in making Board decisions. The Board, with the recommendation of the NC and having reviewed the profile of Puan Rosdelima Binti Mohd Ali Jaafar, appointed Puan Rosdelima Binti Mohd Ali Jaafar as Independent Non-Executive Director on 1 March 2024. Hence, there are currently three (3) female directors on Board who accounts for 37.5% of the total Board members.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### III NC

The NC comprises exclusively of Independent Non-Executive Directors, as follows:-

Name	Designation
Puan Zueraini Binti Ahmad Basri	Chairperson
Mr. Roy Thean Chong Yew	Member
Puan Rosdelima Binti Mohd Ali Jaafar <sup>1</sup>	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad <sup>2</sup>	Member

<sup>1</sup> Appointed on 1 March 2024

<sup>2</sup> Resigned on 28 February 2024

The Board has through the NC, conducted an annual assessment on the effectiveness of the Board as a whole and the contribution of each individual Director. The assessment was conducted in-house and facilitated by Boardroom Corporate Services Sdn Bhd, the external corporate secretarial services provider of the Company.

The effectiveness of the Board Committees is assessed in terms of composition, required mix of skills, experience, structure and processes, accountabilities and responsibilities, as well as the effectiveness of the Chairmen of the respective Board Committees.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### III NC (Cont'd)

The Chairperson of the NC, Puan Zueraini Binti Ahmad Basri is an Independent Non-Executive Director. During the FYE 31 December 2024, the NC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the NC in discharge of its duty for the FYE 31 December 2024:-

- Reviewed, assessed and recommended the appointment of Datuk Syed Mohamed Bin Syed Ibrahim and Puan Rosdelima Binti Mohd Ali Jaafar as Independent Non-Executive Chairman and Independent Non-Executive Directors respectively.
- Reviewed and discussed the proposed changes to the Board Committees namely NC, RC, RMC and AC.
- Conducted an annual assessment on the effectiveness of the Board and Board Committees covering areas such as Board structure and operations, management relationship with the Board, the Board's role and responsibilities, the required mix of skills and experience of the Directors, time commitments, skills, characters, experiences, integrity and competencies to effectively discharge the role as a Director and reported the findings in the Board meeting.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed the terms of office and performance of the AC and each of its members.
- Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to the Company's Constitution and subsequently tabling at the forthcoming Annual General Meeting ("AGM").
- Reviewed and discussed the suitable training programme for continuous development of Directors to strengthen their contributions to the Board.
- Reviewed and discussed the succession planning of the Company.
- Reviewed and recommended to the Board for approval, the extension of employment contract of Dato' Sri Tai Hean Leng @ Tek Hean Leng as Deputy Chairman cum Managing Director/Chief Executive Officer of the Company
- Reviewed and recommended the proposed re-designation of Dato' Sri Tai Hean Leng @ Tek Hean Leng as Executive Vice Chairman of the Company



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### III NC (Cont'd)

The Directors have individually or collectively attended various training programmes during the FYE 31 December 2024, amongst others, the following:-

Name of Directors	Programmes Attended
Datuk Syed Mohamed Bin Syed Ibrahim	<ul style="list-style-type: none"> <li>MAP Part II : Leading for Impact</li> </ul>
Dato' Sri Tai Hean Leng @ Tek Hean Leng	<ul style="list-style-type: none"> <li>MAP Part II : Leading for Impact</li> <li>Cultivating Strategic Mindsets in Leadership</li> <li>The Impact of European Union (EU) Carbon Border Adjustment Mechanism (CBAM) on Malaysian Businesses</li> </ul>
Mr. Lau Yoke Leong	<ul style="list-style-type: none"> <li>Financial Reporting on Impact of Climate Change Effects</li> <li>e-Invoice Implementation : A Forum for Finance Leaders</li> </ul>
Mr. Ong Teng Chun	<ul style="list-style-type: none"> <li>MAP Part II : Leading for Impact</li> </ul>
Ms. Ng Siew Peng	<ul style="list-style-type: none"> <li>Sustainability Reporting Masterclass</li> <li>Navigating the Future of ESG in Malaysia</li> <li>Navigating ESG Risk in the Supply Chain</li> <li>Accelerating Sustainable Business in Asia &amp; Oceania</li> <li>The Impact of European Union (EU) Carbon Border Adjustment Mechanism (CBAM) on Malaysian Businesses</li> <li>Climate Change : Climate Impacts and How to Manage Climate Risks</li> <li>Securities Industry Development Corporation (SIDC) Malaysia Workshop on IFRS Sustainability Standards</li> </ul>
Mr. Roy Thean Chong Yew	<ul style="list-style-type: none"> <li>MIA Webinar Series : ESG Audit for Internal Auditors</li> <li>Cybersecurity, IT Assurance and Governance (CIAG) Conference 2024</li> <li>AOB Conversation with Audit Committees</li> </ul>
Puan Zueraini Ahmad Basri	<ul style="list-style-type: none"> <li>Navigating ESG Risk in the Supply Chain</li> <li>Aligning Risk Management to Strategy and Purpose</li> </ul>
Puan Rosdelima Mohd Ali Jaafar	<ul style="list-style-type: none"> <li>Bengkel Cukai Pendapatan Perniagaan dan Perbelanjaan Dibenarkan</li> <li>Using Control Testing, Analytical Procedures and Other Substantive Procedures in an Audit of Financial Statements</li> <li>Mandatory Accreditation Programme</li> <li>MIA ISA 500 to 599 Series : Audit Evidence and Related Standards</li> </ul>





## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### III NC (Cont'd)

The Directors will continue to attend relevant training courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

The Company Secretaries facilitated the organisation of internal training programmes and keep the Directors informed of relevant external training programmes. The Company Secretaries also circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings.

#### (i) Appointment to the Board and Re-election of Directors

The Board has adopted a Directors' Fit and Proper Policy which set out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered for the appointment and/or re-election of the Directors of the Company. The Directors' Fit and Proper Policy is available on the Company's website at [www.masteel.com.my](http://www.masteel.com.my).

In evaluating the suitability of candidates for the Board, the NC reviews the completed Fit and Proper Self-declaration Form and ensures that the candidates possess the necessary background, skills, professional expertise and character.

During the year under review, Datuk Syed Mohamed Bin Syed Ibrahim and Puan Rosdelima Binti Mohd Ali Jaafar were appointed as Independent Non-Executive Chairman and Independent Non-Executive Director of the Company respectively effective 1 March 2024. In proposing their appointment, the NC has considered and evaluated their skills, knowledge, expertise, time commitment and diversity before recommending to the Board for approval.

The Company's Constitution states that all Directors are subject to retirement by rotation and in ascertaining the number of directors to retire annually, at least one third of the Directors are required to retire and the Company shall ensure that all Directors shall stand for re-election at least once in every three (3) years.

The NC is also responsible to conduct the fit and proper assessments on the Directors who are due for retirement at the AGM.

Based on the assessment, the NC and the Board satisfied with the performance of the following Directors who are subject to retirement pursuant to the Company's Constitution at the forthcoming AGM:-

- (i) Dato' Sri Tai Hean Leng @ Tek Hean Leng - Clause 96;
- (ii) Mr. Lau Yoke Leong - Clause 96; and
- (iii) Mr. Ong Teng Chun - Clause 96.

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### III NC (Cont'd)

##### (ii) Tenure of Independent Director

The Board Charter of the Company allows for an Independent Director who is serving exceeding a cumulative term of nine (9) years to be retained by obtaining the annual shareholders' approval during the AGM of the Company.

The NC will evaluate the independence of the Independent Director prior to their recommendation to the Board on retaining the Independent Director with valid justifications.

The invaluable knowledge of the Independent Directors gained through the years, as well as their continued contribution will provide stability and benefits to the Board and the Group as a whole. The Board believes that the integrity of the Directors in discharging their responsibilities in the best interest of the Company, after having provided all the relevant confirmation on their independence, will be able to determine if they can continue to bring independence and objective judgement on Board deliberations and decision making.

Mr. Roy Thean Chong Yew, the Independent Non-Executive Director, has served the Company for a cumulative term of more than nine (9) years. Notwithstanding his extended tenure, the Board has determined that he is able to carry out his duties in a fair, impartial and conscientious manner based on the following justifications:-

- (a) He fulfilled the criteria under the definition on Independent Director as stated in the MMLR, and therefore is able to bring independent and objective judgement to the Board.
- (b) He has contributed sufficient time and effort and attended all the Board meetings.
- (c) The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (d) He understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board meetings without compromising his independence and objective judgement.
- (e) He has exercised his due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

The Board (*save for Mr. Roy Thean Chong Yew who is interested and therefore abstained from deliberation and discussion on his own proposed continuation in office*) unanimously recommended that Mr. Roy Thean Chong Yew continues to serve as an Independent Non-Executive Director of the Company, subject to the approval of the shareholders at the 53<sup>rd</sup> AGM.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### IV Remuneration

The Board through RC has established a Directors' Remuneration Policy to assist the Group in attracting, retaining and motivating its Directors in order to run the Group successfully.

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

Name	Designation
Puan Rosdelima Binti Mohd Ali Jaafar <sup>1</sup>	Chairperson
Mr. Roy Thean Chong Yew	Member
Puan Zueraini Binti Ahmad Basri	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad <sup>2</sup>	Chairman

<sup>1</sup> Appointed on 1 March 2024

<sup>2</sup> Resigned on 28 February 2024

During the financial year 2024, the RC had convened two (2) meetings and attended by all the RC members. The RC had reviewed the remuneration for the Executive Directors, which reflects the level of risk and responsibility, the individual's performance indicators on the job, and the performance of the Company and considered their remuneration packages are well within the comparable companies in similar industry. The RC had also reviewed the fees and benefits payable for Non-Executive Directors, which reflects the experience and level of responsibilities undertaken by the individual Non-Executive Directors concerned.

The level and structure of the Group's remuneration policy are aligned with the business strategy and long-term objectives of the Group, and are appropriate to attract, retain and motivate the Directors to provide good stewardship, as well as motivate key management personnel to successfully manage the Group. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The detailed remuneration of the Board is disclosed in the Corporate Governance Report of the Company and in Note 24 of the Notes to the financial statements of the Company FYE 31 December 2024.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I Audit Committee

The Board is assisted by the AC to oversee the Group’s financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group comply with applicable financial reporting standards in Malaysia.

The AC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the AC are financially literate, with the Chairman and another member of the AC being members of the Malaysian Institute of Accountants.

The AC consists of the following members:-

Name	Designation
Mr. Roy Thean Chong Yew	Chairman
Puan Zueraini Binti Ahmad Basri	Member
Puan Rosdelima Binti Mohd Ali Jaafar <sup>1</sup>	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad <sup>2</sup>	Member

<sup>1</sup> Appointed on 1 March 2024

<sup>2</sup> Resigned on 28 February 2024

The AC comprises solely of Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities, number of meetings and attendance of the AC, summary of the AC activities and Internal Auditors’ activities during the FYE 31 December 2024 are set out on pages 41 to 43 of the Audit Committee Report of this Annual Report.

The AC regularly reviews and scrutinises the audit report by the Internal Auditors and conducts an annual assessment on the adequacy of the department’s scope of work and resources. The AC has in its Terms of Reference requires that a former key audit partner observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and to date, the Company has not appointed any former key audit partner as Director of the Company.

Alongside, the AC has the procedures to assess the suitability, objectivity and independence of the External Auditors annually which is contained in the External Auditors Assessment Policy. The AC had met with the External Auditors twice during FYE 31 December 2024 without the presence of the Management (i.e. 4 April 2024 and 28 November 2024 respectively) to discuss any key area or issues which require the attention of the AC and Board.

The AC discussed a summary of internal audit’s findings together with the Management’s responses to ensure that the Management undertakes the agreed remedial actions as proposed by the Internal Auditors.

All members of the AC undertake continuous professional development to keep themselves abreast with the relevant developments in accounting and auditing standards, practices and rules.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### II Risk Management and Internal Control Framework

The RMC which comprises of a majority of Independent Non-Executive Directors, assists the Board in fulfilling its responsibilities in the risk governance and oversight functions via establishing a sound internal control framework to manage risks with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group. With the assistance of an external consultant, an Enterprise Risk Management (“ERM”) approach has been adopted to develop an effective and sound ERM.

The RMC consists of the following members:-

Name	Designation
Puan Zueraini Binti Ahmad Basri	Chairperson
Mr. Ong Teng Chun	Member
Puan Rosdelima Binti Mohd Ali Jaafar <sup>1</sup>	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad <sup>2</sup>	Member

<sup>1</sup> Appointed on 1 March 2024

<sup>2</sup> Resigned on 28 February 2024

The Board has established an internal audit function within the Group known as Internal Audit Department (“IAD”), which is independent from the operations of the respective operating units. The principal role of the IAD is to undertake regular and systematic reviews of the system of internal control independently so as to provide a reasonable assurance that such a system continues to operate satisfactorily and effectively. It is the responsibility of the IAD to provide the AC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units within the Group’s established policies and procedures as well as the relevant statutory requirements. The internal audit reports are presented together with the Management’s response and proposed action plans to the AC quarterly.

The principles and guidelines promulgated by the Institute of Internal Auditors (IIA) in the International Professional Practices Framework (IPPF) for an internal audit function to be considered effective has been adopted.

The details of the Company’s risk management and internal control framework are set out on pages 44 to 47 of the Statement on Risk Management and Internal Control of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I Communication with Stakeholders

The Board recognises the importance of maintaining transparency and accountability to its shareholders as a key element of good corporate governance and thus, maintains a high level of disclosure and communication with its shareholders, stakeholders and the public in general through disclosures to Bursa Securities and to the press. The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to the investors via the announcements of its quarterly results, Annual Report, announcements to Bursa Securities and press releases.

The Board has put in place a Corporate Disclosure Policy and Procedures to ensure compliance with the disclosure requirements as stipulated in the MMLR and also to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

The Company has established a dedicated section for corporation information on the Company's website, [www.masteel.com.my](http://www.masteel.com.my), which is accessible by the public at large to obtain information on the Company's Board Charter, Terms of Reference of each Board Committee, press releases, corporate information, operation activities, financial performance as well as the Company's share price.

The Board will review and update the existing policies and procedures as and when necessary to ensure that they are updated in accordance with the prevailing legal and regulatory promulgations as well as best practices.

#### II Conduct of General Meetings

The AGM is a principal forum for two-way communication between the shareholders and the Management of the Group. Shareholders are provided with an opportunity to participate in the question and answer session in which they may raise questions pertaining to the Group's businesses and affairs. The Chairman, and the other members of the Board together with the Management and the Company's external auditors are available to respond to queries from shareholders at the AGM.

Masteel has conducted its Fifty-Second ("52<sup>nd</sup>") AGM on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities on 19 June 2024. This is so provided by the Constitution of the Company which allows for General Meetings to be held using any technology or electronic means. Only essential individuals such as Chairman, Executive Vice Chairman, Chief Financial Officer, AC Chairman and Company Secretary were physically present at the broadcast venue while the rest of the Directors and meeting participants participated in the meeting remotely.

During the AGM, shareholders took the opportunity to raise questions on the agenda items of the AGM as well as the financial performance of the Group via real-time submission of typed texts via the RPV facilities, the Chairman and Executive Vice Chairman responded to all questions raised and provided clarification as required by shareholders.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### II Conduct of General Meetings (Cont'd)

Electronic poll voting was adopted at the 52<sup>nd</sup> AGM and the Chairman had notified the shareholders on the demand for a poll on all resolutions as set forth in the Agenda of the AGM for the interest of all shareholders and chaired the meeting in an orderly manner. A scrutineer was appointed to validate the votes cast at the said AGM. Such scrutineer must be independent of the person undertaking the polling process.

Further, in line with the recommendation of MCCG, the notice of the previous AGM was issued at least twenty-eight (28) days before the AGM date to enable the shareholders to go through the Annual Report and papers supporting the resolutions proposed. In addition to being dispatched individually to shareholders, the Notice of AGM was also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.

When there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the AGM under the explanatory notes.

The outcome of all resolutions proposed at the 52<sup>nd</sup> AGM was announced to Bursa Securities at the end of the meeting day while the minutes of the said meeting were published on the Company's website as soon as practicable after the conclusion of the AGM.

### FOCUS AREAS AND FUTURE PRIORITIES ON CORPORATE GOVERNANCE

The Board, against a challenging business backdrop, focused its attention on the foundational aspects of its roles as they relate to the creation of long-term value for stakeholders. The Board will continue to enhance the corporate disclosure requirements in the best interest of the shareholders and stakeholders of the Company in the upcoming years.

During the year under review, the Company has been actively embedding the Environmental, Social and Governance factors in business decision-making process to meet the global demand for ESG as well as for long-term sustainability of the Group.

The areas to be prioritised by the Board will be those principles yet to be adopted by the Company as disclosed in the Corporate Governance Report 2024.

This Statement is made in accordance with a resolution of the Board dated 7 April 2025.



## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

During the financial year ended 31 December 2024, the Company had undertaken a Private Placement of up to 10% of the Company's total number of issued shares, excluding treasury shares.

A total of 13,500,000 new ordinary shares were issued via private placement to eligible investors at an exercise price of RM0.317 per share which represents a discount of approximately 4.75% to the 5-day VWAP @ RM0.3328 of Masteel shares, for a total cash contribution of RM4,279,500 to fund the Group's and the Company's working capital requirements.

The total proceeds raised as at the reporting date by the Company from the Private Placement had been utilised in the following manner :-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Utilisation Timeframe	Deviation		Explanation
				RM'000	%	
Working capital	4,177	4,177	Within 6 months	-	-	
Estimated expenses	102	102	Upon completion	-	-	
<b>Total</b>	<b>4,279</b>	<b>4,279</b>		<b>-</b>	<b>-</b>	

### 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for the services rendered to the Company and the Group by the external auditors during the financial year under review are as follows :-

Type of Fees	The Company (RM'000)	The Group (RM'000)
Audit fee	160	170
Non-audit fee	9	9

### 3. MATERIAL CONTRACTS

There was no material contract entered by the Company and its subsidiaries involving Directors and/or major shareholders' interest during the financial year ended 31 December 2024.





## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for ensuring the financial statements for each financial year are drawn up in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting and the requirements of the Companies Act 2016 in Malaysia and to give a true and fair view of the financial position, the financial performance and cash flows of the Group and of the Company.

In preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2024, the Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgment and estimates;
- considered the relevant and applicable approved accounting standards in Malaysia; and
- prepare the financial statements on a going concern basis.

The Directors have also taken all necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.



## AUDIT COMMITTEE REPORT

The objective of the AC is to assist the Board in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the AC shall:-

- (a) Oversee and appraise the quality of the audits conducted both by the Group's Internal Auditors and External Auditors ("EA") and enhance their independence by providing direction to and oversight of their functions;
- (b) Maintain open lines of communication between the Board, the Internal Auditors and the EA for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- (c) Determine the adequacy of the Group's administrative, financial reporting, operating and accounting controls.

### MEMBERS

The AC comprises the following members:-

Name	Designation	Directorship
Mr. Roy Thean Chong Yew *	Chairman	Independent Non-Executive Director
Puan Zueraini Binti Ahmad Basri	Member	Independent Non-Executive Director
Puan Rosdelima Binti Mohd Ali Jaafar * (appointed on 1 March 2024)	Member	Independent Non-Executive Director
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad (resigned on 28 February 2024)	Member	Independent Non-Executive Director

Note:-

\* Member of the Malaysian Institute of Accountants (MIA)

The terms of reference of the AC is available for reference on the Company's website at [www.masteel.com.my/Investor Relations/Audit Committee](http://www.masteel.com.my/InvestorRelations/AuditCommittee).

During the financial year under review, five (5) AC meetings were held which recorded full attendance from all the members of the AC, as follows:-

Committee Members	Number of Attendance Achieved
Mr. Roy Thean Chong Yew	5/5
Puan Zueraini Binti Ahmad Basri	5/5
Puan Rosdelima Binti Mohd Ali Jaafar *	4/4
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad **	1/1

Notes:-

\* Appointed on 1 March 2024

\*\* Resigned on 28 February 2024



## **AUDIT COMMITTEE REPORT** (CONT'D)

### **SUMMARY OF AC WORKS**

The AC carried out main works during the FYE 31 December 2024 in discharging its duties and responsibilities in accordance with its terms of reference which are as follows:-

#### **Financial Reporting and Annual Reporting**

- Reviewed the Group's quarterly reports with the adoption of the new MFRS for the Group before recommending to the Board for consideration and approval. The First, Second, Third and Fourth Quarter Interim Financial Reports were tabled at the AC meetings held on 30 May 2024, 29 August 2024, 28 November 2024 and 27 February 2025 respectively. The quarterly interim financial reports were prepared in accordance with MFRS 134, IAS 34, Companies Act 2016 and Paragraph 9.22 of the MMLR.
- Reviewed the Group's draft audited financial statements for the FYE 31 December 2023 at the AC meeting held on 4 April 2024 before recommending to the Board for approval.
- Reviewed the Corporate Governance ("CG") Report, CG Overview Statement, AC Report and Statement on Risk Management and Internal Control prior to submission to the Board for consideration and approval for inclusion in the Annual Report.

#### **Internal Audit**

- Reviewed and assessed yearly internal audit plan, scope of internal audit reports, internal audit findings and areas for improvements and recommendations, if any.
- Assessed the performance of the Internal Audit Department ("IAD") and satisfied that the IAD have discharged their responsibilities in a commendable manner, performed competently, functioning effectively and have received sufficient resources and adequate authority in order to carry out their work in accordance to the Internal Audit Charter.

#### **Corporate Governance**

- Conducted periodic reassessment and refinement on corporate governance including terms of reference of AC before recommending to the Board for consideration and approval.

#### **External Audit**

- Reviewed and discussed the audit findings raised by the EA for the draft Audited Financial Statements for the FYE 31 December 2023.
- Reviewed and discussed with the EA of the Group on their Audit Status Memorandum for the Group for the FYE 31 December 2023 and Audit Planning Memorandum for the FYE 31 December 2024.
- Held two (2) private meetings with the EA without the presence of the Executive Directors and Management on 4 April 2024 and 28 November 2024 to ensure there were no restrictions and the scope of their audit is in line with the MCCG.
- Assessed the performance, suitability, objectivity and independence of the EA and was satisfied with the performance and the suitability of the EA and recognized that the provision of non-audit services by RSM Malaysia PLT for the FYE 2024 did not in any way impair their objectivity independence as EA of the Company.
- Reviewed and discussed on the recommendation of the re-appointment of RSM Malaysia PLT as EA of the Group to the Board and reviewed their objectivity, independence, audit fees and to approve non-audit services.



## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF AC WORKS (CONT'D)

The AC carried out main works during the FYE 31 December 2024 in discharging its duties and responsibilities in accordance with its terms of reference which are as follows:- (Cont'd)

#### Risk Management Framework and Internal Control System

- Reviewed and discussed the effectiveness of the risk management framework and internal control system of the Group.

#### Related Party Transactions

- Reviewed if there is any, the related party transactions and/or recurrent related party transactions entered into by the Company and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms, and the disclosure of such transactions in the Annual Report of the Company, and to review conflicts of interests that may arise within the Company or the Group.

#### Conflict of Interests/Potential Conflict of Interests

- Reviewed any conflict of interests/potential conflict of interests that may arise within the Group on quarterly basis, including any transaction, procedure or course of conduct that raises question of management integrity.

### INTERNAL AUDIT FUNCTION

The internal audit activities are carried out in-house by the IAD of the Group, headed by a qualified personnel and a member of IIA (Institute of Internal Auditors Malaysia). The IAD is independent of the operations of the respective operating units. The principal role of the department is to undertake independent regular and systematic reviews of the system and internal control so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively. It is the responsibility of the IAD to provide the AC with independence and objective report on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The internal audit reports are presented together with the Management's response and proposed action plans to the AC quarterly.

During the financial year under review, the IAD carried out the following:-

- a) Executed internal control reviews in accordance with the approved risk based internal audit plan. The business processes reviewed are as follows:-
  - Review on the ESG information/data was consistent with the published Sustainability Report
  - Review and ensure that the expenses transactions payments were authorised
  - Review on the staff overtime payment is consistent with the policy
  - Review on the trade receivables aging and recoverability
  - Review and evaluate the inventory records tally with the physical quantities
  - Review and evaluate the risk associated with the foreign currency fluctuation and action taken to minimize the risks
  - Review and evaluate the payments for scraps were paid accurately
  - Review on the procurement of the additional fixed assets where in accordance to the standard operation procedures
- b) Performed follow-up review to ensure that corrective actions have been taken in a timely manner.

The results of the abovementioned work carried out by the IAD were tabled to the AC at their scheduled meetings.

The cost incurred for the IAD of the Group in respect of the FYE 31 December 2024 amounted to RM401,388.

An overview of the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 44 and 47 of this Annual Report.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”), the Board is pleased to provide the following statement on the state of risk management and internal control of the Group for the financial year ended 31 December 2024, which has been prepared in accordance with the “Statement on Risk Management and Internal Control Guidance for Directors of Public Listed Companies” by The Institute of Internal Auditors Malaysia.

### BOARD RESPONSIBILITIES

The Board has overall responsibility for risk management and system of internal controls of the Group comprising the Company and its subsidiary companies, excluding the associated company.

The Board recognises the importance of maintaining a sound risk management framework and internal control system for good corporate governance and efficient work processes. The Board acknowledges its overall responsibility and re-affirms its commitment to maintaining a sound system of risk management and internal controls and for reviewing its adequacy and effectiveness to safeguard shareholders’ investment and the Group’s assets.

In discharging its stewardship responsibilities, the Board recognises that the internal control system in the Group:-

- is a logical and systematic method of identifying, analysing, assessing, treating and monitoring the Group’s risk;
- is a continuous and ongoing process;
- should be an integral part of the Group’s management practices; and
- enable the Group to not only minimise losses but maximise opportunities.

### RISK MANAGEMENT

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is an integral part of good business management practice. The Board acknowledges that all areas of the Group’s business activities involve some degree of risk and it is committed to ensure that the Group has an effective risk management framework, which allows the Management to manage risk within defined risk parameters. All identified risks are dealt with and managed within limits and controls. These limits and controls are monitored closely and adjusted periodically, taking into account changes in market conditions, products and processes.

The Board has a Risk Management Committee (“RMC”) to oversee the implementation of the risk management framework, internal control, integrity and sustainability reporting matter.

The Board and Management are presently practicing proactive significant risks identification on a biannually basis, particularly ESG: Environment, ESG: Social, ESG: Governance Risk Management, ESG: Tax & Corporate Governance and ESG: Anti-Bribery & Anti-Corruption, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at level acceptable to the Board.

Risk Management Officer has been appointed to facilitate a continual process to identify, evaluate, manage and monitor significant risks that the Group faces in its businesses, operations, environmental, social and governance related matters. The risk owners, mainly the department head will update their Key Risk Registers at specific intervals i.e. yearly basis for Company risks level. The RMC reviews the key risks and planned actions to ascertain if those risks are mitigated and are managed appropriately. The RMC report shall be tabled to the Board for review and evaluation twice a year.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT (CONT'D)

The Group has adopted and implemented the Anti-Bribery and Corruption Policy, and the Guidelines on Adequate Procedures pursuant to the Section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and has an Integrity Committee to assist the RMC in establishing an oversight body which reflects the Group's:-

- strict zero-tolerance approach to any instance of bribery and corruption, and to act promptly and appropriately should it occur;
- shall not indulge, participate or facilitate in any form of bribery and corruption;
- to maintain the Register of Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship ("GEHTDS"); and
- to collaborate with its internal and external stakeholders in practicing good governance and accountability to combat all forms of bribery and corruption.

### Risk Summary

The Board and Risk Management Committee takes a proactive stance on evolving risks, with such risks to be identified, assessed and mitigative actions to taken/implemented.

Recognising the cognizance of the impact of sustainability on business environment and its inherent risks, the Risk Register has been updated accordingly with risks in the areas of environment, social and governance, the main components of sustainability since year 2022 as follows:-

- ESG: Environment – The Company has clear policy and commitment statement to address climate change impact including CO2/GHG emissions.
- ESG: Social - The Company is committed to protect human rights by promoting gender diversity and provide equal rights and opportunities to all employees. The Company has in place relevant programme(s)/statement in preventing and control of global health issue.
- ESG: Governance Risk Management – A comprehensive Risk Management Framework was duly established by the Company.
- ESG: Tax & Corporate Governance – All relevant rules and regulations in relation to the tax laws & regulations, corporate governance guidelines and regulatory requirements are duly complied with.
- ESG: Anti-Bribery and Anti-Corruption – The Company has performed most of the compliance programmes as set forth in the Guidelines.

With the recent updates, the Risk Register has incorporated sustainability risks, and thus encompass most identifiable key risks. The Board and RMC takes a vigilant stance and serious view of possible risk breaches.

During the financial year, there were reviews on the following areas, to assess the robustness and effectiveness of the risk preventive and detective controls. This is to ensure that potential financial losses, regulatory risks, reputational and other risks are assessed and mitigated.

The areas of reviewed were Business Operations, update on Risk Register, Legal and Procurement.

The review on Business Operation mainly focus in business license and certificate listing, sub-standard or defective materials/consumable listing and log book on access to warehouse.



## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL** (CONT'D)

### **RISK MANAGEMENT (CONT'D)**

#### **Risk Summary (Cont'd)**

The updated Risk Register includes the following areas:-

- A new risk category named "External Factors" was identified and included risk related to geopolitical, economic conditions and competition together with the mitigation actions where the Company could better anticipate and prepare for external challenges.
- The risk related to the custody and recording (fixed asset) was included under the Finance risk category. The mitigation actions includes (i) maintaining fixed asset register and ensure asset tagging; (ii) ensuring physical security for safeguarding of asset; and (iii) fixed asset count on annual basis.
- Artificial intelligence ("AI") fraud risk was identified and included under the IT risk category. An external IT Consultant was engaged to implement an IT Cybersecurity Monitoring System as a mitigation actions.

The risk impact of Legal and Procurement remains "minor" given that the likelihood of occurrence the risk incident was rare and the mitigation plans in place.

Based on the above reviews, the risk parameters for Environment, Social, Governance: Risk Management, Governance: Tax & Corporate, and Governance: Anti-corruption and Procurement have shifted to the low-risk quadrant. The IT risk was elevated in the Overall Risk Map due to AI generated fraud risks. On an overall basis, there were no negative impact on the robustness and effectiveness of the risk controls in these areas reviewed during the year.

### **INTERNAL AUDIT**

#### **Internal Audit Function**

The Internal Audit Department ("IAD") reports directly to the Audit Committee ("AC"), to assist the AC in discharging its duties and responsibilities and to provide reports on the adequacy and effectiveness of the risk management functions, systems and internal controls in the Group.

#### **Control and Monitoring Process**

The IAD's scope covers audit planning, liaison with the International Standard Organisation ("ISO") and reviewed the Group's processes in the Standard Operation Procedures ("SOP") to ensure the various procedures are followed.

Internal audit reports, incorporating audit recommendations and management responses with regard to the audit findings relating to the weaknesses in the systems and controls of the respective operations, were reviewed quarterly at AC meeting before recommending to the Board. Internal Auditors and AC carry out discussion and deliberation of the strategic issues facing the businesses and resolutions to mitigate such risk. The AC also reviews and approves the internal audit plan annually.

Besides that, the Board also delegates the daily running of the business to the Executive Vice Chairman ("EVC") and his management team. The EVC plays a pivotal role in communicating the Board's expectations of the system of internal control to the Management, where a clear organisational structure with defined lines of responsibility, delegation of authority, segregation of duties and information flow exist, to ensure decisions are made and actions taken by the appropriate person. This is achieved on a day-to-day basis, through active participation by the EVC in the operations of the business.

During the financial year under review, the Internal Audit has conducted a total of eight (8) internal control reviews on business operating procedures in payment for expenses, payroll, account receivables ageing and recoverability, bars inventory records, foreign currency transactions, scraps payment, procurement of fixed assets and consistent ESG information with the Sustainability Report. The findings of the reviews were discussed with Senior Management and subsequently presented to the Board and AC.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### INTERNAL AUDIT (CONT'D)

#### Risk Management Framework ("RMF")

The Group's RMF is outlined in the Risk Management Policy by making reference to the 'Three Lines of Defense' model, which has been adopted by the *Institute of Internal Auditors – Global*. The RMF prescribes a structured and integrated approach in managing key business risks with the aim of safeguarding the shareholders' interests and the Group's assets.

The RMF clearly defines the authority and accountability in implementing the risk management process and internal control system. The management of each business unit is responsible to identify, evaluate, manage and monitor significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The Risk Management Policy is to ensure it is relevant and adequate to manage the organisation risks, which continue to evolve along with the changing business environment and its sustainability.

Furthermore, the Group mitigates certain potential risk by having appropriate insurance policies coverage.

#### Assurance from Management and Conclusion

The Board has received assurance from the EVC and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects based on risk management and internal controls framework adopted by the Group.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement. The External Auditors have performed limited assurance procedures on this Statement in accordance with Malaysian Approved Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and 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 Malaysia Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The External Auditors reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, 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, nor is factually inaccurate.

This statement is made in accordance with a resolution of the Board dated 7 April 2025.



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# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing of steel bars and steel billets. The principal activities of the subsidiaries are engaged in transportation and logistics, fabrication and trading of steel products.

## RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	16,990	13,301

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM329,647,697 to RM333,927,197 through the issuance of 13,500,000 new ordinary shares at RM0.317 per ordinary share via private placement to eligible investors for a total cash contribution of RM4,279,500 to fund the Group's and the Company's working capital requirements.

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

The Company did not issue any new debentures during the financial year.



## DIRECTORS' REPORT

(CONT'D)

### WARRANT

On 27 October 2021, the Company issued 226,369,915 free detachable warrants ("Warrants 2021/2026") pursuant to the rights share with warrants on the basis of one (1) warrant for every one (1) rights share subscribed.

The warrants are constituted by a deed poll dated 7 May 2021 and first supplemental deed poll dated 2 September 2021 to supplement and vary the deed poll for the revision of the issue price of the rights share from RM0.586 to RM0.395.

The salient term of warrants are as follows:

- (i) each warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share of the Company at the exercise price;
- (ii) the exercise price for the warrant was fixed at RM0.395 per warrant;
- (iii) the issue date of warrant is 27 October 2021 and are valid for exercise for a period of 5 years from its issue date and will expire on 21 October 2026. Any warrant not exercised by its expiry date will thereafter lapse and cease to be valid for any purpose; and
- (iv) the new shares to be issued arising from the exercise of the warrant will, upon allotment and issuance, rank pari-passu in all respects with then existing shares, save and except that the said new shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, prior to the date of allotment of the said new shares.

The number of unexercised warrants are as follows:

At 1 January/31 December	226,369,915
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There was no warrant being exercised during the financial year.

### RESERVES AND PROVISIONS

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The directors who held office during the financial year until the date of this report are:

#### THE COMPANY

Dato' Sri Tai Hean Leng @ Tek Hean Leng

Lau Yoke Leong

Roy Thean Chong Yew

Ong Teng Chun

Ng Siew Peng

Zueraini Binti Ahmad Basri

Datuk Syed Mohamed bin Syed Ibrahim

(Appointed on 1 March 2024)

Rosdelima binti Mohd Ali Jaafar

(Appointed on 1 March 2024)

Wan Mohd Firdaus bin Wan Mohd Fuaad

(Resigned on 28 February 2024)

Dato' Ikhwan Salim bin Dato' Haji Sujak

(Resigned on 28 February 2024)

#### SUBSIDIARIES

Dato' Sri Tai Hean Leng @ Tek Hean Leng

Lau Yoke Leong

Lim Eng Soon

### DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2024 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Balance as at 1.1.2024	Number of ordinary shares		Balance as at 31.12.2024
		Addition	(Disposed)	
<b>The Company</b>				
<b>Direct interest</b>				
Dato' Sri Tai Hean Leng @ Tek Hean Leng	1,425,000	–	–	1,425,000
Datuk Syed Mohamed Bin Syed Ibrahim	–	100,000	–	100,000
<b>Indirect interest:</b>				
Dato' Sri Tai Hean Leng @ Tek Hean Leng *	213,038,900	4,742,900	–	217,781,800



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS (CONT'D)

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2024 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows: (Cont'd)

	Number of warrants (Warrants 2021/2026)			Balance as at 31.12.2024
	Balance as at 1.1.2024	Addition	(Disposed)	
<b>The Company</b>				
<b>Direct interest</b>				
Dato' Sri Tai Hean Leng @ Tek Hean Leng	475,000	-	-	475,000
<b>Indirect interest:</b>				
Dato' Sri Tai Hean Leng @ Tek Hean Leng *	72,346,284	-	-	72,346,284

\* Deemed interest by virtue of his interest in TYY Resources Sdn. Bhd. ("TYY"), a body corporate holding shares in the Company.

Pursuant to Section 8 of the Companies Act 2016, by virtue of his interests in the shares of TYY, Dato' Sri Tai Hean Leng @ Tek Hean Leng is also deemed to be interested in the shares of the Company and its subsidiaries to the extent that the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as shown in the notes to the financial statements or the fixed salary of a full time employee of the company or of related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose subject is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' REMUNERATION

The amount of remuneration of the directors or past directors of the Group and of the Company comprising remuneration received/receivable from the Group and from the Company during the financial year are as follows:

<b>Directors</b>	<b>Group RM'000</b>	<b>Company RM'000</b>
Executive:		
Salaries, bonus and statutory contributions	3,121	3,121
Fees	80	80
Allowances	38	38
	3,239	3,239
Non-executive:		
Fees	82	82
Allowances	334	334
	416	416
Total executive directors' remuneration	3,239	3,239
Total non-executive directors' remuneration	416	416
Grand total	3,655	3,655

### INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

Total amount of insurance premium paid for the directors and officers of the Group and of the Company is as follows:

	<b>Group and Company RM'000</b>
Directors and officers	21

No indemnity has been given to or insurance premium paid, during or since the end of the financial year, for the auditors of the Group and of the Company.



## DIRECTORS' REPORT (CONT'D)

### AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- statutory audit	170	160
- other services	9	9
	179	169

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off nor any doubtful debts to be provided for; and
  - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would require any write off for bad debts or the setting up of provision for doubtful debts in the financial statements of the Group and of the Company; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and in the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year and which secure the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Company which have arisen since the end of the financial year.



## **DIRECTORS' REPORT** (CONT'D)

### **OTHER STATUTORY INFORMATION (CONT'D)**

(d) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

### **AUDITORS**

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

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

**DATUK SYED MOHAMED BIN SYED IBRAHIM**

**DATO' SRI TAI HEAN LENG @ TEK HEAN LENG**

Kuala Lumpur

7 April 2025





# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	991,412	801,203	991,412	801,203
Right-of-use assets	7	3,256	17,115	2,705	16,351
Investments in subsidiaries	8	–	–	500	500
Investment in an associate	9	13,079	10,968	9,708	9,708
		<b>1,007,747</b>	829,286	<b>1,004,325</b>	827,762
<b>Current assets</b>					
Inventories	10	856,998	791,066	856,998	791,066
Trade and other receivables	11	340,671	288,006	340,631	289,079
Current tax assets		546	609	546	609
Fixed deposits with licensed banks	12	22,412	20,569	22,412	20,569
Cash and bank balances		44,812	33,797	44,454	33,447
		<b>1,265,439</b>	1,134,047	<b>1,265,041</b>	1,134,770
<b>TOTAL ASSETS</b>		<b>2,273,186</b>	1,963,333	<b>2,269,366</b>	1,962,532



## STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	13	333,927	329,648	333,927	329,648
Treasury shares	14	(587)	(587)	(587)	(587)
Revaluation reserves		158,394	76,649	158,394	76,649
Warrant reserves	15	32,824	32,824	32,824	32,824
Retained earnings	16	443,815	426,825	435,521	422,220
<b>TOTAL EQUITY</b>		<b>968,373</b>	<b>865,359</b>	<b>960,079</b>	<b>860,754</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	17	2,068	1,646	1,734	1,157
Borrowings	18	21,875	67,860	21,875	67,860
Deferred tax liabilities	19	39,089	8,040	39,022	7,926
		<b>63,032</b>	<b>77,546</b>	<b>62,631</b>	<b>76,943</b>
<b>Current liabilities</b>					
Trade and other payables	20	660,105	589,183	665,168	593,800
Current tax liabilities		34	38	–	–
Lease liabilities	17	650	2,116	496	1,944
Borrowings	18	580,992	429,091	580,992	429,091
		<b>1,241,781</b>	<b>1,020,428</b>	<b>1,246,656</b>	<b>1,024,835</b>
<b>TOTAL LIABILITIES</b>		<b>1,304,813</b>	<b>1,097,974</b>	<b>1,309,287</b>	<b>1,101,778</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,273,186</b>	<b>1,963,333</b>	<b>2,269,366</b>	<b>1,962,532</b>

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



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
REVENUE	21	2,509,960	2,012,889	2,509,960	2,012,889
COST OF SALES		(2,400,021)	(1,923,920)	(2,401,006)	(1,925,145)
GROSS PROFIT		109,939	88,969	108,954	87,744
OTHER OPERATING INCOME		27,607	2,933	27,607	2,803
DISTRIBUTION COSTS		(26,203)	(28,204)	(26,203)	(28,203)
ADMINISTRATIVE EXPENSES		(52,012)	(32,888)	(52,757)	(29,827)
PROFIT FROM OPERATIONS	22	59,331	30,810	57,601	32,517
FINANCE COSTS	25	(30,838)	(27,586)	(30,803)	(27,548)
SHARE OF RESULTS OF AN ASSOCIATE		2,111	3,600	-	-
PROFIT BEFORE TAXATION		30,604	6,824	26,798	4,969
TAXATION	26	(13,614)	(4,420)	(13,497)	(4,178)
NET PROFIT FOR THE FINANCIAL YEAR		16,990	2,404	13,301	791



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>					
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		99,344	-	99,344	-
DEFERRED TAX LIABILITY ON REVALUATION SURPLUS OF PROPERTY, PLANT AND EQUIPMENT		(17,599)	-	(17,599)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		81,745	-	81,745	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>98,735</b>	2,404	<b>95,046</b>	791
<b>NET PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:</b>					
OWNERS OF THE COMPANY		16,990	2,404	13,301	791
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
OWNERS OF THE COMPANY		98,735	2,404	95,046	791
Earnings per share (sen):					
- Basic and diluted	27	2.49	0.35		

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

GROUP	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserves RM'000	Warrants reserves RM'000	-Distributable- Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2024</b>		329,648	(587)	76,649	32,824	426,825	865,359
Net profit for the financial year		-	-	-	-	16,990	16,990
Other comprehensive income for the financial year		-	-	81,745	-	-	81,745
Total comprehensive income		-	-	81,745	-	16,990	98,735
Transaction with owners: Issue of share	13	4,279	-	-	-	-	4,279
<b>At 31 December 2024</b>		<b>333,927</b>	<b>(587)</b>	<b>158,394</b>	<b>32,824</b>	<b>443,815</b>	<b>968,373</b>
<b>At 1 January 2023</b>		329,648	(587)	76,649	32,824	424,421	862,955
Total comprehensive income		-	-	-	-	2,404	2,404
<b>At 31 December 2023</b>		<b>329,648</b>	<b>(587)</b>	<b>76,649</b>	<b>32,824</b>	<b>426,825</b>	<b>865,359</b>



## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

COMPANY	Share capital RM'000	Treasury shares RM'000	Revaluation reserves RM'000	Warrants reserves RM'000	-Distributable- Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2024</b>	329,648	(587)	76,649	32,824	422,220	860,754
Net profit for the financial year	-	-	-	-	13,301	13,301
Other comprehensive income for the financial year	-	-	81,745	-	-	81,745
Total comprehensive income	-	-	81,745	-	13,301	95,046
Transaction with owners: Issue of shares	4,279	-	-	-	-	4,279
<b>At 31 December 2024</b>	<b>333,927</b>	<b>(587)</b>	<b>158,394</b>	<b>32,824</b>	<b>435,521</b>	<b>960,079</b>
<b>At 1 January 2023</b>	329,648	(587)	76,649	32,824	421,429	859,963
Total comprehensive income	-	-	-	-	791	791
<b>At 31 December 2023</b>	<b>329,648</b>	<b>(587)</b>	<b>76,649</b>	<b>32,824</b>	<b>422,220</b>	<b>860,754</b>

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>30,604</b>	6,824	<b>26,798</b>	4,969
Adjustments for:				
Bad debt written off	–	–	<b>1,191</b>	–
Depreciation of property, plant and equipment	<b>33,259</b>	32,739	<b>33,259</b>	32,613
Depreciation of right-of-use assets	<b>1,565</b>	1,473	<b>1,352</b>	1,107
Finance costs	<b>30,838</b>	27,586	<b>30,803</b>	27,548
Gain on disposal of right-of-use assets	<b>(145)</b>	(130)	<b>(145)</b>	–
Inventories written down	<b>2,869</b>	–	<b>2,869</b>	–
Interest income	<b>(1,390)</b>	(680)	<b>(1,390)</b>	(680)
Property, plant and equipment written off	<b>5</b>	183	<b>5</b>	–
Reversal of impairment loss on investment in an associate	–	–	–	(2,350)
Reversal of inventories written down	–	(2,996)	–	(2,996)
Share of results of an associate	<b>(2,111)</b>	(3,600)	–	–
Unrealised foreign exchange loss	<b>3,155</b>	2,094	<b>3,155</b>	2,094
<b>Operating profit before working capital changes</b>	<b>98,649</b>	63,493	<b>97,897</b>	62,305
Inventories	<b>(68,801)</b>	(73,641)	<b>(68,801)</b>	(73,641)
Trade and other receivables	<b>(52,665)</b>	(94,908)	<b>(52,743)</b>	(94,986)
Trade and other payables	<b>67,767</b>	128,842	<b>68,213</b>	129,610
<b>Cash flows generated from operations</b>	<b>44,950</b>	23,786	<b>44,566</b>	23,288
Interest paid	<b>(30,606)</b>	(27,224)	<b>(30,606)</b>	(27,224)
Tax paid	<b>(293)</b>	(459)	<b>(125)</b>	(208)
Tax refunded	<b>188</b>	–	<b>188</b>	–
<b>Net cash flows generated from/(used in) operating activities</b>	<b>14,239</b>	(3,897)	<b>14,023</b>	(4,144)



## STATEMENTS OF CASH FLOWS (CONT'D)

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,390	680	1,390	680
Placement of fixed deposit pledged to a licensed bank	(252)	–	(252)	–
Proceeds from disposal of right-of-use assets	200	136	200	–
Purchase of property, plant and equipment	(110,058)	(26,877)	(110,058)	(26,877)
Purchase of right-of-use assets (Placement)/Withdrawal of fixed deposits with maturity period more than three months	(549)	(115)	(549)	(86)
	(1,591)	4,261	(1,591)	4,261
<b>Net cash flows used in investing activities</b>	<b>(110,860)</b>	<b>(21,915)</b>	<b>(110,860)</b>	<b>(22,022)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Bills payable	112,479	80,383	112,479	80,383
Repayments of revolving credit	–	(25,000)	–	(25,000)
Drawdown of revolving credit	–	5,000	–	5,000
Repayments of lease liabilities	(2,327)	(3,546)	(2,154)	(3,232)
Drawdown of term loans	31,779	20,000	31,779	20,000
Repayments of term loans	(39,393)	(54,856)	(39,393)	(54,856)
Interest paid on lease liabilities	(232)	(362)	(197)	(324)
Net proceeds from issuance of ordinary shares under private placement	4,279	–	4,279	–
<b>Net cash flows generated from financing activities</b>	<b>106,585</b>	<b>21,619</b>	<b>106,793</b>	<b>21,971</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>9,964</b>	<b>(4,193)</b>	<b>9,956</b>	<b>(4,195)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>30,354</b>	<b>34,547</b>	<b>30,004</b>	<b>34,199</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>40,318</b>	<b>30,354</b>	<b>39,960</b>	<b>30,004</b>





## STATEMENTS OF CASH FLOWS (CONT'D)

### NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and cash equivalents at the end of the financial year comprise of:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed deposits with licensed banks	22,412	20,569	22,412	20,569
Cash and bank balances	44,812	33,797	44,454	33,447
	<b>67,224</b>	54,366	<b>66,866</b>	54,016
Less:				
Fixed deposits with maturity period more than three months	(17,160)	(15,569)	(17,160)	(15,569)
Fixed deposit pledged to a licensed bank	(5,252)	(5,000)	(5,252)	(5,000)
Bank overdrafts	(4,494)	(3,443)	(4,494)	(3,443)
	<b>40,318</b>	30,354	<b>39,960</b>	30,004

### Cash outflows for leases as a lessee:

*Included in net cash from operating activities:*

Payments relating to short-term leases	3,031	5,169	3,031	5,169
Payments relating to leases of low-value assets	671	620	671	620

*Included in net cash from financing activities:*

Repayments of lease liabilities	2,327	3,546	2,154	3,232
Interest paid on lease liabilities	232	362	197	324

Total cash outflows for leases as a leases	<b>6,261</b>	9,697	<b>6,053</b>	9,345
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### Purchase of right-of-use assets:

Lease arrangements	1,283	449	1,283	190
Cash payments	549	115	549	86
	<b>1,832</b>	564	<b>1,832</b>	276



## STATEMENTS OF CASH FLOWS (CONT'D)

### NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

#### Reconciliation of liabilities arising from financing activities:

	Lease Liabilities RM	Borrowings (excluding bank overdrafts) RM	Total RM
<b>Group</b>			
At 1 January 2023	6,859	467,981	474,840
Cash flows	(3,908)	25,527	21,619
Non-cash changes:			
Additions of lease liabilities	449	-	449
Interest expense on lease liabilities	362	-	362
At 31 December/1 January	<b>3,762</b>	<b>493,508</b>	<b>497,270</b>
Cash flows	(2,559)	104,865	102,306
Non-cash changes:			
Additions of lease liabilities	1,283	-	1,283
Interest expense on lease liabilities	232	-	232
At 31 December 2024	<b>2,718</b>	<b>598,373</b>	<b>601,091</b>
<b>Company</b>			
At 1 January 2023	6,143	467,981	474,124
Cash flows	(3,556)	25,527	21,971
Non-cash changes:			
Additions of lease liabilities	190	-	190
Interest expense on lease liabilities	324	-	324
At 31 December/1 January	<b>3,101</b>	<b>493,508</b>	<b>496,609</b>
Cash flows	(2,351)	104,865	102,514
Non-cash changes:			
Additions of lease liabilities	1,283	-	1,283
Interest expense on lease liabilities	197	-	197
At 31 December 2024	<b>2,230</b>	<b>598,373</b>	<b>600,603</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2024

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing of steel bars and steel billets. The principal activities of the subsidiaries are engaged in transportation and logistics, fabrication and trading of steel products.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

## 3. MATERIAL ACCOUNTING POLICIES

### 3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

### 3.2 Basis of consolidation

#### (i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Malaysia Steel Works (KL) Bhd. and all of its directly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.2 Basis of consolidation (Cont'd)

##### (i) Subsidiaries (Cont'd)

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

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

##### (ii) Associate

Investment in an associate is accounted using the equity method. Under the equity method, the investment is recorded at cost and thereafter adjusted for post-acquisition results and other changes in net assets of the associate.

In the Company's separate financial statements, investment in an associate is stated at cost less accumulated impairment losses. On disposal, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

##### (iii) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.3 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

After initial recognition, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.3 Property, plant and equipment (Cont'd)

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

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

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Leasehold land	58 - 99 years
Buildings	13 <sup>1</sup> / <sub>3</sub> - 50 years
Plant and machinery	10 - 33 <sup>1</sup> / <sub>3</sub> years
Electrical installation	13 <sup>1</sup> / <sub>3</sub> years
Factory and electrical equipment	10 years
Motor vehicles	5 years
Office equipment	6 <sup>2</sup> / <sub>3</sub> - 5 years
Furniture and fittings	6 <sup>2</sup> / <sub>3</sub> years

Freehold and leasehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is credit to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases

##### As a lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

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

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

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

The principal annual depreciation rates are as follows:

Plant and machinery	33 <sup>1</sup> / <sub>3</sub> years
Motor vehicles	5 years

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.5 Impairment

##### (i) Non-financial assets

The carrying amounts of non-current assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

An impairment loss is recognised in profit or loss for the amount by which the carrying amount of the non-financial asset or its related cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

##### (ii) Financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost. Except for trade receivables, a 12-month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 180 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.6 Inventories

Inventories are carried in the statements of financial position at the lower of cost and net realisable value. Cost is determined on a first-in, first-out ("FIFO") basis. The cost of work-in-progress and finished goods comprises materials, direct labour and attributable production overheads based on normal levels of activity.

#### 3.7 Equity

##### (i) Treasury shares

The cost of treasury shares purchased is shown as a deduction from equity in the statements of financial position. When treasury shares are sold or reissued, they are credited to equity. As a result, no gain or loss on treasury shares is included in profit or loss.

##### (ii) Warrants

The warrants issued by the Company are recognised as an equity instrument in the statements of financial position. Its value is determined based on the difference between the gross proceeds from the issuance of the rights share and is classified as warrant reserves in equity.

The issuance of ordinary shares upon exercise of the warrants is treated as a new subscription of ordinary shares in the Company. The proceeds are credited to share capital. The warrant reserve in relation to the unexercised warrants will be reversed upon the expiry of the warrants.

##### (iii) Revaluation reserves

The revaluation reserves represent increase in the fair value of freehold and leasehold lands measured using revaluation model.

#### 3.8 Employee benefits

##### (i) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.9 Revenue recognition

##### Sales of steel bars and steel billets

Revenue from sales of steel bars and steel billets are recognised at a point in time when control of the goods and services is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group and the Company measure revenue from sales of steel bars and steel billets at the amount of the transaction price that is allocated to that performance obligation, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer.

#### 3.10 Income tax

Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2024:

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

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and of the Company.

#### 4.2 New MFRSs and amendments to MFRSs not yet effective

The following are new MFRSs and amendments to MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and of the Company's financial statements but have not been adopted by the Group and by the Company:

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures - Contract Referencing Nature - dependent Electricity</i>	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The directors anticipate that the above-mentioned new MFRSs and amendments to MFRSs will be adopted by the Group and by the Company when they become effective.

The initial application of new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### (a) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

#### (b) Quantities and valuation of raw materials

The Group and the Company appoint an independent quantity surveyor to determine the quantities of its raw materials at the end of the financial year. The directors, at the advice of the appointed quantity surveyor, exercised judgement and made assumptions in the selection and deployment of the most suitable valuation techniques in ensuing quantities determination.



**NOTES TO THE FINANCIAL STATEMENTS**  
(CONT'D)

**6. PROPERTY, PLANT AND EQUIPMENT**

Group	Revaluation		Cost					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	
<b>Carrying amount</b>								
At 1 January 2024	108	132,787	44,125	603,390	217	626	19,950	801,203
Additions	-	-	5,868	3,451	-	234	100,505	110,058
Revaluation	25	99,319	-	-	-	-	-	99,344
Write off	-	-	-	-	-	(5)	-	(5)
Reclassification	-	-	-	70,733	-	-	(70,733)	-
Transferred from right-of-use assets	-	-	-	14,071	-	-	-	14,071
Depreciation charge	-	(1,810)	(1,421)	(29,718)	(100)	(210)	-	(33,259)
<b>At 31 December 2024</b>	<b>133</b>	<b>230,296</b>	<b>48,572</b>	<b>661,927</b>	<b>117</b>	<b>645</b>	<b>49,722</b>	<b>991,412</b>
<b>At 31 December 2024</b>								
Cost/Revaluation	133	230,296	82,871	1,159,156	4,514	5,458	49,722	1,532,150
Accumulated depreciation	-	-	(34,299)	(497,229)	(4,397)	(4,813)	-	(540,738)
<b>Carrying amount</b>	<b>133</b>	<b>230,296</b>	<b>48,572</b>	<b>661,927</b>	<b>117</b>	<b>645</b>	<b>49,722</b>	<b>991,412</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Revaluation		Cost					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	
<b>Carrying amount</b>								
At 1 January 2023	108	134,597	45,049	626,494	352	648	–	807,248
Additions	–	–	566	6,135	–	226	19,950	26,877
Write off	–	–	–	(178)	–	(5)	–	(183)
Depreciation charge	–	(1,810)	(1,490)	(29,061)	(135)	(243)	–	(32,739)
<b>At 31 December 2023</b>	108	132,787	44,125	603,390	217	626	19,950	801,203
<b>At 31 December 2023</b>								
Cost/Revaluation	108	140,480	77,096	1,068,271	4,516	5,230	19,950	1,315,651
Accumulated depreciation	–	(7,693)	(32,971)	(464,881)	(4,299)	(4,604)	–	(514,448)
Carrying amount	108	132,787	44,125	603,390	217	626	19,950	801,203



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	← Revaluation →		← Cost →					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	
<b>Company</b>								
<b>Carrying amount</b>								
At 1 January 2024	108	132,787	44,125	603,390	217	626	19,950	801,203
Additions	-	-	5,868	3,451	-	234	100,505	110,058
Revaluation	25	99,319	-	-	-	-	-	99,344
Write off	-	-	-	-	-	(5)	-	(5)
Reclassification	-	-	-	70,733	-	-	(70,733)	-
Transferred from right-of-use assets	-	-	-	14,071	-	-	-	14,071
Depreciation charge	-	(1,810)	(1,421)	(29,718)	(100)	(210)	-	(33,259)
<b>At 31 December 2024</b>	<b>133</b>	<b>230,296</b>	<b>48,572</b>	<b>661,927</b>	<b>117</b>	<b>645</b>	<b>49,722</b>	<b>991,412</b>
<b>At 31 December 2024</b>								
Cost/Revaluation	133	230,296	82,871	1,159,156	2,796	5,458	49,722	1,530,432
Accumulated depreciation	-	-	(34,299)	(497,229)	(2,679)	(4,813)	-	(539,020)
Carrying amount	133	230,296	48,572	661,927	117	645	49,722	991,412



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Revaluation		Cost					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	
<b>Carrying amount</b>								
At 1 January 2023	108	134,597	45,049	626,221	322	642	–	806,939
Additions	–	–	566	6,135	–	226	19,950	26,877
Depreciation charge	–	(1,810)	(1,490)	(28,966)	(105)	(242)	–	(32,613)
<b>At 31 December 2023</b>	108	132,787	44,125	603,390	217	626	19,950	801,203
<b>At 31 December 2023</b>								
Cost/Revaluation	108	140,480	77,096	1,068,271	2,796	5,230	19,950	1,313,931
Accumulated depreciation	–	(7,693)	(32,971)	(464,881)	(2,579)	(4,604)	–	(512,728)
Carrying amount	108	132,787	44,125	603,390	217	626	19,950	801,203



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The carrying amounts of property, plant and equipment charged as securities for borrowings as disclosed in Note 18 are as follows:

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Leasehold land	<b>230,296</b>	132,787
Plant and machinery	<b>688,950</b>	612,714
	<b>919,246</b>	745,501

- (b) The leasehold land of the Group and of the Company have unexpired periods of lease of 43 to 87 years (2023: 44 to 88 years).
- (c) The freehold land and leasehold land of the Group and of the Company were revalued on 31 December 2024 based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to "Comparison Method" basis.

The revaluation surplus on freehold land and leasehold land amounted to RM99,344,000 was recognised in other comprehensive income and accumulated in revaluation reserves.

The fair values of the freehold land and leasehold land are within level 2 of the fair value hierarchy.

The fair values of freehold land and leasehold land were arrived at based on recent transactions and by assessing prices of similar land in the surrounding areas with adjustments made for differences in location, size and shape of the land, tenure, if any and other relevant characteristics.

The fair value measurements of the freehold land and leasehold land are based on the highest and best use which does not differ from their actual use.

Had the freehold land and leasehold land carried at historical cost, the carrying amount of the freehold land and leasehold land that would have been included in the financial statements of the Group and of the Company as at reporting date would be as follows:

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land	<b>65</b>	65
Leasehold land	<b>59,430</b>	60,277
	<b>59,495</b>	60,342





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. RIGHT-OF-USE ASSETS

Group	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2023	16,702	6,199	22,901
Additions	–	564	564
Disposals	–	(344)	(344)
Transferred to property, plant and equipment	–	(1,994)	(1,994)
At 31 December 2023/1 January 2024	<b>16,702</b>	<b>4,425</b>	<b>21,127</b>
Additions	–	1,832	1,832
Disposals	–	(465)	(465)
Transferred to property, plant and equipment	<b>(16,702)</b>	–	<b>(16,702)</b>
At 31 December 2024	–	<b>5,792</b>	<b>5,792</b>
<b>Accumulated depreciation</b>			
At 1 January 2023	1,628	3,243	4,871
Charge for the year	501	972	1,473
Disposals	–	(338)	(338)
Transferred to property, plant and equipment	–	(1,994)	(1,994)
At 31 December 2023/1 January 2024	<b>2,129</b>	<b>1,883</b>	<b>4,012</b>
Charge for the year	<b>502</b>	<b>1,063</b>	<b>1,565</b>
Disposals	–	(410)	(410)
Transferred to property, plant and equipment	<b>(2,631)</b>	–	<b>(2,631)</b>
At 31 December 2024	–	<b>2,536</b>	<b>2,536</b>
<b>Net carrying amount</b>			
At 31 December 2023	14,573	2,542	17,115
At 31 December 2024	–	<b>3,256</b>	<b>3,256</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. RIGHT-OF-USE ASSETS (CONT'D)

Company	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2023	16,702	3,164	19,866
Additions	–	276	276
Transferred to property, plant and equipment	–	(274)	(274)
At 31 December 2023/1 January 2024	<b>16,702</b>	<b>3,166</b>	<b>19,868</b>
Additions	–	1,832	1,832
Disposals	–	(465)	(465)
Transferred to property, plant and equipment	<b>(16,702)</b>	–	<b>(16,702)</b>
At 31 December 2024	–	<b>4,533</b>	<b>4,533</b>
<b>Accumulated depreciation</b>			
At 1 January 2023	1,628	1,056	2,684
Charge for the year	501	606	1,107
Transferred to property, plant and equipment	–	(274)	(274)
At 31 December 2023/1 January 2024	<b>2,129</b>	<b>1,388</b>	<b>3,517</b>
Charge for the year	<b>502</b>	<b>850</b>	<b>1,352</b>
Disposals	–	(410)	(410)
Transferred to property, plant and equipment	<b>(2,631)</b>	–	<b>(2,631)</b>
At 31 December 2024	–	<b>1,828</b>	<b>1,828</b>
<b>Net carrying amount</b>			
At 31 December 2023	14,573	1,778	16,351
At 31 December 2024	–	<b>2,705</b>	<b>2,705</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost	500	500

The details of the subsidiaries, of which are all incorporated and principally operating in Malaysia, are as follows:

Name of company	Interest in equity held by the Company		Principal activities
	2024 %	2023 %	
MS Express Sdn. Bhd. #	100	100	Transportation and logistics
MS Fabricon Sdn. Bhd. #*	100	100	Fabrication and trading of steel products

# Audited by RSM Malaysia PLT

\* This subsidiary has remained dormant since previous financial years.

### 9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Unquoted shares, at cost</b>				
At beginning of the year	10,968	7,368	9,708	7,358
Share of results	2,111	3,600	-	-
Reversal of impairment loss	-	-	-	2,350
At end of the year	13,079	10,968	9,708	9,708

Name of company	Interest in equity held by the Company		Principal activity
	2024 %	2023 %	
Bio Molecular Industries Sdn. Bhd.	48.25	48.25	Manufacturing, research and development of radioisotopes and radiopharmaceuticals products

The associate, incorporated and principally operating in Malaysia, is not audited by RSM Malaysia PLT.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summarised financial information of the associate, not adjusted for the percentage ownership held by the Group:

	Effective ownership interest %	Revenue (100%) RM'000	Net profit for the financial year (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2024	48.25	16,803	4,375	31,434	4,328
2023	48.25	16,342	7,458	31,770	9,045

### 10. INVENTORIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>At cost</b>				
Raw materials	745,525	697,765	745,525	697,765
Finished goods	61,623	39,358	61,623	39,358
	<b>807,148</b>	737,123	<b>807,148</b>	737,123
<b>At net realisable value</b>				
Finished goods	49,850	53,943	49,850	53,943
	<b>856,998</b>	791,066	<b>856,998</b>	791,066
Recognised in profit or loss:				
Inventories recognised as cost of sales	2,400,021	1,923,920	2,401,006	1,925,145
Reversal of inventories written down	–	(2,996)	–	(2,996)
Inventories written down	2,869	–	2,869	–



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Trade receivables</b>				
Third parties	<b>329,452</b>	282,822	<b>329,452</b>	282,822
<b>Other receivables</b>				
Amount due from a subsidiary	–	–	–	1,185
Amount due from an associate	<b>724</b>	727	<b>724</b>	727
Deposits	<b>581</b>	427	<b>581</b>	427
Advance payment made	<b>8,951</b>	–	<b>8,951</b>	–
Prepayments	<b>963</b>	4,030	<b>923</b>	3,918
	<b>11,219</b>	5,184	<b>11,179</b>	6,257
	<b>340,671</b>	288,006	<b>340,631</b>	289,079

- (a) The normal trade credit terms of the Group and of the Company range from 30 to 180 days (2023: 30 to 180 days).
- (b) In the previous financial year, the amount due from a subsidiary arose from advances, which is unsecured and interest-free.
- (c) The amount due from an associate represents advances, which is unsecured, bears interest rate at 3.55% (2023: 3.55%) per annum and is repayable on demand in cash and cash equivalents.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing analysis of the trade receivables is as follows:

	Group and Company	
	2024	2023
	RM'000	RM'000
Neither past due nor impaired	314,170	282,392
Past due, but not impaired		
- 1 to 30 days past due	13,341	-
- 31 to 60 days past due	1,927	-
- 61 to 90 days past due	-	4
- 91 to 120 days past due	14	-
- 121 to 150 days past due	-	93
- 151 to 180 days past due	-	148
- More than 180 days past due	-	185
	329,452	282,822

The balance of receivables that are past due but not impaired are unsecured in nature.

### 12. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of deposits that were effective as at the financial year end are as follows:

	Group and Company	
	2024	2023
	% per annum	% per annum
Fixed deposits with licensed banks	2.08 - 2.25	1.85 - 2.60

Fixed deposits of the Group and of the Company are unsecured and have an average maturity period between 2 to 365 days (2023: 2 to 74 days).

Fixed deposits with a licensed bank of the Group and of the Company amounting to RM5,251,990 (2023: RM5,000,000) have been pledged for trade financings and bank overdraft granted to the Group and to the Company as disclosed in Note 18 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid with no par value</b>		
At 1 January 679,109,746 ordinary shares	<b>329,648</b>	329,648
Issuance of 13,500,000 new ordinary shares under private placement	<b>4,279</b>	–
At 31 December 692,609,746 ordinary shares	<b>333,927</b>	329,648

During the financial year, the issued and paid-up share capital of the Company was increased from RM329,647,697 to RM333,927,197 through the issuance of 13,500,000 new ordinary shares at RM0.317 per ordinary share via private placement to eligible investors for a total cash contribution of RM4,279,500 to fund the Group's and the Company's working capital requirements.

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

The holders of ordinary shares are entitled to receive dividend as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with reference shareholders with regard to the Company's residual assets. In respect of the Company's treasury shares held by the Company as disclosed in Note 14, all rights are suspended until those shares are reissued.

### 14. TREASURY SHARES

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>		
At 1 January/31 December	<b>(587)</b>	(587)

The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the interest of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 127 of the Companies Act 2016. The Company has the right to cancel these treasury shares, distribute these treasury shares as share dividends to the shareholders and/ or resell these treasury shares on the Bursa Malaysia. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

At the end of the financial year, the number of outstanding shares in issue after setting off the treasury shares against equity was 690,769,746 (2023: 677,269,746).



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. WARRANT RESERVES

On 27 October 2021, the Company issued 226,369,915 free detachable warrants ("Warrants 2021/2026") pursuant to the rights share with warrants on the basis of one (1) warrant for every one (1) rights share subscribed.

The warrants are constituted by a deed poll dated 7 May 2021 and first supplemental deed poll dated 2 September 2021 to supplement and vary the deed poll for the revision of the issue price of the rights share from RM0.586 to RM0.395.

The salient term of warrants are as follows:

- (i) each warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share of the Company at the exercise price;
- (ii) the exercise price for the warrant was fixed at RM0.395 per warrant;
- (iii) the issue date of warrant is 27 October 2021 and are valid for exercise for a period of 5 years from its issue date and will expire on 21 October 2026. Any warrant not exercised by its expiry date will thereafter lapse and cease to be valid for any purpose; and
- (iv) the new shares to be issued arising from the exercise of the warrant will, upon allotment and issuance, rank pari-passu in all respects with then existing shares, save and except that the said new shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, prior to the date of allotment of the said new shares.

The movements in warrants are as follows:

	<b>Number of unexercised warrants 2024</b>	<b>Number of unexercised warrants 2023</b>
At 1 January/31 December	<b>226,369,915</b>	226,369,915

There was no warrant being exercised during the financial year.

### 16. RETAINED EARNINGS

Retained earnings are distributable by way of single-tier dividends. These dividends, if declared, are tax exempted in the hands of shareholders.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. LEASE LIABILITIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current	2,068	1,646	1,734	1,157
Current	650	2,116	496	1,944
	<b>2,718</b>	3,762	<b>2,230</b>	3,101
Minimum lease payments:				
- not later than one (1) year	779	2,263	600	2,056
- later than one (1) year but not later than two (2) years	710	611	531	432
- later than two (2) years but not later than five (5) years	1,320	1,081	1,142	723
- later than five (5) years	258	127	258	127
	<b>3,067</b>	4,082	<b>2,531</b>	3,338
Less: Future finance charges	(349)	(320)	(301)	(237)
Present value of lease liabilities	<b>2,718</b>	3,762	<b>2,230</b>	3,101
Present value of lease liabilities:				
- not later than one (1) year	651	2,116	496	1,944
- later than one (1) year but not later than two (2) years	615	532	452	377
- later than two (2) years but not later than five (5) years	1,202	990	1,032	656
- later than five (5) years	250	124	250	124
	<b>2,718</b>	3,762	<b>2,230</b>	3,101

The lease liabilities bear interest rate at 2.11% to 3.48% (2023: 2.11% to 4.48%) per annum.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. BORROWINGS

	Group and Company	
	2024	2023
	RM'000	RM'000
<b>Non-current liabilities</b>		
<b>Secured</b>		
Term loans	21,875	67,860
<b>Current liabilities</b>		
<b>Secured</b>		
Bank overdrafts	4,494	3,443
Bill payable	493,843	381,364
Revolving credit	34,814	5,000
Terms loans	47,841	39,284
	580,992	429,091
	602,867	496,951
<b>Total borrowings</b>		
<b>Secured</b>		
Bank overdrafts	4,494	3,443
Bill payable	493,843	381,364
Revolving credit	34,814	5,000
Term loans	69,716	107,144
	602,867	496,951
	602,867	496,951

The bank overdraft facilities are repayable on demand and bear interest rate at 8.17% to 8.37% (2023: 7.67%) per annum.

The bill payable facilities are repayable within 1 to 134 days (2023: 2 to 128 days) and bear interest rates ranging from 1.50% to 7.69% (2023: 3.44% to 7.25%) per annum. Certain bill payable facilities are secured by a third-party security.

The revolving credit bear interest rate ranges from 5.00% to 6.40% (2023: 6.40%) per annum and is repayable upon utilisations.

The term loans bear interest rates ranging from 5.85% to 7.54% (2023: 4.42% to 6.85%) per annum and is repayable on a monthly (2023: monthly) basis through number of instalments and commencement date as below:

	Total number of instalments	Commencement date
Term loan I	66	May 2023
Term loan II	20	January 2024
Term loan III	20	January 2024
Term loan IV	120	May 2024



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. BORROWINGS (CONT'D)

Facilities	Group and Company		Interest Rate	Terms of repayment
	2024 RM'000	2023 RM'000		
Term loan I	28,017	35,144	2.50% above one-month Effective Cost of Fund ("ECOF") per annum	The term loan repayment commenced on 29 May 2023 and is repayable by 65 equal instalments of RM607,000 each with final instalment of RM545,000.
Term loan II	15,400	27,720	2.5% above Cost of Fund per annum	The term loan repayment commenced in January 2024 and is repayable by 20 equal instalments of RM3,696,000 each.
Term loan III	24,600	44,280	1.50% above one-month Effective ECOF per annum	The term loan repayment commenced in January 2024 and is repayable by 20 equal instalments of RM7,380,000 each.
Term loan IV	1,699	–	1.5% above Cost of Fund per annum	The term loan repayment commenced in May 2024 and is repayable by 119 equal instalments of RM33,333 each with final installment of RM33,373.
	<b>69,716</b>	<b>107,144</b>		

The borrowings are secured by the following:

- Debentures over certain property, plant and equipment of the Group and of the Company;
- First fixed charge over all leasehold land of the Group and of the Company, as disclosed in Note 6(a);
- Fixed deposits of the Group and of the Company pledged with a licensed bank as disclosed in Note 12;
- Memorandum of deposit and letter of set-off of fixed deposit by a related party; and
- Legal charge over the land held by a related party.

At 31 December 2024, borrowings from licensed banks of the Group and of the Company, which amounted to RM21,875,000 (2023: RM67,860,000) respectively were classified as non-current. Out of which, borrowings of RM20,576,000 (2023: RM27,860,000) include a covenant that requires the Company to maintain gearing ratio of not more than 1.25 times during the subsistence of the facilities, failing which the borrowings may be repayable on demand.

At the end of the reporting period, the Group and the Company complied with the above covenant requirement.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. DEFERRED TAX LIABILITIES

#### Group

	2024 RM'000	2023 RM'000
At 1 January	(8,040)	(3,936)
Recognised in profit or loss	(13,450)	(4,104)
Recognised in other comprehensive income	(17,599)	-
At 31 December	(39,089)	(8,040)

#### Company

	2024 RM'000	2023 RM'000
At 1 January	(7,926)	(3,792)
Recognised in profit or loss	(13,497)	(4,134)
Recognised in other comprehensive income	(17,599)	-
At 31 December	(39,022)	(7,926)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. DEFERRED TAX LIABILITIES (CONT'D)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Presented after appropriate offsetting as follows:</b>				
Deferred tax assets	–	–	–	–
Deferred tax liabilities	(39,089)	(8,040)	(39,022)	(7,926)
	<b>(39,089)</b>	<b>(8,040)</b>	<b>(39,022)</b>	<b>(7,926)</b>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### Deferred tax assets:

	Other deductible temporary differences RM'000	Unabsorbed capital allowance and reinvestment allowance RM'000	Total RM'000
<b>Group and Company</b>			
At 1 January 2024	4,418	92,023	96,441
Recognised in profit or loss	(2,913)	(1,078)	(3,991)
At 31 December 2024	1,505	90,945	92,450
At 1 January 2023	3,910	93,651	97,561
Recognised in profit or loss	508	(1,628)	(1,120)
At 31 December 2023	4,418	92,023	96,441



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Cont'd)

**Deferred tax liabilities:**

	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Total RM'000
<b>Group</b>			
At 1 January 2024	(104,984)	503	(104,481)
Recognised in profit or loss	(8,199)	(1,260)	(9,459)
Recognised in other comprehensive income	(17,599)	-	(17,599)
<b>At 31 December 2024</b>	<b>(130,782)</b>	<b>(757)</b>	<b>(131,539)</b>
At 1 January 2023	(101,436)	(61)	(101,497)
Recognised in profit or loss	(3,548)	564	(2,984)
<b>At 31 December 2023</b>	<b>(104,984)</b>	<b>503</b>	<b>(104,481)</b>
<b>Company</b>			
At 1 January 2024	(104,870)	503	(104,367)
Recognised in profit or loss	(8,246)	(1,260)	(9,506)
Recognised in other comprehensive income	(17,599)	-	(17,599)
<b>At 31 December 2024</b>	<b>(130,715)</b>	<b>(757)</b>	<b>(131,472)</b>
At 1 January 2023	(101,292)	(61)	(101,353)
Recognised in profit or loss	(3,578)	564	(3,014)
<b>At 31 December 2023</b>	<b>(104,870)</b>	<b>503</b>	<b>(104,367)</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Trade payables</b>				
Third parties	503,545	395,963	503,257	395,799
Amounts due to subsidiaries	–	–	5,528	4,946
<b>Other payables</b>				
Sundry payables	80,140	111,630	80,048	111,573
Accruals	76,420	81,590	76,335	81,482
	<b>660,105</b>	<b>589,183</b>	<b>665,168</b>	<b>593,800</b>

The normal trade credit terms of the Group and of the Company range from 14 to 90 days (2023: 14 to 90 days).

Included in sundry payables is advance payment received of RM79,997,000 (2023: RM111,522,000). The Group and the Company apply the practical expedient in MFRS 15 *Revenue from Contracts with Customers* on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

Set out below is the amount of revenue recognised from:

	Group and Company	
	2024 RM'000	2023 RM'000
Amounts included in advance payment received at the beginning of the financial year	111,522	62,653

### 21. REVENUE

	Group and Company	
	2024 RM'000	2023 RM'000
Revenue from contracts with customers:		
- Sales of steel bars and steel billets	2,509,960	2,012,889
Timing of revenue recognition		
- At a point in time	2,509,960	2,012,889



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. PROFIT FROM OPERATIONS

Other than disclosed elsewhere in the financial statements, profit from operations is arrived after charging/ (crediting):

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration				
- statutory audit	170	160	160	150
- other services	9	11	9	11
Bad debt written off	-	-	1,191	-
Depreciation of property, plant and equipment	33,259	32,739	33,259	32,613
Depreciation of right-of-use assets	1,565	1,473	1,352	1,107
Expenses relating to short-term leases	3,031	5,169	3,031	5,169
Expenses relating to leases of low-value assets	671	620	671	620
Gain on disposal of right-of-use assets	(145)	(130)	(145)	-
Interest income	(1,390)	(680)	(1,390)	(680)
Inventories written down	2,869	-	2,869	-
Property, plant and equipment written off	5	183	5	-
Reversal of impairment loss on investment in an associate	-	-	-	(2,350)
Reversal of inventories written down	-	(2,996)	-	(2,996)
Realised foreign exchange gain	(26,048)	(1,888)	(26,048)	(1,888)
Rental income	-	(207)	-	(207)
Unrealised foreign exchange loss	3,155	2,094	3,155	2,094

### 23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, bonus, allowances and overtime	56,905	55,666	55,850	54,470
Employees Provident Fund	2,702	2,657	2,583	2,511
Social security costs	579	548	564	529
Other benefits	331	233	323	222
	<b>60,517</b>	<b>59,104</b>	<b>59,320</b>	<b>57,732</b>

Included in employee benefits expense of the Group and of the Company are directors' remuneration as disclosed in Note 24.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. DIRECTORS' REMUNERATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Directors</b>				
Executive:				
Salaries, bonus and statutory contributions	3,121	3,012	3,121	3,012
Fees	80	80	80	80
Allowances	38	38	38	38
	<b>3,239</b>	3,130	<b>3,239</b>	3,130
Non-executive:				
Fees	82	97	82	97
Allowances	334	369	334	369
	<b>416</b>	466	<b>416</b>	466
Total executive directors' remuneration	<b>3,239</b>	3,130	<b>3,239</b>	3,130
Total non-executive directors' remuneration	<b>416</b>	466	<b>416</b>	466
Grand total	<b>3,655</b>	3,596	<b>3,655</b>	3,596

The number of directors of the Company whose total remuneration during the year fall within the following bands are analysed below:

	Number of directors	
	2024 RM'000	2023 RM'000
<b>Executive directors:</b>		
RM200,001 - RM300,000	1	1
RM400,001 - RM500,000	-	1
RM500,001 - RM600,000	1	-
RM600,001 - RM700,000	1	1
RM1,500,001 - RM1,550,000	-	-
RM1,650,001 - RM1,700,000	1	1
Total executive directors	<b>4</b>	4
<b>Non-executive directors:</b>		
RM20,001 - RM100,000	4	4
RM100,001 - RM150,000	2	1
RM150,001 - RM200,000	-	1
Total non-executive directors	<b>6</b>	6
Total executive and non-executive directors	<b>10</b>	10



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. FINANCE COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expenses on:				
- bill payable	24,014	18,420	24,014	18,420
- bank overdrafts and revolving credit	672	604	672	604
- lease liabilities	232	362	197	324
- term loans	5,920	8,200	5,920	8,200
	<b>30,838</b>	<b>27,586</b>	<b>30,803</b>	<b>27,548</b>

### 26. TAXATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Recognised in profit or loss:				
<b>Current financial year</b>				
Income tax	161	306	-	44
Deferred tax	13,398	4,273	13,368	4,248
	<b>13,559</b>	<b>4,579</b>	<b>13,368</b>	<b>4,292</b>
<b>Under/(Over) provision in prior financial years</b>				
Income tax	3	10	-	-
Deferred tax	52	(169)	129	(114)
	<b>55</b>	<b>(159)</b>	<b>129</b>	<b>(114)</b>
	<b>13,614</b>	<b>4,420</b>	<b>13,497</b>	<b>4,178</b>
Recognised in other comprehensive income:				
Deferred tax	(17,599)	-	(17,599)	-



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. TAXATION (CONT'D)

The reconciliation between the tax expense and profit before taxation multiplied by the statutory tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation	<b>30,604</b>	6,824	<b>26,798</b>	4,969
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	<b>7,345</b>	1,638	<b>6,432</b>	1,193
Tax effect in respect of:				
Expenses not deductible for tax purposes	<b>6,214</b>	2,941	<b>6,936</b>	3,099
<b>Under/(Over) provision in respect of prior financial year</b>				
- Income tax	<b>3</b>	10	-	-
- Deferred tax	<b>52</b>	(169)	<b>129</b>	(114)
Tax expense for the year	<b>13,614</b>	4,420	<b>13,497</b>	4,178
Recognised in other comprehensive income:				
Deferred tax	<b>(17,599)</b>	-	<b>(17,599)</b>	-



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. TAXATION (CONT'D)

#### *Deferred tax assets not recognised*

As at 31 December 2024, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Unabsorbed capital allowances	126	126
Unutilised tax losses	79	79
	<b>205</b>	<b>205</b>

### 27. EARNINGS PER SHARE

#### **Basic and diluted earnings per share**

The basic and diluted earnings per ordinary share of the Group is calculated based on the profit attributable to owners of the Company divided by the weighted average number of shares in issue.

	<b>2024</b>	<b>2023</b>
Earnings attributable to owners of the Company (RM'000)	16,990	2,404
Weighted average number of ordinary shares in issue ('000)	681,634	677,270
Basic earnings per share (sen)	<b>2.49</b>	<b>0.35</b>

The warrants exercisable at end of the financial year ended 31 December 2024 do not have a dilutive effect to the earnings per ordinary share as the average market price per ordinary share for the financial year does not exceed the exercise price of the warrants.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. FINANCIAL INSTRUMENTS

Categories of financial instruments of the Group and of the Company are as follows:

	2024 RM'000	2023 RM'000
<b>Group</b>		
<b>Financial assets at amortised cost</b>		
Trade and other receivables (excluding prepayments and advance payment made)	330,757	283,976
Fixed deposits with licensed banks	22,412	20,569
Cash and bank balances	44,812	33,797
	<b>397,981</b>	<b>338,342</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables (excluding advance payment received)	580,108	477,661
Lease liabilities	2,718	3,762
Borrowings	602,867	496,951
	<b>1,185,693</b>	<b>978,374</b>
<b>Company</b>		
<b>Financial assets at amortised cost</b>		
Trade and other receivables (excluding prepayments and advance payment made)	330,757	285,161
Fixed deposits with licensed banks	22,412	20,569
Cash and bank balances	44,454	33,447
	<b>397,623</b>	<b>339,177</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables (excluding advance payment received)	585,171	482,278
Lease liabilities	2,230	3,101
Borrowings	602,867	496,951
	<b>1,190,268</b>	<b>982,330</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's and the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

#### (a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits or occasionally, in short-term commercial papers.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt.

The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rate fall.

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Fixed rates</b>				
Fixed deposits with licensed banks	(22,412)	(20,569)	(22,412)	(20,569)
Lease liabilities	2,718	3,762	2,230	3,101
	<b>(19,694)</b>	<b>(16,807)</b>	<b>(20,182)</b>	<b>(17,468)</b>
<b>Floating rates</b>				
Bank overdrafts	4,494	3,443	4,494	3,443
Bill payable	493,843	381,364	493,843	381,364
Revolving credit	34,814	5,000	34,814	5,000
Term loans	69,716	107,144	69,716	107,144
	<b>602,867</b>	<b>496,951</b>	<b>602,867</b>	<b>496,951</b>
	<b>583,173</b>	<b>480,144</b>	<b>582,685</b>	<b>479,483</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Interest rate risk (Cont'd)

##### Interest rate sensitivity analysis

##### (i) Fair value sensitivity analysis for fixed rate instrument

The Group and the Company do not account for any fixed rate financial liabilities at "fair value through profit or loss" and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss substantially.

##### (ii) Interest rate risk sensitivity analysis

The Group's and the Company's floating rate borrowings are exposed to variability in future interest payments. If the interest rates at the end of the reporting period changed by 100 basis points with all other variables held constant, it would impact the Group's and the Company's profit before taxation by approximately RM6,028,673 (2023: RM4,969,510).

#### (b) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's credit risk is primarily attributable to trade receivables. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group and the Company do not offer credit terms without the specific approval of the Head of Credit Control. Since the Group and the Company trade only with recognised and creditworthy third parties, there is no requirement for collateral.

When an account is more than 180 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group and the Company identify as a default account if it is more than 180 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group and the Company classify an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable, the Group and the Company use a probability of default method that categories based on ageing profiles. The ECL is measured based on total outstanding trade receivables as per aged bracket multiply by probability of default. Probability of default is based on the Company's past experiences, current conditions and forecast of future economic benefits.

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit risk (Cont'd)

##### Concentration of credit risk

The Group and the Company assess concentrations of credit risk by exposure to single-large customers, industry sectors and overseas jurisdictions.

100% of the Group's and the Company's trade receivables were concentrated within Malaysia. At the reporting date, the Group and the Company have significant concentration of credit risk in the form of outstanding balances due from 5 (2023: 6) customers, representing 82% (2023: 89%) of the Group's and the Company's trade receivables.

Cash and bank balances and fixed deposits with licensed banks are placed with major financial institutions which have low credit risks and any expected credit losses arising on these financial assets are insignificant.

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Chinese Yuan Renminbi ("CNY") and Euro ("EURO"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The currency exposure profile of trade and other payables are as follows:

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
USD	<b>194,744</b>	165,683
CNY	<b>96</b>	536
EURO	<b>62,865</b>	20,495
	<b>257,705</b>	186,714





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity analysis of the Group's and of the Company's profit after tax and equity to a reasonably possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	<b>Group and Company Increase/ (Decrease) RM'000</b>
<b>2024</b>	
<b>USD/RM</b>	
- strengthened by 5%	(7,400)
- weakened by 5%	7,400
<hr/>	
<b>CNY/RM</b>	
- strengthened by 5%	(4)
- weakened by 5%	4
<hr/>	
<b>EURO/RM</b>	
- strengthened by 5%	(2,389)
- weakened by 5%	2,389
<hr/>	
<b>2023</b>	
<b>USD/RM</b>	
- strengthened by 5%	(6,296)
- weakened by 5%	6,296
<hr/>	
<b>CNY/RM</b>	
- strengthened by 5%	(20)
- weakened by 5%	20
<hr/>	
<b>EURO/RM</b>	
- strengthened by 5%	(779)
- weakened by 5%	779
<hr/>	



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (d) Liquidity risk

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

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

#### **Maturity analysis**

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

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

	On demand or less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>				
<b>2024</b>				
<b>Non derivative financial liabilities</b>				
Trade and other payables (excluding advance payment received)	580,108	-	-	580,108
Borrowings	588,294	26,724	-	615,018
Lease liabilities	779	2,030	258	3,067
	<b>1,169,181</b>	<b>28,754</b>	<b>258</b>	<b>1,198,193</b>
<b>2023</b>				
<b>Non derivative financial liabilities</b>				
Trade and other payables (excluding advance payment received)	477,661	-	-	477,661
Borrowings	439,199	72,544	127	511,870
Lease liabilities	2,263	1,692	127	4,082
	<b>919,123</b>	<b>74,236</b>	<b>254</b>	<b>993,613</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Liquidity risk (Cont'd)

**Maturity analysis (Cont'd)**

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (Cont'd)

	On demand or less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Company</b>				
<b>2024</b>				
<b>Non derivative financial liabilities</b>				
Trade and other payables (excluding advance payment received)	585,171	-	-	585,171
Borrowings	588,294	26,724	-	615,018
Lease liabilities	600	1,673	258	2,531
	<b>1,174,065</b>	<b>28,397</b>	<b>258</b>	<b>1,202,720</b>
<b>2023</b>				
<b>Non derivative financial liabilities</b>				
Trade and other payables (excluding advance payment received)	482,278	-	-	482,278
Borrowings	439,199	72,544	127	511,870
Lease liabilities	2,056	1,155	127	3,338
	<b>923,533</b>	<b>73,699</b>	<b>254</b>	<b>997,486</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (e) Fair value information

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables (excluding prepayments and advance payment made), trade and other payables (excluding advance payment received) are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of bank borrowings are reasonable approximations of fair values as the current rates offered to the Group and to the Company approximate to the market rates for similar borrowing of the same remaining maturities.

The carrying amounts of the current portion of lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.

- (ii) Lease liabilities are accounted for as long-term financial liabilities

The fair values of these financial instruments are estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing or leasing arrangements at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. SEGMENT INFORMATION

(a) **Business segment**

The Group is primarily operating in one business segment which is the manufacturing of steel bars and steel billets.

(b) **Geographical information**

The Group's business segments are managed in two (2) main geographical areas:

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
<b>2024</b>			
Malaysia	2,211,315	2,273,186	111,890
Outside Malaysia	298,645	-	-
	<b>2,509,960</b>	<b>2,273,186</b>	<b>111,890</b>
<b>2023</b>			
Malaysia	1,769,469	1,963,333	27,441
Outside Malaysia	243,420	-	-
	<b>2,012,889</b>	<b>1,963,333</b>	<b>27,441</b>

In determining the geographical segments of the Group, sales are based on the countries in which the customers are located. Total assets and capital expenditure are determined based on where the assets are located, and all assets are located in Malaysia.

(c) **Major customers**

Revenue from two (2023: two) major customers amounted to RM921,181,164 (2023: RM834,712,257) arising from sales of steel bars and steel billets.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The gearing ratios as at 31 December 2024 and 2023 were as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Lease liabilities (Note 17)	2,718	3,762	2,230	3,101
Borrowings (Note 18)	602,867	496,951	602,867	496,951
	<b>605,585</b>	500,713	<b>605,097</b>	500,052
Total equity	<b>968,373</b>	865,359	<b>960,079</b>	860,754
Gearing ratio (times)	<b>0.63</b>	0.58	<b>0.63</b>	0.58

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

Under the requirements of borrowing facilities, the Group and the Company are required to comply with several financial covenants. As at the reporting date, the Group and the Company had complied with all the financial covenants as disclosed in Note 18.

### 32. CAPITAL COMMITMENTS

	Group and Company	
	2024 RM'000	2023 RM'000
Acquisition of property, plant and equipment - contracted but not provided for	26,819	38,880



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 33. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the directors of the Group and of the Company.

The Group and the Company have related party relationship with its subsidiaries, associate and key management personnel.

#### Significant related party transactions

The significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2024	2023
	RM'000	RM'000
<b>Transactions with a subsidiary:</b>		
Transportation charges paid/payable	3,594	4,222
Interest income received/receivable	(29)	(29)
Payments on behalf	844	899

#### Compensation of key management personnel

The Board of Directors defined that key management personnel of the Group and of the Company are directors of the Group and of the Company. The compensation of key management personnel during the financial year is disclosed in Note 24.

### 34. MATERIAL LITIGATION

The Company was served with a Writ of Summons dated 17 July 2019 and Statement of Claim dated 12 June 2019 by the Plaintiff. The Plaintiff was seeking for, inter alia, a payment of RM10.681 million from the Company, together with interest in relation to advances made by the Plaintiff to the Company between the financial years 2002 to 2004 ("Claim").

On 10 December 2021, the Claim was dismissed by the Shah Alam High Court and the Court ordered costs together with interest of RM80,000 to be paid to the Company. The Plaintiff has filed a Notice of Appeal ("Appeal") to the Court of Appeal against the decision on 10 December 2022. The Court of Appeal scheduled the hearing of the Appeal on 7 November 2023.

Pursuant to the Order of the Court of Appeal dated 19 August 2024, the Appeal was dismissed with costs of RM30,000 to be paid by the Plaintiff to the Company.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 35. OTHER INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.
- (b) The registered office is situated at:  
  
No.3A, Mezzanine Floor  
Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur
- (c) The principal place of business is situated at:  
  
Wisma Masteel  
Lot 29C, Off Jalan Tandang  
Section 51  
46050 Petaling Jaya  
Selangor Darul Ehsan
- (d) The financial statements are expressed in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.
- (e) The financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the directors on 7 April 2025.





# STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of **MALAYSIA STEEL WORKS (KL) BHD. (Registration No. 197101000213 (7878-V))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 56 to 111 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 at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

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

**DATUK SYED MOHAMED BIN SYED IBRAHIM**

**DATO' SRI TAI HEAN LENG @ TEK HEAN LENG**

Kuala Lumpur

7 April 2025



# STATUTORY DECLARATION

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

I, **LAU YOKE LEONG**, being the director primarily responsible for the financial management of **MALAYSIA STEEL WORKS (KL) BHD. (Registration No. 197101000213 (7878-V))** do solemnly and sincerely declare that the financial statements set out on pages 56 to 111 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

**LAU YOKE LEONG**

MIA number: 14053

Subscribed and solemnly declared  
by the abovenamed at Kuala Lumpur  
in the Federal Territory on 7 April 2025

Before me

**ALI BIN OMAR**

W1012

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA STEEL WORKS (KL) BHD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Malaysia Steel Works (KL) Bhd., which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 56 to 111.

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 2024, 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.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

#### 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.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Refer to Notes 3.9 and 21 to the financial statements.</p> <p>Revenue recognition is identified as a key audit matter as the Group's and the Company's revenue transactions are voluminous with different terms and pricing for different customers. There is a risk that revenue may be recognised before the significant risks and rewards of ownership of the goods sold have been transferred to the customers.</p> <p>Revenue of the Group and of the Company comprises income generated from manufacturing and selling of steel bars and steel billets. Revenue from sales of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer, usually in the form of an executed purchase order and when the goods are delivered to customers.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>• We have assessed and evaluated the appropriateness of the design and implementation of controls in the revenue cycle;</li> <li>• We have assessed the operating effectiveness on the relevant controls identified within the revenue cycle;</li> <li>• We have assessed and evaluated management's revenue recognition policy in accordance with MFRS 15 <i>Revenue from Contracts with Customers</i>;</li> <li>• We have verified revenue transactions to respective sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of the goods to customers;</li> <li>• We have verified the credit notes and sales returns post the year-end date to ascertain if revenue was recognised in the correct financial period; and</li> <li>• We have verified revenue transactions pre and post year-end date and agreed the selected sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of goods and confirmed that these transactions were recognised in the correct financial periods.</li> </ul>



## **INDEPENDENT AUDITORS' REPORT** (CONT'D)

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

#### ***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.

#### ***Responsibilities of the Directors for the Financial Statements***

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

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

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



## **INDEPENDENT AUDITORS' REPORT** (CONT'D)

### **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.

**RSM Malaysia PLT**  
202206000002 (LLP0030276-LCA) & AF 0768  
Chartered Accountants

Kuala Lumpur

7 April 2025

**Ronald Teo Ming Keong**  
03674/07/2026 J  
Chartered Accountant



# LIST OF PROPERTIES

AS AT 31 DECEMBER 2024

Location	Existing Use	Approximate Age of Building (Years)	Tenure	Land Area (Built-up Area)	Net Book Value (RM'000)	Date of Acquisition	Date of Revaluation
Wisma Masteel Lot 29C, Off Jalan Tandang, Section 51 46050 Petaling Jaya Selangor Darul Ehsan	Office, factory and warehouse	38 years	Leasehold for 99 years expiring on 15 April 2067	130,897 sq. ft. (63,187 sq. ft.)	Land – 22,910 Building – Nil	30-Sep-05	31-Dec-24
Lot 29B, Off Jalan Tandang, Section 51 46050 Petaling Jaya Selangor Darul Ehsan	Factory	12 years	Leasehold for 99 years expiring on 15 April 2067	110,425 sq. ft. (69,960 sq. ft.)	Land – 19,320 Building – Nil	22-Dec-09	31-Dec-24
Lot 13039 Jalan Waja, Bukit Raja Industrial Estate 41050 Klang Selangor Darul Ehsan	Office, factory and warehouse	20 years	Leasehold for 99 years expiring on 3 December 2111	1,562,266 sq. ft. (187,220 sq. ft.)	Land – 188,064 Building – 45,871	30-Sep-05	31-Dec-24
Unit B-05-3 5th Floor Block B (West Wing) PJ8 Office Suite No. 23, Jalan Barat Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	Office	11 years	Leasehold for 99 years expiring on 5 March 2106	(4,176 sq. ft.)	Land – Nil Building – 495	6-Nov-08	NIL
Unit B-05-3A 5th Floor Block B (West Wing) PJ8 Office Suite No. 23, Jalan Barat Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	Office	11 years	Leasehold for 99 years expiring on 5 March 2106	(3,003 sq. ft.)	Land – Nil Building – 355	6-Nov-08	NIL
GRN 33304 Lot 3780 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	Bangalow	36 years	Freehold	5,403 sq. ft. (1,334 sq. ft.)	Land – 135 Building – Nil	30-Sep-05	31-Dec-24
GRN 45572 Lot 43031 Mukim of Bentong District of Bentong State of Pahang Darul Makmur	Antara Genting-Condominium (B-33-03A)	Under Construction	Freehold	520 sq. ft.	Land – Nil Building – 660	31-Jan-22	NIL
GRN 45572 Lot 43031 Mukim of Bentong District of Bentong State of Pahang Darul Makmur	Antara Genting-Condominium (B-33-05)	Under Construction	Freehold	1066 sq. ft.	Land – Nil Building – 1189	31-Jan-22	NIL





# ANALYSIS OF SHAREHOLDINGS

AS AT 25 MARCH 2025

Total number of issued shares : 692,609,746 ordinary shares (including 1,840,000 treasury shares)  
 Voting Rights : One (1) vote per ordinary share

## ANALYSIS BY SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital <sup>[1]</sup>
1 - 99	1,258	11.95	47,950	0.01
100 - 1,000	913	8.67	419,421	0.06
1,001 - 10,000	3,918	37.21	22,461,253	3.25
10,001 - 100,000	3,812	36.20	128,957,502	18.67
100,001 - 34,538,486 <sup>[2]</sup>	628	5.96	321,101,820	46.48
34,538,487 and above <sup>[3]</sup>	1	0.01	217,781,800	31.53
<b>TOTAL</b>	<b>10,530</b>	<b>100.00</b>	<b>690,769,746</b>	<b>100.00</b>

### Notes:-

<sup>[1]</sup> Excluding a total of 1,840,000 ordinary shares bought-back by the Company and retained as treasury shares as at 25 March 2025.

<sup>[2]</sup> Less than 5% of issued shares (excluding treasury shares)

<sup>[3]</sup> 5% and above of issued shares (excluding treasury shares)

## DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital <sup>[1]</sup>	No. of Shares	% of Issued Capital <sup>[1]</sup>
Dato' Sri Tai Hean Leng @ Tek Hean Leng	1,425,000	0.21	217,781,800 <sup>[2]</sup>	31.53
Datuk Syed Mohamed Bin Syed Ibrahim	100,000	0.01	–	–

### Notes:-

<sup>[1]</sup> Excluding a total of 1,840,000 ordinary shares bought-back by the Company and retained as treasury shares as at 25 March 2025.

<sup>[2]</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in TYY Resources Sdn Bhd.

Pursuant to Section 8(4) of the Companies Act 2016, by virtue of his interests in the shares of the Company, Dato' Sri Tai Hean Leng @ Tek Hean Leng is also deemed to have an interest in the shares of the subsidiary of the Company to the extent the Company has an interest.



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital <sup>[1]</sup>	No. of Shares	% of Issued Capital <sup>[1]</sup>
TYY Resources Sdn Bhd	217,781,800	31.53	–	–
Dato' Sri Tai Hean Leng @ Tek Hean Leng	1,425,000	0.21	217,781,800 <sup>[2]</sup>	31.53
Estate of Tai Chet Siang, Deceased	–	–	217,781,800 <sup>[2]</sup>	31.53

**Notes:-**

- <sup>[1]</sup> Excluding a total of 1,840,000 ordinary shares bought-back by the Company and retained as treasury shares as at 25 March 2025.
- <sup>[2]</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their interests in TYY Resources Sdn Bhd.

### THE 30 LARGEST SECURITIES HOLDERS

No.	Names	No. of Shares	%
1.	TYY RESOURCES SDN BHD	217,781,800	31.53
2.	RAYA REKAJAYA SDN BHD	12,897,856	1.87
3.	KEMAJUAN REKACEKAP SDN BHD	10,495,465	1.52
4.	YAYASAN GURU TUN HUSSEIN ONN	8,758,500	1.27
5.	NEOH CHOO EE & COMPANY SDN BHD	7,200,000	1.04
6.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DANA FOKUS	6,500,000	0.94
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	6,349,680	0.92
8.	YICK HOE FERROUS STEEL SDN BHD	5,980,000	0.87
9.	VICTOR LIM FUNG TUANG	5,009,300	0.73
10.	SU MING YAW	4,992,450	0.72
11.	MAH SIEW SEONG	4,888,000	0.71
12.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ER SOON PUAY	4,308,300	0.62
13.	LEE YOKE HEAN	4,000,000	0.58
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	3,808,400	0.55
15.	HARUM MAJUINDAH SDN BHD	3,553,400	0.51



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### THE 30 LARGEST SECURITIES HOLDERS (CONT'D)

No.	Names	No. of Shares	%
16.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYA REKAJAYA SDN BHD	3,519,880	0.51
17.	YAYASAN GURU TUN HUSSEIN ONN	3,450,000	0.50
18.	QUEK SEE KUI	3,315,100	0.48
19.	MAYBANK NOMINESS (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YAW HIONG	3,104,000	0.45
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAP THONG YEE	2,880,000	0.42
21.	TAN PENG CHUNG	2,630,000	0.38
22.	LIM CHIN SEAN	2,380,000	0.34
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW GOO @ LAW YEOW CHING	2,250,000	0.33
24.	LIM AH HOCK	2,132,000	0.31
25.	YEO KHEONG SOON	2,086,700	0.30
26.	NG TENG SONG	2,029,500	0.29
27.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN	2,000,000	0.29
28.	LAU HAU KUAK	2,000,000	0.29
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TAI SOON (E-KKU/JPI)	1,950,700	0.28
30.	BAN HOCK SENG SDN BHD	1,950,000	0.28



# ANALYSIS OF WARRANT HOLDINGS

AS AT 25 MARCH 2025

Total number of issued warrants B	:	226,369,915
Exercise price of the warrants B	:	RM0.3950
Issue date of the warrants B	:	22 October 2021
Expiry date of the warrants B	:	21 October 2026

## ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of holdings	No. of Holders	% of Holders	No. of Warrants	% of Issued Warrants
1 – 99	105	4.99	4,728	0.00
100 – 1,000	185	8.80	109,518	0.05
1,001 – 10,000	846	40.23	4,285,730	1.89
10,001 – 100,000	721	34.28	28,329,343	12.51
100,001 – 11,318,494 <sup>[1]</sup>	245	11.65	121,294,312	53.58
11,318,495 and above <sup>[2]</sup>	1	0.05	72,346,284	31.96
<b>TOTAL</b>	<b>2,103</b>	<b>100.00</b>	<b>226,369,915</b>	<b>100.00</b>

### Notes:-

- <sup>[1]</sup> Less than 5% of issued warrants  
<sup>[2]</sup> 5% and above of issued warrants

## DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

Name of Director	Direct Interest		Indirect Interest	
	No. of Warrants	% of Issued Warrants	No. of Warrants	% of Issued Warrants
Dato' Sri Tai Hean Leng @ Tek Hean Leng	475,000	0.21	72,346,284 <sup>[1]</sup>	31.96

### Notes:-

- <sup>[1]</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in TYY Resources Sdn Bhd.



## ANALYSIS OF WARRANT HOLDINGS (CONT'D)

### THE 30 LARGEST WARRANT HOLDERS

No.	Names	No. of Warrants	%
1.	TYE RESOURCES SDN BHD	72,346,284	31.96
2.	ER SOON PUAY	7,294,400	3.22
3.	NG KIM HOCK	3,729,900	1.65
4.	YONG CHIN CHYUAN	3,226,000	1.43
5.	YAYASAN GURU TUN HUSSEIN ONN	2,919,500	1.29
6.	QUEK SEE KUI	2,715,100	1.20
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	2,300,000	1.02
8.	NG ENG KEONG	2,187,950	0.97
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	2,116,560	0.94
10.	KHOO EEL WEN	2,032,100	0.90
11.	NG KEK CHONG	2,031,500	0.90
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,902,200	0.84
13.	MAH SIEW SEONG	1,780,000	0.79
14.	SU MING YAW	1,664,150	0.74
15.	LEE WEI YONG	1,620,500	0.72
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ER ZHI ZHENG	1,565,000	0.69
17.	SIM KAY ENG	1,550,700	0.69
18.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN HUI	1,435,700	0.63
19.	TAN BOON CHEE	1,370,500	0.61
20.	ER TZER NAM	1,300,000	0.57
21.	KOW LEE FAT	1,300,000	0.57
22.	YAP BEE HOONG	1,300,000	0.57
23.	NEOH CHOO EE & COMPANY SDN BHD	1,239,100	0.55
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAP THONG YEE	1,200,000	0.53
25.	HARUM MAJUINDAH SDN BHD	1,084,000	0.48
26.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN	1,050,000	0.46
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONG POH YUNG	1,000,000	0.44
28.	LOW KIM AIK	1,000,000	0.44
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA SWEE SEANG	1,000,000	0.44
30.	YEO ANN SECK	1,000,000	0.44



**MALAYSIA STEEL WORKS (KL) BHD**  
[Registration No. 197101000213 (7878-V)]

<b>CDS Account No.</b>
<b>No. of Shares held</b>

## FORM OF PROXY

I/We ..... Tel: .....  
[Full name in block, and as per NRIC/Passport/Registration No.]

of .....

being member(s) of Malaysia Steel Works (KL) Bhd, hereby appoint:-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email:		
	Contact:		

and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email:		
	Contact:		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifty-Third Annual General Meeting ("**53<sup>rd</sup> AGM**") of the Company which will be held at Ballroom 1, Level 1, Wyndham Acmar Klang Hotel, No. 1-G-1, Persiaran Bukit Raja 2/KU1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan, Malaysia on Friday, 30 May 2025 at 10.00 a.m. or at any adjournment thereof. I/We indicate with an "x" in the spaces below how I/we wish my/our vote to be cast.

\* Please delete the words "Chairman of the Meeting" if you wish to appoint other person(s) to be your proxy/proxies.

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees for the financial year ending 31 December 2025 and the benefits payable from 31 May 2025 until the next AGM	Ordinary Resolution 1		
2.	Re-election of Dato' Sri Tai Hean Leng @ Tek Hean Leng as Director	Ordinary Resolution 2		
3.	Re-election of Mr. Lau Yoke Leong as Director	Ordinary Resolution 3		
4.	Re-election of Mr. Ong Teng Chun as Director	Ordinary Resolution 4		
5.	Re-appointment of RSM Malaysia PLT as Auditors	Ordinary Resolution 5		
6.	Proposed Continuation in Office of Mr. Roy Thean Chong Yew as Independent Non-Executive Director	Ordinary Resolution 6		
7.	Proposed Renewal of Share Buy-Back Mandate	Ordinary Resolution 7		
8.	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company for the Directors to allot and issue shares	Ordinary Resolution 8		

(Please indicate with an "X" in the space provided how you wish your vote to be cast. If you do not do so, your proxy will vote or abstain at his(her) discretion).

Dated this ..... day of ....., 2025

.....  
Signature of Shareholder/Common Seal



## NOTES:-

1. A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his (her) behalf. 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, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) shareholdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee who 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.
4. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the AGM, the proportion of shareholdings to be represented by each proxy must be specified in the proxy form, failing which, the appointment shall be invalid.
5. The proxy form shall be in writing, executed by or on behalf of the appointer or his (her) attorney duly authorised in writing or, if the appointer is a corporation, either be executed under its common seal or by its duly authorised attorney or officer.
6. The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Share Registrar, Securities Services (Holdings) Sdn Bhd no later than Wednesday, 28 May 2025 at 10.00 a.m. or any adjournment thereof:-

### ***In hardcopy form***

Deposited at the office of the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

### ***By electronic means***

Alternatively, the instrument appointing of proxy may also be lodged electronically via SS e-Portal at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).

If you have submitted your proxy form(s) prior to the AGM and subsequently decide to appoint another person or wish to personally participate in the AGM, please write to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) to revoke the earlier appointed proxy(ies) no later than Wednesday, 28 May 2025 at 10.00 a.m. or any adjournment thereof.

7. Pursuant to paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 May 2025 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.

### ***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 AGM dated 29 April 2025.*

*Fold this flap for sealing*

*Then fold here*

AFFIX  
STAMP

The Share Registrar  
**SECURITIES SERVICES (HOLDINGS) SDN BHD**  
[197701005827 (36869-T)]  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

*1st fold here*







**HEAD OFFICE ADDRESS**

Wisma Masteel, Lot 29C, Off Jalan Tandang, Section 51,  
46050 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia  
Tel: 603-7781 1611 | Fax: 603-7781 5435

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