



# YKGI HOLDINGS BERHAD

REGISTRATION NO. 1977 0100 1682 (032939-U)

# ANNUAL REPORT 2022





# 1 FINANCIAL HIGHLIGHTS

(RM'000)      2018      2019      2020      2021      2022

## OPERATING RESULTS

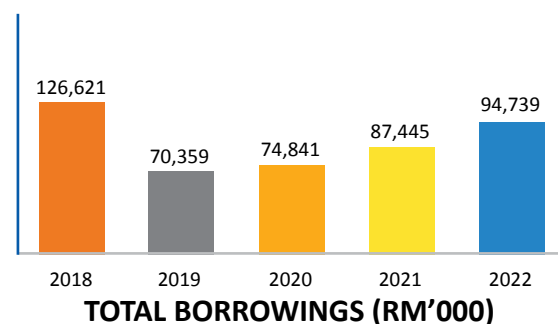
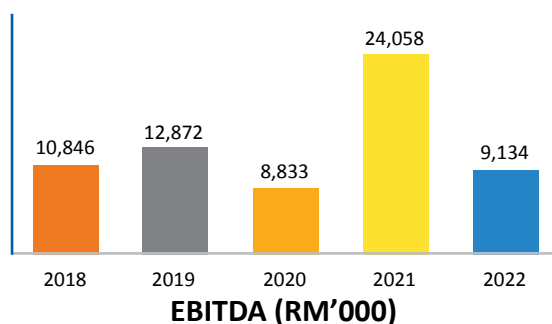
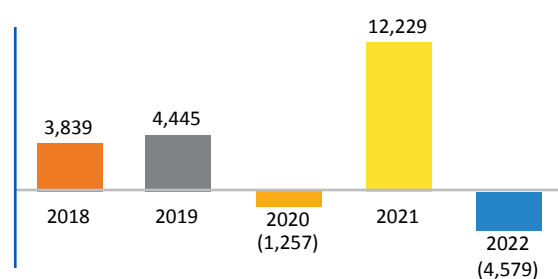
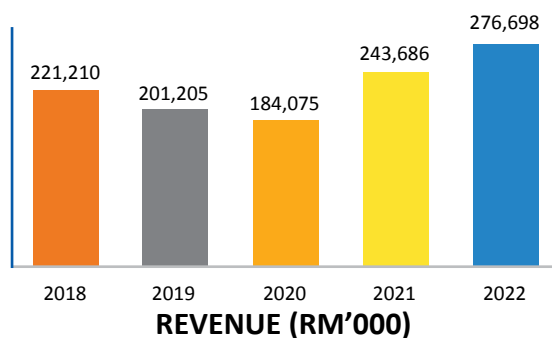
Revenue	221,210	201,205	184,075	243,686	276,698
Operating (Loss)/Profit	3,839	4,445	(1,257)	12,229	(4,579)
Profit/(Loss) Before Tax	3,839	4,445	(1,257)	11,498	(4,579)
Profit/(Loss) Attributable to owners of the Company	(133,614)	(7,566)	(5,791)	6,421	(5,914)
EBITDA	10,846	12,872	8,833	24,058	9,134

## Key Balance Sheet Data

Share Capital	176,666	38,747	45,675	49,467	53,827
Total Borrowing	126,621	70,359	74,841	87,445	94,739
Cash and cash equivalents	33,275	23,213	18,305	17,105	25,700

## Ratio Analysis

Gearing Ratio	Times	2.82	1.73	1.29	1.07	1.16
Gross Profit Margin	%	11.01	14.54	15.02	19.65	12.46



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# GROUP MANAGING DIRECTOR'S MESSAGE



*Dato' Sri Victor Hii*

*Dear Stakeholders,*

We have concluded the financial year ended on 31 December 2022 ("FY2022"). Despite the challenges, YKGI Holdings Berhad's ("YKGI Group" or "Group") performance was relatively softer compared with FY2021.

As the world draws closer to endemicity, we are returning to normalcy while combating a number of concurrent headwinds. We have been in the steel industry for more than 45 years, we have learned to anticipate and are ready for difficult times. Thin profit margins coupled with low market demands and rising cost of doing business had caused our profitability to be dampened. To mitigate, the Group immediately started a cost-rationalisation effort aimed at optimising cost, manpower and resources.

On a positive note, according to the Department of Statistics Malaysia's (DOSM) fourth quarter 2022 performance report, Malaysia saw moderate development, with GDP rising by 7.0% after seeing double-digit growth of 14.2% the previous quarter. The manufacturing sector witnessed a 3.9% growth during the same period. YKGI achieved a few milestones through its subsidiary, ASTEEL Group ("ASTEEL"), one of the leading building material solution providers in East Malaysia. Through ASTEEL Group, YKGI secured a number of projects, including an oil and gas project worth RM12 million, some housing projects and Sekolah Daif projects valued at over RM30 million. These projects will continue in 2023. As part of our expansion plan, ASTEEL Group also introduced more Envio Concept Stores (eCS) close to home in Sarawak and Sabah to serve the needs of Malaysians. In order to satisfy the demographic needs of our clients, one of our unique selling propositions is to produce and supply high-quality products at competitive prices.

Further, the Group through ASTEEL had begun implementing plans for expanding into markets in ASEAN including Indonesia (Kalimantan) and Philippines (Manila). Due to the high population density and rapid infrastructure development in these markets, we believe there are many opportunities for our products and services to meet the needs of these countries.

We also made investments in R&D projects with academic and industry partners in order to maintain our position as one of the leading brands in the region by ensuring that we continuously deliver innovative and affordable products. Next year, we aim to introduce more products.

In addition, YKGI has increased its efforts to implement smart manufacturing in order to keep up with the times. In accordance with the Group's aim to fully optimise resources and maximise output through productivity and efficiency development, a continuous digitalisation process is taking the Group to the next level. In line with this, the Group has also increased its upskilling and reskilling efforts to equip its talent pipeline with skills to remain resilient. In 2022, the first group of senior leaders in ASTEEL Group through a collaboration with UNIMAS had earned their Executive Masters in Leadership as part of the Group's succession plan. Operators also attended certification programmes to upgrade their knowledge and skills to support ASTEEL's transformation and digitalisation efforts.

Despite the slow pace of the economy's recovery, YKGI was able to get through a difficult year. Looking ahead, I am optimistic that we will work harder to generate strong revenue growth and increase shareholder value despite the global economic slowdown and impending recession.

On behalf of the Board, I would like to put on record my sincere thanks and appreciation to all our valued customers, financiers, business associates, shareholders, Government authorities and regulators for their continued support, co-operation and confidence in the Group.

Sincerely,

**Dato' Sri Victor Hii Lu Thian,**  
Group Managing Director  
YKGI Holdings Berhad

## YKGI Group Factories and Outlets



# 3 MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP BUSINESS REVIEW

YKGI Group of Companies is principally involved in the manufacturing of coated steel products and processing of metal roofing, wall cladding & fencing, metal floor decking, light gauge structural components, purlins, and framing systems under the brands of ASTEEL & ASTAR.

The Group is also involved in the trading of building materials both steel and non-steel components. This segment of business contributes 15% of the overall revenue of the Group.

Since 2017 the Group has also involved in design, supply and installation of roofing system in construction projects. This segment has grown over the years and is now contributing 19% of the Group's revenue.

YKGI's core principle is to provide building materials and with our expertise we aim to be a one-stop building solutions provider to our customers.

The Group's main division of products are as follows:-

### (i) Coated Steel Products and Metal Roofing

YKGI through its subsidiary companies has a network of factories in Sarawak, Sabah, Selangor and Johor which manufacture metal roofing systems, metal frame products, structural products, architectural products, and light-weight channel products. The coated steel products are manufactured in Kuching and distributed through our networks.

YKGI Group has a joint venture business collaboration with Ajiya Berhad on the processing and trading of tempered and laminated safety glass in the region of Sarawak. The joint venture is also including the making of the Industrialised Building System ("IBS").

The diagram below depicts the range of products and the one-stop roof building solution of YKGI Group.



### (ii) Trading of Building Materials

This division is involved in the trading of steel and non-steel components which are mainly related to construction industry. The main items under this category are steel coils, window frames, mild steel products, paint and construction materials.

FY2022 was a challenging year. The steel price continued its upward momentum from 2021 to reach its peak in second quarter of 2022, then thumbed down all the ways by over 20% within short period of time. The Group had to scarify the profit margin in order to work within the trade cycle. The soften market in second half of the year also impacted the demand of the Group's products. As a result, YKGI Group suffered loss before tax of RM4.58 million in FY2022.

## FINANCIAL REVIEW

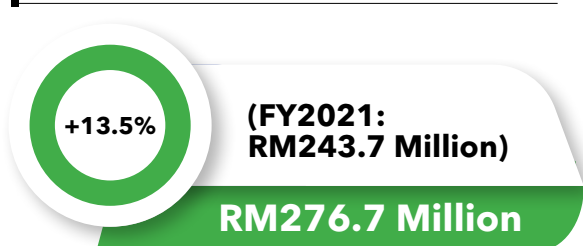
After a record performance achieved in FY2021, the Group's financial result for FY2022 fell into red in the headwinds of rapid steel price fluctuation, rising cost of doing business and low market demand.

For FY2022, the Group achieved total revenue of RM276.7 million compared to a total of RM243.7 million in the previous year, representing an increase of RM33.0 million or 13.5%. The increase in revenue was due to higher selling price of the roofing products and higher sales volume from the engineering services and projects undertaken.

The Group registered a loss before tax of RM4.58 million in FY2022 as compared to a profit before taxation of RM11.5 million in the previous year. The adverse change was due to depressed gross margin mainly caused by sudden steel price reduction. In the second half of 2022, the macro factors such as rising interest rate, high inflation, increasing labour cost after increase of minimum wage by 25%, increasing energy price, Ukraine War, had caused market to slow down. The below-target revenue achievement in second half year also averaged down the profit margin which resulted in losses.

For FY2022, the Group generated an EBITDA of RM9.13 million, a decline of RM14.9 million or 62% compared to the previous year. Working capital remained positive with a ratio of 1.21 times versus 1.28 times for 2021. As at 31 December 2022, the gearing ratio of the Group stood at 1.16 times (31 December 2021: 1.07).

### REVENUE



### PROFIT / (LOSS) AFTER TAX



### WORKING CAPITAL RATIO



### SHAREHOLDERS' EQUITY



## OPERATION REVIEW

During the year, the Group opened a new branch at Lahad Datu, Sabah to serve the market needs. With this addition, there are altogether nine concept store cum factories and four business outlets in East Malaysia, and three factories and one concept store in West Malaysia. During the year 2022, the Group achieved another milestone by taking its first step into the installation of equipment for the oil and gas industry in Bintulu, Sarawak.

The Group has also put in effort on optimization of inventory management to ease working capital requirement. In this respect for FYE 2022, the stock holding period has reduced by 14 days or 11% to 107 days as compared to the previous year.

Despite the financial setback, the human resource training and development to maintain competency was not sacrificed. We will endeavour to provide a competitive remuneration package and conducive working environment for employee retention and competence.

## ANTICIPATED OR KNOWN RISKS

### **Economic Uncertainty Risk on Business Sustainability**

The geopolitical tension and global supply chain disruption caused by the war between Ukraine and Russia had brought greater uncertainty in the cost of doing business due to higher energy and logistic costs. YKGI sourced its steel material mainly from Asian countries and despite that, it will not be shielded from the issue of geopolitical tension in Europe as steel is a global commodity.

YKGI is vigilant in monitoring the cost of material via optimum inventory management strategy with the view of lessening the impact of input cost which may affect the product margin.

### **Competition Risk**

The Group faces competition from both international and local players. Technology, product quality, pricing, proximity to customers, range of products/solutions, and quality of service are the key areas of competition for our business. Our customers are mainly in the building industries. The close relationship and competitive pricing of the products are the keys to the growth of our business.

### **Financial Risk**

The Group's financial risks are set out in Note 26 under the notes to the financial statements.

## PROSPECTS

With the reopening of borders as well as the resumption of the global economy, investments into the country have started to improve gradually. Following an annual growth of 5% in 2022, Malaysia's construction industry is expected to expand by 3.5% in real terms in 2023, supported works under the 12th Malaysia Plan and funding through the 2023 Budget. Within the 2023 Budget, MYR920 million has been allocated for the upgrading of old school buildings and educational facilities; and MYR340 million for the upgradation of old hospitals, clinics and facilities. In the short term, acute labour shortage and rising inflationary pressures are expected to weigh on construction demand. Although downside risks have risen on the global front, including global supply chain disruptions due to the Russia-Ukraine war, Bank Negara Malaysia projects that there is no risk of recession in Malaysia this year, as the economy will be supported by an improvement in domestic demand.

Furthermore, in January 2023, as part of the Masyarakat Madani policy, the local Government Development Ministry (KPKT) is planning to build 500,000 housing units by the end of 2025.

In Sarawak, Government is also looking into reviving the incompleting projects. Mega projects in the pipeline such as Sarawak H2biscus Green Hydrogen/Ammonia Project, Shell Onshore Gas Plant for Rosmari Marjoram Project and Sarawak Petchem Methanol Project Phase 2 will spur the demand on housing within the region which will translate into the demand on our Group's products.

With all the positive developments and barring unforeseen circumstances and any adverse events and provided that there is no major shock to the global and domestic economy, the Group is posting an cautiously optimistic outlook for the current financial year.



## 4 CORPORATE INFORMATION

### Board of Directors

**Mr Liew Jee Min @ Chong Jee Min**  
*Independent Non-Executive Chairman*

**Tan Sri Dato' Soh Thian Lai**, PSM, DIMP  
*Executive Deputy Chairman*

**Dato' Sri Victor Hii Lu Thian**, SSAP SMW DIMP  
*Group Managing Director*

**Mr Fong Yoo Kaw @ Fong Yee Kow**  
*Senior Independent Non-Executive Director*

**Ms Yan Ying Chieh**  
*Independent Non-Executive Director*

**Ms Wong Siew Si**  
*Independent Non-Executive Director*

**Datin Josephine Ak Hilary Dom @ Josephine John**  
*Independent Non-Executive Director*

**Ms Khor Hun Nee**  
*Independent Non-Executive Director*

**Mr Christopher Hii Lu Ming**  
*Non-Independent Non-Executive Director*

**Mr Toshihiro Tachibana**  
*Non-Independent Non-Executive Director*

### Alternate Director

**Mr Koichiro Nakazawa** (To Mr Toshihiro Tachibana)

### Company Secretaries

**Ms Voon Jan Moi** (MAICSA 7021367)  
*Practicing Certificate No.: 202008001906*

**Datuk Ir Michael Hii Ee Sing** (LS 0000872)  
*Practicing Certificate No.: 201908003344*

### Incorporation

*Incorporated on 29 April 1977 in Malaysia*

### Listing

*Listed on Main Market of Bursa Malaysia Securities Berhad*  
Sector: **Industrial Products**  
Stock Code: **7020** Stock Name: **YKGI**

### Bursa LINK Agent

*Tengis Corporate Services Sdn Bhd*

### Registered Address

*Lot 712 Block 7 Demak Laut Industrial Park  
93050 Kuching Sarawak Malaysia.  
Tel: +60 82 433 888 Fax: +60 82 433 889*

### Corporate Office/Business Address

*Suite 27-1, Setia Avenue,  
No.2 Jalan Setia Prima S U13/S, Seksyen U13,  
Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan.  
Tel: +60 3 5037 6228 Fax: +60 3 5037 6229  
Email : [ykgi@ykgigroup.com](mailto:ykgi@ykgigroup.com)  
Website : <http://www.ykgigroup.com>*

### Audit and Risk Committee

**Mr Fong Yoo Kaw @ Fong Yee Kow**  
*Senior Independent Non-Executive Director*

**Mr Liew Jee Min @ Chong Jee Min**  
*Independent Non-Executive Chairman*

**Ms Yan Ying Chieh**  
*Independent Non-Executive Director*

### Bankers

*Alliance Bank Malaysia Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd  
Ambank (M) Berhad  
CIMB Bank Berhad  
Malayan Banking Berhad  
Malaysian Industrial Development Finance Bhd  
MBSB Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Berhad*

### Investment Banks

*KAF Investment Bank Berhad  
UOB Kay Hian Securities (M) Sdn Bhd*

### Independent Advisor

*SIERAC Corporate Advisers Sdn Bhd*

### Legal Advisors

*Allen Loh & Co  
C.L. Hii Advocates  
Chooi & Company + Cheang & Ariff  
J.M. Chong, Vincent Chee & Co.  
Lim & Teo Advocates  
Tang & Partners, Advocates*

### Auditors

*KPMG PLT (AF 0758)*

### Internal Auditors

*In House*

### Share Registrar

*Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South, No.8,  
Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia  
Tel: +60 3 2783 9299 Fax: +60 3 2783 9222*

### Certification

*ISO 9001:2015  
MS ISO 9001:2015*



# CORPORATE STRUCTURE

(as at 28 April 2023)



**YKGI Holdings Bhd**  
Reg. No. 1977 0100 1682  
(032939-U)

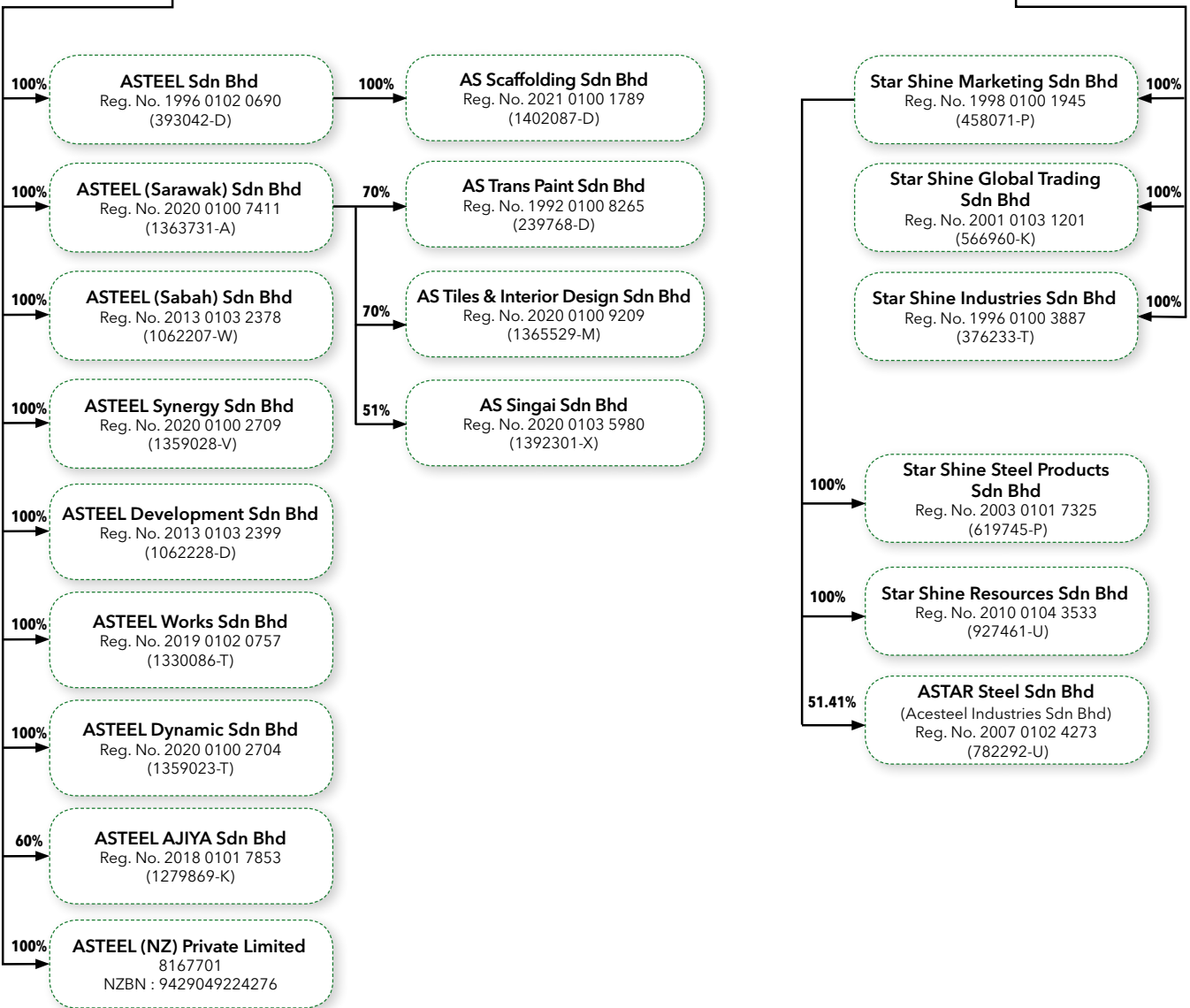


80.36%

100%

**ASTEEL Resources Sdn Bhd**  
Reg. No. 2014 0102 7116  
(1103206-T)

**Starshine Holdings Sdn Bhd**  
Reg. No. 2010 0103 6948  
(920871-A)



## BOARD OF DIRECTORS



**LIEW JEE MIN @ CHONG JEE MIN**  
*Independent Non-Executive Chairman*



**TAN SRI DATO' SOH THIAN LAI**  
*PSM DIMP*  
*Executive Deputy Chairman*



**DATO' SRI VICTOR HII LU THIAN**  
*SSAP SMW DIMP*  
*Group Managing Director*



**FONG YOO KAW @ FONG YEE KOW**  
*Senior Independent Non-Executive Director*



**YAN YING CHIEH**  
*Independent Non-Executive Director*



**WONG SIEW SI**  
*Independent Non-Executive Director*



**DATIN JOSEPHINE ANAK HILARY  
DOM @ JOSEPHINE JOHN**  
*Independent Non-Executive Director*



**KHOR HUN NEE**  
*Independent Non-Executive Director*



**CHRISTOPHER HII LU MING**  
*Non-Independent*  
*Non-Executive Director*



**TOSHIHIRO TACHIBANA**  
*Non-Independent*  
*Non-Executive Director*



## **LIEW JEE MIN @ CHONG JEE MIN**

*(Malaysian, age 64, Male)*

*Independent Non-Executive Chairman*

### **BOARD APPOINTMENT**

28 February 2013

### **BOARD COMMITTEES**

Chairman of Remuneration Committee, and a member of Nomination, Audit and Risk Committees.

### **EDUCATION AND EXPERIENCE**

Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law and obtained his Certificate of Legal Practice, Malaya in 1985. He was admitted as an advocate and solicitor at the High Court of Malaya in 1986.

Mr Chong established the firm of Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors in December 1986 and has been practising since, concentrating on banking, corporate, commercial and real estate matters. He is the managing partner of the firm.

Mr Chong is the Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI"); the Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor; a council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI"), and also the Chairman of its Legal Affairs Committee; and a member of the Legal Affairs Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM"). He is the legal advisor for Malaysia Used Vehicle Autoparts Traders Association, The Kuala Lumpur & Selangor Furniture Entrepreneur Association, and Sekolah Menengah Chung Hua (PSDN) Klang.

Mr Chong was appointed Non-Executive Chairman on 29 June 2018.

He attended all four (4) Board meetings held during the financial year ended 31 December 2022.

### **PUBLIC COMPANY DIRECTORSHIPS**

Jaks Resources Berhad  
Hextar Global Berhad  
Parkson Holdings Berhad  
Hextar Healthcare Berhad  
(formerly known as Rubberex Corporation (M) Berhad)



## **TAN SRI DATO' SOH THIAN LAI, PSM DIMP**

*(Malaysian, age 62, Male)*

*Executive Deputy Chairman*

### **BOARD APPOINTMENT**

15 March 2012

### **BOARD COMMITTEES**

Chairman of ESOS Committee.

### **EDUCATION AND EXPERIENCE**

Tan Sri Dato' Soh graduated from the Tunku Abdul Rahman College with a Diploma in Technology (Materials Engineering) in 1985. He later obtained a Diploma in Management from Malaysian Institute of Management (MIM) in 1991 and a Master of Business Administration from the University of Bath, United Kingdom in 1994. He was upgraded as a Fellow Member of Malaysia Institute of Management (MIM) in 2010.

Tan Sri Dato' Soh has more than 35 years of experience in the steel industry. He has been instrumental in the development and progress of our Group. He is currently serving as the President of the Federation of Malaysian Manufacturers (FMM) and President of the National Chamber of Commerce & Industry of Malaysia (NCCIM). He also serves on the Board of Directors of the Malaysian Investment Development Authority (MIDA), Ministry of International Trade and Industry. He is also a Board Member of the Malaysian Qualifications Agency (MQA).

Besides that, he also serves on several key national level councils namely the National Employment Council (NEC), National TVET Council (MTVET), National Science Council and the Malaysian Standard & Accreditation Council. He is also a member of the Malaysian Steel Council (MSC), and Council member of the Economic Action Council (EAC), Prime Minister's Office.

Formerly, Tan Sri Dato' Soh was served as the Chairman of Federation of Malaysian Manufacturers Selangor Branch, Co-Chairman of Pemudah of Selangor, Council member of National Accreditation Council, Department of Standard Malaysia, Ministry of Science, Technology & Innovations, member of PEMUDAH (Special Task Force to Facilitate Business), President of Malaysian Iron and Steel Industry Federation (MISIF), Vice President of ASEAN Iron & Steel Council (AISC) and Director of South East Asia Iron and Steel Institute (SEAISI). He was the founding member and Director of Malaysian Steel Institute.

He attended all four (4) Board meetings held during the financial year ended 31 December 2022.

His shareholdings in the Company and the Group are disclosed in the Directors' interest section under the heading "Analysis of Shareholdings" on pages 143 and 144 of this annual report.

### **OTHER DIRECTORSHIP IN PUBLIC COMPANY**

Federation of Malaysian Manufacturers (FMM)

National Chamber of Commerce and Industry of Malaysia (NCCIM)

GS1 Malaysia Berhad

Yayasan PKT



**DATO' SRI VICTOR HII LU THIAN, SSAP SMW DIMP**

*(Malaysian, age 48, Male)*

*Group Managing Director*

**BOARD APPOINTMENT**

27 February 2006

**BOARD COMMITTEES**

A Member of ESOS Committee.

**EDUCATION AND EXPERIENCE**

Dato' Sri Victor Hii holds an Executive Master of Science in Project Management, Master of Business Administration in Management, IMEMini MBA Executive Program in Business Management (Singapore/Denmark), Bachelor of Business Administration in Management, Bachelor of Science (Project Management), and Diploma in Executive Secretaryship.

He is a Council Member of Federation of Malaysian Manufacturers (FMM), Chairman of FMM Sarawak branch, Member of Pasukan Petugas Khas Pemudah Cara Perniagaan Peringat Negeri Sarawak (SAMUDAH) under State Secretary Sarawak, Chairman of Industry Driven Consultative Committee and Member of Establishment Committee of Sarawak Skills Development Centre, Chairman of Malaysian Iron & Steel Industry Federation (MISIF) Sarawak branch, Advisor/Committee member of Persatuan Industri Demak Laut (PIDE), Council member of Sarawak Manufacturers' Association (SMA), Honorary Chairman of Asia Pacific TOP Excellence Brand Committee (Sarawak), Advisor to Persatuan Alumni AOTS Malaysia (PAAM) Sarawak branch, Advisor to Kuching Life Care Society (Pertubuhan Pemeliharaan Hayat Kuching), Deputy Chairman of Koh Yang (Kho Clan) Association, a member to Board of Management of SJK St. Paul Kuching, Chairman of KePolisan Komuniti Sarawak and a member of Rotary Club of Kuching Central.

Dato' Sri Victor Hii was appointed Group Managing Director on 7 November 2022.

He attended all four (4) Board meetings held during the financial year ended 31 December 2022.

Dato' Sri Victor Hii is a brother of Mr Christopher Hii Lu Ming, who is a Director and major shareholder of the Company. His shareholdings in the Company and the Group are disclosed in the Directors' interest section under the heading "Analysis of Shareholdings" on pages 143 and 144 of this annual report.

**OTHER DIRECTORSHIP IN PUBLIC COMPANY**

Federation of Malaysian Manufacturers (FMM)



## **FONG YOO KAW @ FONG YEE KOW**

*(Malaysian, age 71, Male)*

*Senior Independent Non-Executive Director*

### **BOARD APPOINTMENT**

3 January 2013

### **BOARD COMMITTEES**

Chairman of the Audit and Risk Committee and a member of Remuneration and Nomination Committees.

### **EDUCATION AND EXPERIENCE**

Mr Victor Fong Yee Kow is a member of the Chartered Accountants of Australia and New Zealand, Malaysian Institute of Accountants and Malaysian Institute of Chartered Secretaries and Administrators. He was educated in Malaysia and New Zealand from which he holds a Bachelor's Degree in Commerce and Administration.

Mr Fong has worked both in New Zealand and in Malaysia in both the corporate and public sectors and in public practice. He was Head of Finance of a local timber group and was Director of Finance and Group Managing Director, Commercial Division, of State Economic Development Corporation for 6 years. He has over 48 years of experience in business and finance management, government and in consulting and advisory services covering corporate finance, internal audit, tax planning, business strategy, corporate restructure, public sector finance and performance improvement. His clients included those in Indo-China, Indonesia, Papua New Guinea, China and various other locations. He retired as a Partner of Ernst and Young in 2010. He also sits on the Board of a number of private and other public listed companies.

He attended all four (4) Board meetings held during the financial year ended 31 December 2022.

### **PUBLIC COMPANY DIRECTORSHIPS**

Pansar Berhad  
Sarawak Oil Palms Berhad  
DPI Holdings Berhad



## **YAN YING CHIEH**

*(Malaysian, age 60, Female)  
Independent Non-Executive Director*

### **BOARD APPOINTMENT**

3 July 2017

### **BOARD COMMITTEES**

Chairlady of Nomination Committee, and a member of Audit and Risk, Remuneration and ESOS Committees.

### **EDUCATION AND EXPERIENCE**

Ms Yan is a member of the Association of Chartered Certified Accountants, Malaysian Institute of Accountants and Financial Planning Association of Malaysia. She has over 25 years of experience in senior financial management and the financial services sector. Ms Yan studied accountancy in Tunku Abdul Rahman College and started her career in auditing. After several years with a couple of audit firms, she ventured into corporate advisory services with a well-established merchant bank in Malaysia. Subsequently, she joined a public listed company in the oil and gas industry as Finance Manager and later served as Chief Financial Officer for over 10 years. Ms Yan is also a Certified Financial Planner and moved into financial planning services in 2010. She subsequently co-founded Money Sense Advisory Sdn Bhd, a financial planning firm licensed by the Securities Commission and Bank Negara Malaysia in 2016. She attended all four (4) Board meetings held during the financial year ended 31 December 2022.

### **PUBLIC COMPANY DIRECTORSHIPS**

Annum Berhad



## **DATIN JOSEPHINE ANAK HILARY DOM @ JOSEPHINE JOHN**

*(Malaysian, age 68, Female)  
Independent Non-Executive Director*

### **BOARD APPOINTMENT**

1 February 2023

### **EDUCATION AND EXPERIENCE**

Datin Josephine was appointed to the Board on 1 February 2023. She holds a Bachelor's Degree in Economics from Universiti Malaya, Malaysia and has over 38 years of experience in the field of taxation as well as in senior management and leadership roles. She had also represented the country in presenting technical papers in international tax conferences such as Commonwealth Association of Tax Administrators (Accra, Ghana), Study Group on Asia-Pacific Tax Administrator And Research (Cebu, Philippines), IMF-Japan High Level Tax conference for Asian Countries (Tokyo). She retired as the Sarawak State Director of Inland Revenue Board, Sarawak in 2014. As Datin Josephine was only appointed to the Board on 1 February 2023, there was no meeting applicable to her during the financial year ended 31 December 2022. She also sits on the Board of other public incorporated companies, Amanah Saham Sarawak Berhad and Petroleum Sarawak Berhad. She does not have any direct or indirect shareholdings in the Company and Group. Datin Josephine has no family relationship with any Directors or major shareholders of the Company. She has no conflict of interest with the Company.

### **PUBLIC COMPANY DIRECTORSHIPS**

Amanah Saham Sarawak Berhad  
Petroleum Sarawak Berhad



**WONG SIEW SI**

*(Malaysian, age 59, Female)*

*Independent Non-Executive Director*

**BOARD APPOINTMENT**

1 February 2023

**EDUCATION AND EXPERIENCE**

Ms Wong was appointed to the Board on 1 February 2023. She is a member of the Institute of Corporate Directors Malaysia and Association of Accounting Technicians. She holds a Diploma in Accounting from Stamford College, Singapore and has over 38 years of experience in auditing, consulting, banking, brokerage and securities.

As Ms Wong was only appointed to the Board on 1 February 2023, there was no meeting applicable to her during the financial year ended 31 December 2022. She also holds directorship in other public company, namely Olympia Industries Berhad. She does not have any direct or indirect shareholdings in the Company and Group. Ms Wong has no family relationship with any Directors or major shareholders of the Company. She has no conflict of interest with the Company.

**PUBLIC COMPANY DIRECTORSHIPS**

Olympia Industries Berhad

**KHOR HUN NEE**

*(Malaysian, age 46, Female)*

*Independent Non-Executive Director*

**BOARD APPOINTMENT**

1 February 2023

**EDUCATION AND EXPERIENCE**

Ms Khor was appointed to the Board on 1 February 2023. She is a fellow member of the Association of Chartered Certified Accountants and member of Malaysian Institute of Accountants. She has over 23 years of experience in auditing, accounting and financial services sector.

As Ms Khor was only appointed to the Board on 1 February 2023, there was no meeting applicable to her during the financial year ended 31 December 2022. She also holds directorship in other public companies, namely Jaks Resources Berhad, SWS Capital Berhad and Fiamma Holdings Berhad. She does not have any direct or indirect shareholdings in the Company and Group. Ms Khor has no family relationship with any Directors or major shareholders of the Company. She has no conflict of interest with the Company.

**PUBLIC COMPANY DIRECTORSHIPS**

Jaks Resources Berhad  
SWS Capital Berhad  
Fiamma Holdings Berhad



## **CHRISTOPHER HII LU MING**

*(Malaysian, age 46, Male)*

*Non-Independent Non-Executive Director*

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### **BOARD APPOINTMENT**

2 January 2014

### **BOARD COMMITTEES**

A Member of Nomination Committee.

### **EDUCATION AND EXPERIENCE**

Mr Christopher Hii was re-designated from Executive Director to Non-Independent Non-Executive Director on 1 September 2015. He graduated from University of Canterbury, New Zealand with a Bachelor's of Science Honours Degree in Mechanical Engineering in 2000.

Mr Christopher Hii joined YKGI in the year 2000 as a Mechanical Engineer and involved in the construction of YKGI factory and office buildings and in the management and operations of YKGI including production, quality assurance, control and logistics.

He attended all four (4) Board meetings held during the financial year ended 31 December 2022.

Mr Christopher Hii is a brother of Dato' Sri Victor Hii Lu Thian, who is a Director and major shareholder of the Company. His shareholdings in the Company and the Group are disclosed in the Directors' interest section under the heading Analysis of Shareholdings on pages 143 and 144 of this annual report.



## **TOSHIHIRO TACHIBANA**

*(Japanese, age 54, Male)*

*Non-Independent Non-Executive Director*

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### **BOARD APPOINTMENT**

13 May 2020

### **EDUCATION AND EXPERIENCE**

Mr Tachibana is representing Marubeni-Itochu Steel Inc., a major shareholder of the Company. He studied Business Administration and holds a Bachelor of Business Administration from Kobe University, Japan (1992).

He has more than 30 years business career in Marubeni-Itochu Steel Inc., working and managing in various departments, namely Overseas Hot Rolled Steel Sheets Sec, Overseas Iron & Steel Dept., Overseas Steel Sheets Dept., management of Johannesburg and UK Branch, Overseas Steel Sheets Dept. Iron & Steel Div.-II

He attended three (3) out of four (4) Board meetings held during the financial year ended 31 December 2022.

#### **Notes:**

Save as disclosed above, none of the Directors have:

- any family relationships with any Director of the Company, and/or major shareholders of the Company save for Dato' Sri Victor Hii and Mr Christopher Hii.
- any conflicts of interest with the Company other than the significant related party transactions as disclosed in the Notes to the Financial Statements of this Annual Report.
- any conviction of offences within the past five (5) years (other than traffic offences).
- any sanction and/or penalty imposed on them by the regulatory bodies during FY2022.

## PROFILE OF KEY SENIOR MANAGEMENT

### TAN SRI DATO' SOH THIAN LAI

(Malaysian, age 62, Male)

#### Executive Deputy Chairman

Please refer to description under the heading "Directors' Profile" on **Page 11**.

### DATO' SRI VICTOR HII LU THIAN

(Malaysian, age 48, Male)

#### Group Managing Director

Please refer to description under the heading "Directors' Profile" on **Page 12**.

### GOH KWAN SENG

(Malaysian, age 53, Male)

#### Senior Executive Director - ASTAR Steel Sdn Bhd

Appointment  
1 September 2022

#### Education and Experience

Mr. Goh Kwan Seng graduated from Auckland University of Technology, he holds a Bachelor Degree of Architecture. His prior work experience includes Jabatan Kerja Raya Malaysia as Architecture Technician, Sales and Marketing Manager (Southern) - Concrete Products Division in MCB Holdings Berhad Group, Regional Sales and Marketing Manager (Southern) - Concrete Products Division in PJD Holdings Berhad Group. Deputy General Manager - Metal Roll Forming Division in Ajiya Berhad.

He was appointed as Joint Managing Director on 9 August 2019 and re-designated to Senior Executive Director of the Company with effect from 1 September 2022.

### AW CHIEW LAN

(Malaysian, age 52, Female)

#### Group Director of Finance

Appointment  
27 February 2023

#### Education and Experience

Ms Aw Chiew Lan graduated from the Association of Chartered Certified Accountants ("ACCA"). She is a member of Malaysian Institute of Accountants and a fellow member of ACCA since 2002.

Ms Aw joined YKGI in 1991 and had since then responsible for financial reporting and administrative affair of YKGI Group. She sat in the Due Diligence Working Group of the corporate exercises and ensure smooth completion and implementation of the exercises. She was appointed as Director of Finance for ASTEEL Group of Companies

on 1 July 2015 to oversees the financial affairs of ASTEEL Group of Companies. In November 2022, she was assigned to handle the financial affairs of YKGI Group. In Feb 2023, Ms Aw was redesignated to Group Director of Finance and she is primarily responsible for the financial management of YKGI Group.

### FOO AI TING

(Malaysian, age 48, Female)

#### Director for Management Support cum Special Assistant to Executive Deputy Chairman

Appointment  
1 July 2017

#### Education and Experience

Ms Foo Ai Ting graduated in 1999 from University of Malaya with a Bachelor of Arts (Honours) majoring in Economics and obtained a Master of Economics from the same university in 2002.

She began her career in 1999 with S.Kian Seng Sdn Bhd as Purchasing Executive and was promoted to Costing Executive in 2000. In 2002, she joined Hing Tai (2020) Sdn Bhd as Administrative and Human Resources Executive. In 2006, she joined Sorella (M) Sdn Bhd as Senior Human Resources Executive. In 2007, she joined Star Shine Marketing Sdn Bhd as Assistant Manager for the Corporate Affairs Department and appointed as Special Assistant to YKGI Group MD/CEO in 2012 and assumed her current position in July 2017. She is responsible for overseeing Group Administration and Human Resource Department, Group Procurement and Purchasing and IT Department of Starshine Group of Companies. Ms Foo was appointed as Director of ASTAR Steel Sdn Bhd on 1 July 2017.

### Ts. FONG FUI YEE

(Malaysian, age 44, Male)

#### Director of Commercial - ASTEEL Group

Appointment  
12 May 2018

#### Education and Experience

Ts. Fong Fui Yee graduated in 2003 from Coventry University of UK with Master in Manufacturing and he also graduated in 2022 from Universiti Malaysia Sarawak (UNIMAS) with Executive Master in Leadership Development. He held the title of Professional Technologist being a registered member with Malaysia Board of Technologists (MBOT).

He first joined YKGI in 2003 as a Quality Controller and he has worked in various department including production, sales, marketing and business development. With the vast technical experience in the group of more than

19 years, he is actively collaborating with Swinburne University and UNIMAS in product research and development. He is also actively engaged in industrialised buildings products solution, steel product design, industry speaker for various universities and institutions, project management and analyst on business acquisition. Currently he oversees the commercial affair of ASTEEL Group of Companies. He is serving as the Chairman of Persatuan Alumni AOTS Malaysia (PAAM) Sarawak Branch and also Committee of Persatuan Industri Demak Laut (PIDE).

**KOH TECK HOE**

*(Malaysian, age 48, Male)*

**Executive Director cum General Manager - Star Shine Marketing Sdn Bhd**

Appointment  
12 May 2022

Education and Experience

Mr Koh Teck Hoe graduated from Taiwan National Pingtung Polytechnic Institute in Business Administration in year 1997. He joined Amalgamated Industrial Steel Bhd as Sales Executive in 1997.

Mr Koh joined Star Shine Industries Sdn Bhd on 15 August 2008 as Sales Manager to spearhead its business development, marketing and trading operations and on 1 October 2016, he was transferred to Star Shine Marketing Sdn Bhd as Assistant General Manager - Sales.

On 12 May 2022, he was appointed Executive Director of Star Shine Marketing Sdn Bhd.

**CHONG KON YU**

*(Malaysian, Age 60, Male)*

**Executive Director cum General Manager - ASTEEL (Sabah) Sdn Bhd**

Appointment  
1 January 2022

Education and Experience

Mr Chong Kon Yu started his career in Accounting and Auditing profession after graduated in 1982. He joined a local accounting firm in 1983 and subsequently in 1988, he joined PricewaterhouseCoopers (formerly known as Coopers & Lybrand), an International Accounting Firm.

He gained a broad range of auditing and management skills in various fields of businesses including Banking, Manufacturing, Telecommunication, Hotels, Property Development, Plantation, Trading etc. He left the profession in 1993.

He joined Kemayan Group in 1994 as a Finance Manager, who had oversight of the functions of accounts and finance of the Group in Sabah, which he worked for 8 years. Prior to joining ASTEEL Group, Mr Chong was a Finance Manager of K-STEEL Group, where he oversaw the Roll Forming, Hardware and Building Materials businesses till November 2013.

Mr Chong joined ASTEEL Group in December 2013 as a Senior Manager - Operations, in charge of the Company's operations and businesses in Sabah.

On 1 January 2022, he was appointed Executive Director of ASTEEL (Sabah) Sdn Bhd.

**DENNIS NG TEE WUI**

*(Malaysian, Age 36, Male)*

**Executive Director cum General Manager - ASTEEL Development Sdn Bhd**

Appointment  
1 January 2023

Education and Experience

Mr. Dennis Ng graduated from Politeknik Kuching Sarawak with a Diploma in Civil Engineering in the year 2007, later in 2011 he obtained a Bachelor Degree in Civil Engineering from Universiti Tun Hussein Onn Malaysia. He has working experiences with Local Authorities and Councils in Miri and Sarikei, Sarawak. In the year 2018, he joined ASTEEL Group of Companies as a Senior Manager overseeing the Engineering, Design and Project Division. He is passionate on cross architectural-engineering building solutions, integrated project design, functionality and present-ability of steel products.

On 1 January 2023, Mr Dennis Ng was appointed Executive Director of ASTEEL Development Sdn Bhd.

**Notes:**

Save as disclosed above, none of the key senior management has:

- (a) any directorship in public companies and listed issuers;
- (b) any family relationship with any directors and/or major shareholders of the Company;
- (c) any conflict of interest with the Company;
- (d) any conviction for offences (other than traffic offences) within the past five (5) years; and
- (e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.

## 5 CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of YKGI Holdings Berhad recognises that a well-defined corporate governance structure is vital in enhancing corporate accountability, long-term sustainability as well as business growth in its overall management of the Group to safeguard and enhance shareholder value while taking into account the interest of other stakeholders. The Board is guided by the measures set out in Bursa Malaysia Securities Berhad’s (“Bursa Securities”), Main Market Listing Requirements (“MMLR”) and Malaysian Code on Corporate Governance 2021 (“MCCG”) in developing its corporate governance structure. The governance processes are regularly reviewed and refined in accordance to the needs and circumstances of the Group.

The Board is pleased to report on the extent in which the governance principles and its processes are internalized within the group; and the role of the Board and its relationship with shareholders, investors, management as well as Committees during the financial year ended 31 December 2022 (“FY2022”) and to the date of this Statement. The Board believes that the Company has complied substantially with the best practices of MCCG and the provisions in MMLR except where stated in this Statement. This statement is to be read together with the CG Report 2022 of the Company which is available at the website of Bursa Malaysia at [https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement](https://www.bursamalaysia.com/market_information/announcements/company_announcement).

### PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

#### (i) Board of Directors

The Board is entrusted with the overall management, strategic direction, formulation of policies and overseeing the business of the Group. The Board has delegated the policies implementation to the Executive Deputy Chairman and Group Managing Director who also oversee the Group’s operations, develop and implement business strategies. The Independent Directors fulfil a pivotal role in corporate accountability by providing independent views, advice and judgement to enable a balanced and unbiased decision-making process in safeguarding shareholders’ interest.

#### (ii) Board Charter

Board Charter formalises and sets out the role and responsibilities of the Board and ensures Directors acting on behalf of the Company are aware of the various legislations and regulations affecting their conduct and that the principles and practices of good governance are applied in their dealings in respect of the Company. Board Charter comprises, among others, well defined terms of reference (“TOR”) and various relevant internal processes. The Board Charter is reviewed from time to time to reflect changes to the Board’s policies, procedures and processes as well as incorporate amendments on the relevant rules and regulations to ensure it remains consistent with the Board’s objectives, current law and best practice.

#### (iii) Directors’ Code of Ethics

The Board has formalised a Code of Ethics setting out the manner in which the Directors conduct themselves. It provides transparency, integrity and accountability as well as clear direction on conducting business, guidance on disclosure of interest, maintaining confidentiality and disclosure of information, good practices and internal control. The Code is reviewed from time to time to ensure best practices are incorporated.

#### (iv) Anti-Bribery and Anti-Corruption, Code of Conduct and Whistleblowing Policy & Procedure

The Board has a set of Whistle Blowing Policy & Procedures to provide a framework to promote and secure whistleblowing without fear of adverse consequences. Employees, shareholders and stakeholders may use the procedures set out in this Policy to report any matters of concern. As the Group reinforces its principle towards zero-tolerance approach to bribery and corruption in all its forms, proactive actions have been taken to strengthen the Group’s internal processes and practices at all times to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt activities.

The Board Charter, Code of Ethics and Whistleblowing Policy & Procedure are embedded in the Board Charter and are available on the Company’s website ([www.ykgigroup.com](http://www.ykgigroup.com)) for easy access by the shareholders and the public.

**(v) Sustainability of business**

The Board is mindful of its responsibility on the Environmental, Social and Health Governance (“ESHG”) aspects of business sustainability. As such, the ESHG aspects are considered by the Board in the review and approval of corporate strategies.

In addition, the Company has carried out various efforts addressing the ESHG aspects of its business sustainability, which include capitalising on technology to promote environmental sustainability for its development projects, maintaining open and effective communication channels with its shareholders, and giving back to the community via its corporate social responsibility activities, details report on sustainability activities are provided under the heading of Corporate Social Responsibilities in this Annual Report.

**(vi) Role and Responsibilities of the Board**

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing, approving and monitoring of overall strategies and direction of the Company, including sustainability of the Group’s businesses;
- overseeing and evaluating the conduct and performance of the Group’s businesses;
- identifying and managing principal risks facing the Group and ensuring the implementation of appropriate systems to manage these risks;
- ensuring appropriate corporate disclosure policy and procedures are in place for effective dissemination of information which is comprehensive, accurate and timely, and leverage on information technology, where applicable;
- reviewing and monitoring the systems of risk management and internal control, continuous disclosure, legal and regulatory compliance and other significant corporate policies; and
- succession planning, including appointing, training, fixing the compensation of, and, where appropriate, replacing members of the Board.

**(vii) Access to information and advice**

To assist in the discharge of their responsibilities, Directors are entitled to full and unrestricted access, either as a full Board or in their individual capacity, to all information and reports on financial, operational, corporate regulatory, business development and audit matters for decisions to be made on an informed basis. To expedite the conduct of Board meetings, all Directors receive the meeting agenda accompanied with a set of Board papers prior to the meetings.

**(viii) Company Secretaries**

The Company is supported by two Company Secretaries. Both Company Secretaries are qualified Secretaries under Section 235(2)(a) of the Companies Act 2016.

The Company Secretaries support the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the MMLR, the Company’s Constitution, the MCCG, Board policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances, as and when necessary.

Both Company Secretaries attended the 2022 Annual General Meeting (“AGM”) and at least one (1) Company Secretary attends all Board and Board committee meetings during the FY2022. All deliberations at the AGM and all Board and Board committee meetings are formally minuted for the Board’s reference and for action plans to be communicated to the Management to work on and to report back to the Board on follow-up actions. The Board is also updated on the Directors’ Resolutions in Writing passed, Directors’ dealings pursuant to Chapter 14 of the MMLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the year. The Company Secretaries also update the Board on changes in the regulatory requirements.

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and changes in the regulatory environment, through continuous training and industry updates.

They have also attended many relevant continuous professional development programmes. The Directors are satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.

#### (ix) Board Composition and Diversity

The Board currently comprises ten (10) members, with eight (8) Non-Executive Directors (including six (6) Independent Directors) and two (2) Executive Directors. The Directors, with their diverse backgrounds and qualifications in both the public and private sectors and academic backgrounds, provide a collective range of skills, expertise and experience in engineering, entrepreneurship, accounting and audit, taxation and government which is vital to effectively lead the Group. The profile of each Director is set out under the heading Directors' Profile in this Annual Report.

The existing Board complies with the MMLR which requires one-third of the Board to be independent. The Independent Non-Executive Directors have fulfilled the independence criteria set out in the Board Charter and MMLR. They are individuals with integrity and high caliber who always play important roles by exercising independent judgement, participate objectively in the Board's decision making process and acted in the best interest of the Group and ensure that the interests of minority shareholders are safeguarded. They bring with them independent views, advice and judgement on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities within which the Group conducts its business. Independent Directors are vital in protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality and objectivity. The Non-Independent Non-Executive Directors have also contributed essential business know how and management experience relevant to the Group.

The structure, size and composition of the Board are reviewed annually to ensure that it has the appropriate mix of expertise and experience.

The gender, age, ethnicity and knowledge diversity of the Board is as follows.

	Gender		Age				Ethnicity			Industry Knowledge / Profession			
	Male	Female	40-49 years	50-59 years	60-69 years	70-75 years	Chinese	Others - Iban	Japanese	Metallurgy / Engineering	Management	Accounting & Finance	Legal
Mr Liew Jee Min @ Chong Jee Min	√				√		√						√
Tan Sri Dato' Soh Thian Lai	√				√		√			√	√		
Dato' Sri Victor Hii Lu Thian	√		√				√			√	√		
Mr Fong Yoo Kaw @ Fong Yee Kow	√					√	√				√	√	
Ms Yan Ying Chieh		√			√		√					√	
Datin Josephine Anak Hilary Dom @ Josephine John		√			√			√			√	√	
Ms Wong Siew Si		√		√			√					√	
Ms Khor Hun Nee		√	√				√					√	
Mr Christopher Hii Lu Ming	√		√				√			√			
Mr Toshihiro Tachibana	√			√					√		√		

There is a clear division of role and responsibility between the Independent Chairman, the Executive Deputy Chairman and the Managing Director to ensure a balance of power and accountability for the Board to make well-considered decisions. The Chairman leads and ensures effective and comprehensive Board discussion on strategic issues, business planning, other matters brought to the Board and responsible for the Board's effectiveness and standard of conduct.

The Executive Deputy Chairman together with the Managing Director oversee the business operations and development of the Group as well as implementation of policies and ensures that strategies, policies and matters approved by the Board are effectively implemented. The Executive Deputy Chairman and Group Managing Director also provide overall oversight, guidance and advice between the Board of Directors and Management.

Currently, the Board consists of 40% female directors who participated actively in all deliberations. Female staff at Senior Management level comprises 34%. Both the Board and Senior Management's Gender diversity is more than our policy of 30%.

**(x) Board Meetings and Directors' Training**

The Board meets at least four (4) times annually, with the meetings scheduled well in advance at the beginning of each financial year to facilitate the Directors in managing their meeting plans. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

At the quarterly meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. Four (4) meetings were held during the FY2022 which were attended by all of the Directors.

Name of Director	Meetings attended	Percentage of attendance (%)
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman)	4/4	100%
Tan Sri Dato' Soh Thian Lai (Executive Deputy Chairman)	4/4	100%
Dato' Sri Victor Hii Lu Thian (Group Managing Director)	4/4	100%
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director)	4/4	100%
Ms Yan Ying Chieh (Independent Non-Executive Director)	4/4	100%
Mr Christopher Hii Lu Ming (Non-Independent Non-Executive Director)	4/4	100%
Mr Toshihiro Tachibana (Non-Independent Non-Executive Director)	3/4	75%

Chief Financial Officer ("CFO"), Senior Advisor and Group Advisor were permanent invitees to Board meetings to present reports on matters relating to their areas of responsibility, and to provide insight into reports or recommendations submitted to the Board. The business discussed, considered, deliberated and approved by the Board in FY2022, *inter alia*, are operating highlights of the Group's business and performance; annual budget and mid-year review of plan and budget; quarterly and full year results; corporate proposals; significant disposal; and risk and controls environment including other risk management and governance initiatives.

The Board has also stipulated in its Board Charter, the need for Directors to notify the Chairman prior to accepting any new directorship and the notification includes an indication of time that will be spent on the new appointment, in order for the Chairman to assess if Directors are able to commit sufficient time to discharge their duties and responsibilities in the Company.

The Board is mindful that continuous education is vital for Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skill sets and knowledge in discharging its responsibilities. During FY2022, the Directors have also attended other relevant trainings and seminars organised by relevant regulatory and professional bodies to keep abreast of latest developments and changes to regulatory requirements.

The Nomination Committee identifies the training needs of each Director via the performance evaluation of the individual Directors. The continuous education programmes attended by the Directors during FY2022 were as follows:



Name of Directors	Name of Training Attended
Mr Liew Jee Min @ Chong Jee Min	<ul style="list-style-type: none"> <li>• Audit Oversight Board's Conversation with Audit Committees: Good Practices for Audit Committees in Supporting Audit Quality</li> <li>• Sustainability Training: Corporate Briefing - Understanding Sustainability and Environmental, Social and Governance (ESG)</li> <li>• Practical Updates on Financial Standards, MFRSs</li> <li>• Bursa Malaysia Immersive Experience: The Board "Agender"</li> <li>• Audit Oversight Board's Conversation with Audit Committees: How the Audit Committees and Auditors can work together towards reliable audited financial statements</li> </ul>
Tan Sri Dato' Soh Thian Lai	<ul style="list-style-type: none"> <li>• Webinar on Unlocking Regional Comprehensive Economic Partnership (RCEP): How can Manufacturers Tap on the Opportunities Ahead?</li> <li>• FMM Forced Labour Webinar on Industry Responsibility on Preventing and Addressing Forced Labour Issues</li> <li>• FMM-MITI-MOH Webinar of National Health Screening Initiative 2022</li> <li>• Judicial Management &amp; Corporate Rescue: Balancing the Rescue of Distressed Companies and Rights of Creditors</li> </ul>
Dato' Sri Victor Hii Lu Thian	<ul style="list-style-type: none"> <li>• MBA Master Of Business Administration</li> <li>• APC TOP CEO trip mission (Kota Kinabalu, Sabah, Malaysia)</li> <li>• Session with Datuk Susan Wong, president of the united Sabah Chinese Communities Association of KK/ MD of WSG group</li> <li>• Foreign Worker Recruitment</li> <li>• Vimigo 3.0 Business Model</li> <li>• 2022 SEAISI Steel Mega Event &amp; Expo (Technology, Sustainability, Construction)</li> </ul>
Mr Fong Yoo Kaw @ Fong Yee Kow	<ul style="list-style-type: none"> <li>• Company Analysis and Valuation with Discounted Cash Flow Techniques</li> <li>• How the Audit Committees and Auditors can work together towards reliable audited financial statements</li> <li>• Awareness Programme on Unclaimed Moneys Act 1965</li> </ul>
Ms Yan Ying Chieh	<ul style="list-style-type: none"> <li>• AFA 11th Annual Conference</li> <li>• Philip Capital 12th Investment Conference</li> <li>• Emotional Intelligence for FA &amp; FP</li> <li>• Advocacy Dialogue on the Bursa Malaysia's Enhanced Sustainability Reporting Framework</li> </ul>
Mr Christopher Hii Lu Ming	<ul style="list-style-type: none"> <li>• 1st Series of GiG Ar. @ Crossing Over : CCC - Creators, Creatures + Creations</li> <li>• Shoot the Lights Out Q4 for Index Futures?</li> <li>• Back to the Future - 1970s Stagflation in 2023</li> </ul>
Mr Toshihiro Tachibana	<ul style="list-style-type: none"> <li>• Corruption and Bribery</li> </ul>

The Company ensures that Directors are briefed by the Auditors, Company Secretaries and relevant professionals from time to time on changes to practices, guidelines, regulations and accounting standards as well as other relevant issues affecting the steel industry. Articles and reports relevant to the Company's businesses also circulated to Directors for information. The Company Secretaries circulate the relevant statutory and regulatory requirements from time to time for the Board's reference and brief the Board on the updates, where applicable.

## (xi) Board Committees and Meetings

The Board has delegated specific responsibilities to Committees in order to assist the Board to efficiently discharge its responsibilities. The Board has established four Committees, namely Audit and Risk Committee, Nomination Committee, Remuneration Committee and Employee Share Option Scheme ("ESOS") Committee. The authorities and responsibilities of each Committee are set out in Board Charter and the Committees administer within the defined TOR. The Committees determine their own meeting agendas and frequency of meetings. The respective Chairman of the Committees would report salient issues to the Board for notation, decision or approval.

Senior Management of the Group and external advisers are invited to attend Board and/or Committee meetings to provide additional insights and professional views, advice and explanation on specific items on the meeting agenda, where necessary.

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

The composition of Committees is as follows:

### (a) Audit and Risk Committee

The Audit and Risk Committee ("ARC") was established on 1 July 2019 with the merging of Audit Committee ("AC") which was formed on 25 April 1997 and Board Risk Committee ("BRC"), formed on 10 May 2016. ARC comprises of three (3) members, all of whom are Independent Non-Executive Directors with accounting or related financial management expertise or experience. Audit and Risk Committee Chairman is Mr Fong Yoo Kaw @ Fong Yee Kow and the members are Mr Liew Jee Min @ Chong Jee Min and Ms Yan Ying Chieh.

ARC met six (6) times during FY2022. More information on the functions, duties and activities carried out by the ARC during FY2022 is set out under the heading Audit and Risk Committee Report.

Name of ARC Members	Meetings attended	Percentage of attendance (%)
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director / ARC Chairman)	6/6	100%
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman / Member)	5/6	83%
Ms Yan Ying Chieh (Independent Non-Executive Director / Member)	6/6	100%

### (b) Nomination Committee

The Board established a Nomination Committee ("NC") on 13 March 2001 to consider candidates for directorship and Board Committee membership, and to review the effectiveness of the Board, through performance assessment of the Board, Board Committees and individual Directors.

The NC held one (1) meeting during FY2022.

Name of NC Members	Meetings attended	Percentage of attendance (%)
Ms Yan Ying Chieh (Independent Non-Executive Director / NC Chairman)	1/1	100%
Mr Liew Jee Min @ Chong Jee Min (Independent / Non-Executive Chairman / Member)	1/1	100%
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director / Member)	1/1	100%
Mr Christopher Hii Lu Ming (Non-Independent Non-Executive Director / Member)	1/1	100%

During FY2022, the NC carried out, and reported to the Board the outcome of the following key activities:

- performed an assessment on the Board, Board Committees and individual Directors for the FY2022 and reported the outcome to the Board;
- reviewed and recommended the re-appointment and/or re-election of Directors retiring pursuant to the Companies Act 2016 and the Company's Constitution, including the appointment of a new Director to the Board;
- reviewed the term of office and performance of an Audit and Risk Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference; and
- reviewed the training records provided by the Directors to the Company.

A formal performance assessment of the Board, Board Committees and individual Director enables the Board to assess their respective performance and identify areas for improvement. A formal assessment of the Board's effectiveness was conducted for the FY2022, and was guided by the Corporate Governance Guide - "Towards Boardroom Excellence", taking into consideration the following key aspects for assessment:

- appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;
- clear definition of the Board and Board Committees' roles and responsibilities;
- functioning of the Board and Board Committees in a productive, objective, timely, effective and efficient manner;
- open communication of information and active participation within Board and Board Committees; and
- proper discharge of responsibilities and leadership by the Chairmen of the Board and Board Committees.

In recommending the re-appointment or re-election of Directors, the Nomination Committee took into account the following:

- the required mix of skills, experience and diversity, including gender, age and ethnicity, where appropriate;
- character, knowledge, expertise, professionalism, integrity and time availability;
- the results of the assessment on individual Directors, including the Independent Directors, Executive Directors and the Managing Director/Chief Executive Officer, and
- in the case of Independent Directors, their abilities to discharge such responsibilities and functions as expected from Independent Directors.

Proposed appointment of member(s) to the Board to fill casual vacancy and proposed re-election or re-appointment of Directors seeking re-election or re-appointment at the Annual General Meeting are recommended by the Nomination Committee to the Board for approval or tabling at the Annual General Meeting for shareholders' approval, as the case may be.

The Company Secretaries are tasked to ensure that all appointments are properly made and that all necessary information is obtained from the Directors, for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the MMLR.

### (c) Remuneration Committee

To assist the Board on fair remuneration practices and attracting, retaining and motivating Directors, the Board established a Remuneration Committee ("RC") to review Directors' remuneration matters and make relevant recommendations to the Board.

The RC held two (2) meetings during FY2022.

Name of RC Members	Meetings attended	Percentage of attendance (%)
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman / RC Chairman)	2/2	100%
Mr Fong Yoo Kaw @ Fong Yee Kow (Senior Independent Non-Executive Director / Member)	2/2	100%
Ms Yan Ying Chieh (Independent Non-Executive Director / Member)	2/2	100%

Directors do not participate in the discussion of their own remuneration.

The detail of the remuneration of each individual director for the financial year ended 31 December 2022 is as follows:

Executive Director	Salary	Bonus	EPF	Other Benefits	Total
Tan Sri Dato' Soh Thian Lai	873,000	20,000	154,080	60,000	1,107,080
Dato' Sri Victor Hii Lu Thian	697,375	108,000	149,181	148,150	1,102,706
<b>Total</b>	<b>1,570,375</b>	<b>128,000</b>	<b>303,261</b>	<b>208,150</b>	<b>2,209,786</b>

Non Executive Director	Fee	Other Allowances	Total
Mr Liew Jee Min @ Chong Jee Min	55,500	14,000	69,500
Mr Fong Yoo Kaw @ Fong Yee Kow	56,000	14,000	70,000
Ms Yan Ying Chieh	51,500	14,000	65,500
Mr Christopher Hii Lu Ming	31,000	3,000	34,000
Mr Toshihiro Tachibana	30,000	-	30,000
<b>Total</b>	<b>224,000</b>	<b>45,000</b>	<b>269,000</b>

The Company has identified its top nine (9) Senior Management positions as follows:

- Executive Deputy Chairman
- Group Managing Director
- Executive Director - ASSB
- Executive Director - ADSB
- Executive Director - SSM
- Group Director of Finance
- Director of Commercial - ASTEEL Group
- Senior Executive Director - ASTAR
- Director of Management Support

The Company opts not to disclose the Senior Management's remuneration components (Salary, bonus, benefits-in-kind and other emoluments) as it is of the view that prior written consent from each Senior Management personnel has to be obtained as it involves the disclosure of their personal data to the public at large.

**(d) ESOS Committee**

ESOS Committee was formed on 8 November 2016, and it comprises of Tan Sri Dato' Soh Thian Lai (Chairman), Dato' Sri Victor Hii Lu Thian, Ms Yan Ying Chieh and Ms Aw Chiew Lan. ESOS Committee is responsible for implementing, regulating, allocating and administering the ESOS Scheme.

The shareholders of the Company had at an Extraordinary General Meeting ("EGM") held on 30 June 2016 approved the establishment of an ESOS Scheme of up to 15% of the prevailing issued share capital of the Company for the eligible employees (including Directors) of the Company and its subsidiaries who meet the criteria of eligibility for participation in the ESOS as set out in the By-Laws containing the Rules, Terms and Conditions of the ESOS as approved by the shareholders at the EGM held thereat.

The ESOS was extended for another five years to expire on 8 November 2026 in accordance to By-Law 19.3. Announcement was made to Bursa Securities on 5 August 2021.

For the year ended 31 December 2022, no new offer was made and no option shares were exercised.

## PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### (i) Financial Reporting

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of each reporting period and financial year. This is primarily done through the quarterly announcement of the Group's results to Bursa Securities, the annual financial statements of the Group and the Company as well as the reports of the Board of Directors, the Executive Deputy Chairman and the Group Managing Director in their respective review of operations inserted in the Annual Report.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board has established the Audit and Risk Committee ("ARC"), comprises all three Independent Directors, with Mr Fong Yoo Kaw @ Fong Yee Kow as the ARC Chairman. The composition of the ARC, including its roles and responsibilities, are set out in the ARC Report. One of the key responsibilities of the ARC in its specific terms of reference is to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the FY2022, the Group has used appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company.

In assessing the independence of External Auditors, the ARC obtained assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The Board also put in place a Non-Assurance Services Pre-Approval Policy to cover the non-audit services provided by External Auditor to ensure that the engagement will not affect its independence.

The total amount of audit and non-audit fees incurred for services rendered to the Group for the FY2022 by the Company's external auditors, KPMG PLT, and a firm and company affiliated to KPMG PLT are set out below:

	Group RM	Company RM
Audit fees - Statutory Audit	226,000	32,000
Non-audit fees		
• KPMG PLT	6,000	6,000
• Local affiliate of KPMG PLT	37,450	5,000

### (ii) State of Internal Controls

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

- i. an organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- ii. review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- iii. quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- iv. active participation and involvement by the Executive Deputy Chairman and the Managing Director in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and
- v. monthly financial reporting by subsidiaries to the Company.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is set out under the heading Statement on Risk Management and Internal Control in this Annual report.

In line with the MMLR and the MCCG, the Board has established an internal audit function, which reports directly to the ARC on the adequacy and effectiveness of the system of internal controls from the perspective of governance, risk and controls.

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

### **(i) Corporate Disclosure**

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, as of the date of this Statement, the Board has formalised pertinent corporate disclosure policies and procedures to govern its information disclosure practices.

The Company's corporate website at [www.ykgigroup.com](http://www.ykgigroup.com) serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Group's activities, financial results, major strategic developments and other matters affecting stakeholders' interests.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders, and the Company's Annual Report may be accessed.

### **(ii) Shareholder Participation at General Meetings**

The Annual General Meeting ("AGM") of the Company serves as the principal forum that provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, audited Financial Statements, and corporate developments in the Group, the resolutions being proposed and concerns over the Group's businesses, to the Board for clarification. The Chairman as well as the Executive Deputy Chairman, Managing Director and the external auditors, if so required, respond to shareholders' questions during the meeting.

Last year, the Financial Statements and reports were circulated to the shareholders well before the AGM date in compliance of the MMLR and Companies Act 2016. All the resolutions set out in the Notice of the last AGM were put to vote by poll and duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.

The Notice of forthcoming AGM together with the Financial Statements and reports will be circulated to shareholders in accordance to the requirements of the MMLR and Companies Act 2016.

The Company has adopted MMLR that any resolution set out in the notice of any general meetings is voted by poll and the appointment of an independent scrutineer to validate the votes cast at AGM held thereat. The Company will continue to adhere to this poll voting for any resolution to be moved at any general meetings and the appointment of independent scrutineer to validate the votes cast at the general meeting.

The Board maintains an open channel of communication with its shareholders, institutional investors and the investing public at large with the objective of providing a clear and complete picture of the Group's performance and position. The Company values feedback and dialogues with its investors and believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders.

The Company's 45th AGM held on 24 June 2022 was conducted entirely through live streaming from the Broadcast Venue as part of the Company's effort to curb the spread of COVID-19. During the proceedings of the AGM, the Chairman conducted the meeting in accordance to agenda with interactive participation from the shareholders. The voting by poll was undertaken by the Company by way of online remote voting further underscored the recognition of the principle of one vote one share.

Shareholders and the public can also convey their concerns and queries directly to the Senior Independent Director, Mr Fong Yoo Kaw @ Fong Yee Kow at email address [whykayfong@gmail.com](mailto:whykayfong@gmail.com).

In addition to various announcements made during FY2022, the timely release of annual reports, circulars to shareholders, press releases and financial results on a quarterly basis provide shareholders and investors with an overview of the Group's performance and operations.

Such approaches allow shareholders and the investment communities to make more informed investment decisions based not only on past performance but also the future direction of the Company.

### **(iii) MATERIAL CONTRACTS WITH SUBSTANTIAL SHAREHOLDERS**

The Company had obtained shareholders' approval in respect of renewal and new shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature at the AGM held on 24 June 2022. The Company has introduced proper processes and procedures to monitor, track and identify RRPT. AC reviewed RRPT on a quarterly basis to ensure compliance with internal process and procedure as well as provisions of MMLR. As a procedure any Director who has interest in a transaction abstains from participation in the deliberation of the RRPT.

### **(iv) BOARD CHANGES**

The following changes were made to the Board:

- (a) Datin Josephine Anak Hilary Dom @ Josephine John appointed Independent Non-Executive Director with effect from 1 February 2023.
- (b) Ms Wong Siew Si appointed Independent Non-Executive Director with effect from 1 February 2023.
- (c) Ms Khor Hun Nee was appointed Independent Non-Executive Director with effect from 1 February 2023.

This statement is issued in accordance with a resolution of the Board of Directors dated 25 April 2023.

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# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This Statement on Risk Management and Internal Control is intended to provide our stakeholders and readers of this Annual Report with sufficient and meaningful information about the adequacy and current state of YKGI Holding Berhad ("YKGI")'s system of risk management and internal control.

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Principles and Best Practices provisions relating to internal control provided in the Malaysian Code on Corporate Governance 2021, the Board of Directors ("the Board") of listed issuers are required to include in their Annual Report a "Statement on the state of its Risk Management and Internal Control". The Board of Directors is pleased to include a statement on the state of the Group's system of risk management and internal control in this annual report.

## BOARD'S RESPONSIBILITY AND ACCOUNTABILITY

YKGI recognises that effective risk management and a sound system of internal control are fundamental to good corporate governance. The Board acknowledges its responsibility to maintain sound risk management and internal control system to address all key risks which the Group considers relevant and material to its operations while Management plays an integral role in assisting the design and implementation of the Board's policies on risks and controls.

In view of the inherent limitations in any such system, the Board recognises that the system is designed to manage and mitigate the Group's risks within an acceptable and acknowledged risk profile, rather than eliminate the risks that may impede the achievement of business objectives and goals of the Group. Accordingly, such a system may only provide reasonable but not absolute assurance against willful misstatement of management and financial information and records or against financial losses and fraud.

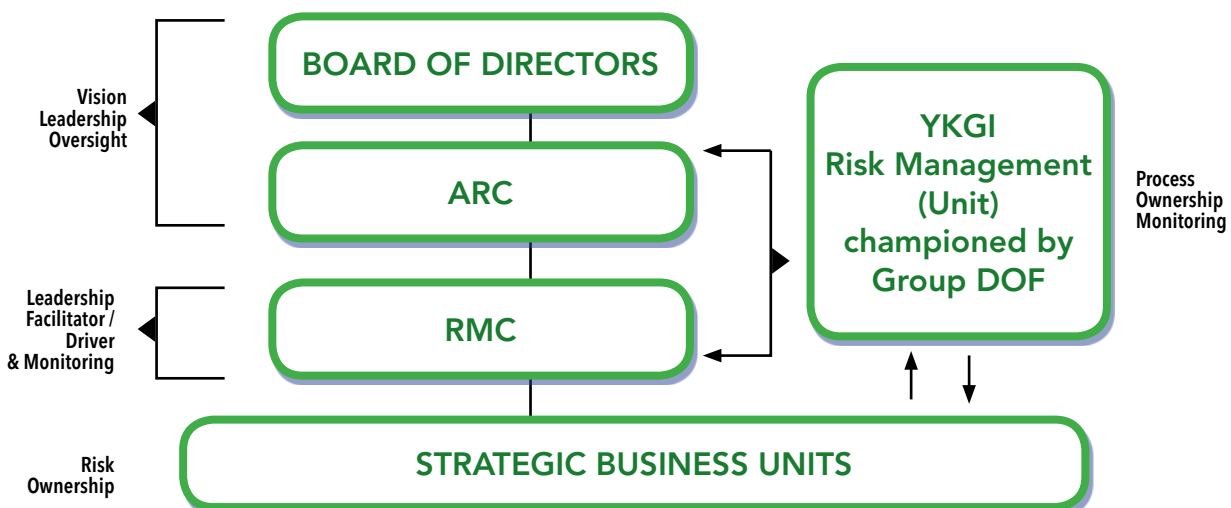
## RISK MANAGEMENT

The Board has established appropriate control structure and internal audit processes in identifying, evaluating, monitoring and managing the significant risks that may hinder the achievement of business objectives. The control structure and process which has been identified and instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this on-going process was in place for the whole financial year under review.

The Audit and Risk Committee ("ARC")'s roles in risk management are supported by Risk Management Committees ("RMC") of which it oversees the RMC's functions on the identification of risk factors, risk treatment plan and mitigation actions thereon. The RMC was headed by Chief Financial Officer, and is made up of senior management personnel.

In 2022, ARC has received the four (4) reports from RMC and deliberated on the risks presented by the RMC.

YKGI Group's Risk Management Structure is as below:





## ROLE OF ARC IN RESPECT OF RISK MANAGEMENT

The main duties and responsibilities of the ARC are as follows:-

- a. To oversee and recommend the risk management policies and procedures of the Group;
- b. To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- c. To oversee and ensure management implements and maintains a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- d. To set reporting guidelines for management to report to the committee on the effectiveness of the Group's management of its business risks;
- e. To review the risk profile of the Group including subsidiaries and to evaluate the measures taken to mitigate the business risks as recommended by the RMC; and
- f. To review the adequacy of management response to issues identified in risk registers, ensuring that the risks are managed within our Group's risk appetite.

## ROLE OF RISK MANAGEMENT COMMITTEE

In year 2022, the RMC was headed by the Chief Financial Officer ("CFO") and comprises of senior management personnel from different business units and key divisional heads at head office. On the resignation of the CFO in October 2022, this role was taken over by the Group Director of Finance. RMC is tasked to identify, review, monitor, evaluate and update the Group Risk Register every year or when the need arises. Risk owners are identified for the key business processes of the Group, who will be accountable for all aspects of risk management. This includes identification, assessment, and evaluation, formulate measures to manage or mitigate such risk, monitoring and reporting of risks associated with the business processes. The report shall be reported to ARC for deliberation, evaluation and strategic guidance thereon.

The roles of RMC are thus summarised as follows:

1. Supports ARC in facilitating and coordinating risk management activities at the operational level, including formulating, reviewing and adopting/implementing risk philosophy, risk policy and determining the level of risk appetite and risk tolerance, risk standards and criteria and measurements, and recommend the same to the Board through the ARC for adoption/approval/endorsement.
2. Makes or ratifies Strategic Business Units ("SBU") / management decisions on risk issues.
3. Formulates and/or recommends strategies, proposals and resource allocation for risk management to the ARC and the Board.
4. Reviews and approves objectives, approaches and risk models proposed by SBUs.
5. Monitors the progress of the implementation of risk management across the Group.
6. Review risk portfolio and compare the same against risk appetite.
7. Receive and review reports from SBUs on implementation of risk management and approve the SBUs / Group's risk register.
8. Review and approve the Group's risk profile, risk prioritisation and mitigation strategies for risk treatment (including risk treatment plans).
9. Monitor and track implementation of mitigation strategies and risk treatment plans of the various SBUs and updating the status thereof.

## INTERNAL AUDIT FUNCTION

The Group's Internal Audit functions are carried out in-house. During the year 2022, the Internal Audit Team ("Internal Auditors") has carried out 10 assignments and the reports have been presented to ARC.

The Internal Audit programme was drawn up based on the risk identified under the Risk Assessment exercise. ARC reviews the programme proposed by Internal Auditor, its scope, and frequency of work and resources on an annual basis.

The Internal Auditors assesses the Group's operations, the systems of internal control by reviewing the business processes annually to examine and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks and non-compliance impacting the Group. An annual internal audit plan is presented to the ARC for approval before being carried out. Audits are carried out on units that are identified based on a risk-based approach, taking into consideration input of the senior management, the ARC and the Board.

Following audits, the Internal Auditors provides recommendations to improve the effectiveness of risk management, control and governance processes. The ARC considers the internal audit report before presenting the proposed measures to the Board. This is done on a quarterly basis or earlier as appropriate. Management and the ARC will follow up and review the status of actions on recommendations made by both the internal and external auditors. As a practice, post-audit examinations are carried out to test the effectiveness and implementation of audit recommendations adopted as well.

The details of the Internal Audit activities are highlighted under the heading of ARC Report in this Annual Report.

## **AUDIT AND RISK COMMITTEE**

The ARC meets on a quarterly basis or as often as necessary to review the internal control issues identified in reports prepared by the Internal Auditors, the external auditors and the management. ARC met six (6) times in the year 2022.

ARC ensures the Internal Auditors' independence, reviews their scope of work and assesses the adequacy of resources. ARC also reviews the internal audit plan, internal audit activities and external audit plan and findings. The details of the ARC's activities are highlighted under the heading of ARC Report in this Annual Report.

## **OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES**

The other key elements of risk management and internal control processes that have been established by the Board that provides effective risk management and internal control are: -

- a. Established an organisation structure that clearly defined the line of authority, responsibility and accountability to each strategic business unit and operation unit;
- b. Clearly defined strategic and business action plans are drawn up by the Group Managing Director together with management input. These are duly sanctioned and approved by the Board. Performance results are monitored quarterly and variances sought by ARC and the Board where relevant;
- c. Various Board Committees and management committees are set up to assist the Board to perform its oversight functions. These committees include the Nomination Committee, Remuneration Committee, ARC, Executive Finance and Investment Committee and Group Management Committee. Specific responsibilities have been delegated to the Board Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations for decisions;
- d. Established standard operating procedures under ISO 9001:2015 Quality Management System that cover all major critical processes of the Group entities. The relevant operation manuals and guidelines are updated from time to time. Surveillance audits are conducted once a year by a third party on the Group entities to ensure that the system is adequately implemented;
- e. Monthly management reports are received and reviewed by the Group Management Committee ("GMC") which members consist of key management personnel of the Group comprising of Group Executive Deputy Chairman, Group Managing Director, Chief Operating Officer, Chief Financial Officer, Group Director of Finance, Commercial Director and Executive Director of a subsidiary company and Director of Management Support. Certain key management are invited for the meeting when relevant. The review by the latter covers annual and monthly budgets of revenue, expenses and production tonnage. Actual performances are assessed against approved budgets and explanations are provided for significant variances on a monthly or quarterly basis, as the case may be. Findings and decisions arrived at by the committee are minuted under "actions to be taken" and circulated to the GMC members for information and review. During 2022, twelve (12) meetings were held; and
- f. Scheduled and ad-hoc meetings at the respective strategic business units to identify and resolve business and operational issues. The Board is informed of the status of resolution of any significant issues identified at these meetings.

## BOARD REVIEW

The Board, through the ARC, has undertaken a review of the adequacy and effectiveness of risk management and internal control system in accordance with the terms of reference of the ARC and RMC during the year under review. The Board is of the view that the system of risk management and internal controls put in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the Group's assets, shareholders' investment, and the interests of customers, regulators, employees and other stakeholders. There were no material losses during the financial year as a result of weaknesses in the Group's internal control.

The Board has also received assurance from the Group Managing Director and the Group Director of Finance on the adequacy and effectiveness of the risk management and internal control system of the Group.

The Board will continue to take active measures to strengthen the internal control of the Group by taking into account the changes in the internal and external environment in which we operated in.

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The Statement is issued in accordance with a resolution of the Board of Directors dated 25 April 2023.

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## REPORT OF AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") was established on 1 July 2019 with the merging of Audit Committee ("AC") which was formed on 25 April 1997 and Board Risk Committee ("BRC"), formed on 10 May 2016.

ARC is to assist the Board of Directors in fulfilling its responsibilities to ensure proper corporate governance, transparent financial reporting process, oversee the Group's audit, internal process, risk management and the Group's overall compliance with laws and regulatory requirements.

ARC is pleased to present its report on the activities carried out during financial year ended 2022 ("FY2022") to the date of this report in discharging its responsibilities.

### 1. COMPOSITION

The present members of the ARC are as follows:

Name	Designation
Mr Fong Yoo Kaw @ Fong Yee Kow (MIA No. 3187)	Chairman, Senior Independent Non-Executive Director
Mr Liew Jee Min @ Chong Jee Min	Member, Independent Non-Executive Chairman
Ms Yan Ying Chieh (MIA No. 9334)	Member, Independent Non-Executive Director

All the ARC members have effectively discharged their duties pursuant to the Terms of Reference of the ARC. ARC Chairman, Mr Fong Yoo Kaw @ Fong Yee Kow is a qualified Chartered Accountant and also a member of the Malaysian Institute of Accountants. The authority and duties of the ARC are clearly governed by the Terms of Reference.

Nomination Committee of the Company conducts annual review on the composition and performance of ARC including their terms of office and performance as well as effectiveness, accountability, commitment and responsibilities. Based on the evaluation conducted for the FY2022, the Board was satisfied that ARC has continued to contribute to the governance process, and ARC members have independent attitude, integrity, knowledge of the industry, objectivity and are financially literate. ARC members have supported the Board in discharging their functions, duties and responsibilities in ensuring that the Company upholds appropriate governance standards. Hence, the Board has maintained ARC's composition.

### 2. MEETING AND ATTENDANCE

Except Mr Liew Jee Min @ Chong Jee Min who attended 5 of the 6 meetings held, the Chairman and the other member attended all the 6 meetings held during the FY2022. The Executive Deputy Chairman, Group Managing Director and Chief Financial Officer were invited to all the meetings while the Company Secretaries were in attendance. Other management personnel attended the meetings as and when requested by ARC for clarification needed on audit issue. This facilitated direct communication and provided first-hand information in relation to the operation of the Company.

The internal auditors further conducted an assessment on the risk profile and criterions for the Group.

ARC also had two private sessions with external auditors, without the presence of management personnel. Matters discussed included management's co-operation with the auditors, results of the audit and any other observations.

Prior notice together with agenda and meeting materials were sent out timely before the meetings. Issues of concern and significance raised by internal and external auditors that required the Board's attention and direction were brought by the ARC Chairman accordingly to the Board.

All proceedings, matters arising, deliberations, issue discussed, and resolutions of the ARC's meetings were recorded in the minutes. The ARC Chairman signed all the minutes after formal confirmation of the same by the ARC.

### 3. SUMMARY OF WORK OF AUDIT AND RISK COMMITTEE

The duty and work of the ARC is in line with its Terms of Reference. The following summary set out the work of the ARC for the financial year under review in discharging its functions and duties and how the Audit and Risk Committee met its responsibilities:-

#### 3.1 Financial Reporting

- a. Reviewed the Group and the Company's unaudited financial results for the first quarter, second quarter, third quarter and fourth quarter which were announced to Bursa Securities after the Board's approvals, respectively on 13 May 2022, 11 August 2022, 7 November 2022 and 27 February 2023.
- b. Reviewed the Company's Audited Financial Statements ("AFS") for FY2022 and to ensure that the AFS are complied, following appropriate financial reporting standards and regulatory requirements.
- c. Reviewed the Statement on Risk Management and Internal Control, Statement of Corporate Governance and ARC Report for inclusion in this Annual Report prior to review by external auditors and the Board's approval.
- d. Review on an on-going basis the appropriateness, adequacy and efficiency of accounting policies and procedures, in compliance with appropriate financial reporting standards and regulatory requirements.
- e. Recommended measures that would enhance the objectivity of financial statements and reports prepared for the Company and Group, as well as affairs and business plans of the Company.
- f. Discussed with Management and External Auditors that significant matters including Key Audit Matters and critical accounting judgements and key sources of estimation uncertainties made by Management had been evaluated by the External Auditors.
- g. Ensured that significant changes and amendments to the regulations, financial reporting standards and other regulatory requirements that could affect the financial reporting of the Group were duly adopted.

#### 3.2 External Audit

- a. Reviewed the External auditors' scope of work and audit plans. Prior to the annual audit, the ARC discussed and agreed with the external auditors on audit strategy, audit planning, review memorandum, audit approach, adequacy of audit coverage and audit emphasis.
- b. Review issues brought up by the auditors and ensure that they are resolved.
- c. Assessed the performance of the auditors and made recommendations to the Board of Directors on their re-appointment and remuneration.
- d. Received updates on the statutory and regulatory requirements including the implementation of the accounting standards applicable in the preparation of financial statements and their implications on the financial statements.
- e. Assessed the suitability, objectivity and independence of external auditors and obtained written assurance from the External Auditors, confirming their independence in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

### **3.3 Related Party Transactions**

ARC received and reviewed all related party transactions on a quarterly interval and received assurance from management that such transactions were conducted in the best interest of the Company and that the terms were fair, reasonable and based on normal commercial terms deemed not detrimental to the minority interests. ARC had assurance from management that the monitoring process on such transactions were appropriate and sufficient.

ARC has also reviewed the Circular to Shareholders in relation to the proposed renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature and submitted its recommendation to the Board to forward to shareholders for approval.

### **3.4 Internal Audit Function**

The ARC assisted by the Group Internal Audit (GIA), provides the Board with the assurance it requires on the adequacy and effectiveness of the system of internal controls. The ARC has an oversight function of all activities carried out by the GIA.

The Group Internal Audit reports functionally to the Committee to ensure independence and objectivity, and administratively to the Group Managing Director.

The GIA adopts a risk-based approach in preparing its audit strategy and annual plan. The GIA independently reviews the risk exposures and control processes implemented by the Management and conducts assignments that cover auditing and review of critical areas within the Group, including financial, operations, projects and IT/information systems. The internal audit functions and activities are guided by its internal audit charter and annual audit plan which are approved by the ARC and the internal audit reports are tabled at the ARC meetings for review and deliberation.

The role of the Head of Internal Audit for the Group is fulfilled by Ms. Yus Duary, who has more than thirteen (13) years of working experience in internal audit. She has relevant experience to execute the roles and responsibilities of the internal audit function.

The Group Internal Auditors had confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignment.

The Group Internal Audit Department is staffed by a team of two (2) and the cost of maintaining the function in 2022 amounted to RM153,483 (2021: RM253,865).

### **3.5 Risk Management**

The Audit and Risk Management Committee:

- a) Received and reviewed the Risk Management Reports submitted by the Risk Management Committee ("RMC") which listed the major enterprise risks of the Group.
- b) Assessed the Group's risk appetite and risk prioritisation and mitigation strategies.
- c) Reviewed the status of the implementation of mitigation strategies and risk treatment plans.
- d) Establish internal audit programmes and regularly review the Internal Auditor's reports to ensure that those risk mitigation plans and processes are in place.

This report is issued in accordance with a resolution of the Board of Directors dated 25 April 2023.

# SUSTAINABILITY STATEMENT

## ABOUT THIS REPORT

YKGI Group firmly advocates the adoption of sustainable business practices as the key to ensuring its long term continuity. It is also proactively reviewing and upgrading its sustainability framework that provides the basis for a clear focus on impacts, policies, and initiatives of the Company and Group for the financial year ended 31 December 2022 in the areas of Environmental, Social and Health Governance (“ESHG”). We disclose material information relating to our business activities for the year from 1 January 2022 to 31 December 2022. This report is prepared in accordance with Part III of Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the principles and reference to Sustainability Reporting Guide 2018, 2nd Edition and Toolkits issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

## SUSTAINABILITY STATEMENT AND GOVERNANCE

At YKGI, all matters related to sustainability are governed and managed across various levels in the organisation. We strive to maintain high standards of corporate governance best suited to the needs and interests of YKGI. Our Board has the ultimate responsibility and works together with the key senior management team to steer the Company’s sustainability efforts and performance .

To this end, members across all departments and operational units are to have strategic oversight on the aspects of ESHG in their activities and to provide risk mitigation solution with the full support of the Board.

We are also establishing and maintaining a culture of ethical behaviour and practices and committed to uphold the highest standards in corporate governance. We strive to strictly comply with the principles and guidelines set out in the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia. The following are some of the policies which serve to embed our commitment towards responsible corporate governance across our operations (i) Board Policies, (ii) Board Charter, (iii) Code of Conduct and Ethics, (v) Anti-Bribery and Corruption (“ABC”), and (vi) Whistleblowing Policy & Procedures.

## STAKEHOLDER ENGAGEMENT

The Group acknowledges that responses from stakeholders are important in planning the roadmap and strategies to strengthen the ESHG management and through timely and regular engagements, allow us to understand our stakeholders’ expectations and concerns in achieving sustainable growth. The key stakeholders identified based on their impact and involvement in our business are set out below.

Stakeholders	Material Matters	Method of Engagement
Shareholders	<ul style="list-style-type: none"> <li>Profitability</li> <li>Dividend</li> <li>Corporate governance and ethical management</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Annual General Meeting</li> <li>Company website , announcement</li> <li>Press release</li> </ul>
Customers/ Suppliers	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Timely delivery of products and services</li> <li>Payment terms and timeliness</li> <li>Product innovation</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face meeting</li> <li>Events and site visits</li> <li>Receive feedback and products quality</li> <li>Customer satisfaction survey and supplier evaluation form</li> </ul>
Regulators/Government Authorities	<ul style="list-style-type: none"> <li>Compliance and certification exercises</li> <li>Certifications/awards</li> <li>Industry best practices and updates</li> <li>Safety and health regulations including prevention of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Periodic site visits and audits</li> <li>Company representation at initiatives/technical working groups</li> <li>Industry- related initiatives and events</li> </ul>

Stakeholders	Material Matters	Method of Engagement
Employees	<ul style="list-style-type: none"> <li>• Business performance and direction</li> <li>• Career development</li> <li>• Learning opportunities</li> <li>• Welfare and benefits</li> <li>• Health and safety</li> <li>• Working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental meeting</li> <li>• Company intranet</li> <li>• Performance evaluations</li> <li>• Compensations and benefits</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• Environment impact from operation</li> <li>• Emissions management</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website and social media platforms</li> <li>• Community engagement programmes</li> <li>• Corporate advertisements</li> </ul>

## MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

Having taken into consideration the stakeholders’ engagements, we have identified the following sustainability matters in accordance to its level of significance to the Group’s economic, environmental and social performance and their value to our stakeholders.

### 1. ECONOMIC

#### **Ethics and Conducts**

The Group and its employee endeavors to conduct its business in compliance with applicable laws, rules, and regulations and in accordance with high ethical principles and standards.

To facilitate the above development, the Group has adopted Anti- Bribery and Corruption Policy (“ABC”) in line with the framework under Section 17A of the MACC Act. The Group intends to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls.

#### **Customer Focus, Product Quality, and Delivery**

YKGI Group emphasizes integrity value and user value; devoting to the concept of safe, environmental-friendly and reliable products. These enhance customers’ satisfaction and contribute towards creating a strong local brand. To keep pace with the projected demand and sustaining our business growth, the Group focuses on:

- Adhering to our Vision and Mission of gearing towards business excellence.
- Improving the competencies and customer service quality of sales force by training. This includes quality assessment on market place knowledge as well as thorough briefings on product features and prices.
- Participating in product exhibition to share information of our steel products with relevant parties such as developers, architects and customers.
- Always sourcing for competitively priced and better quality products from reliable sources and passing on the savings to customers where possible.
- Obtaining product certification such as SIRIM Eco-Labeling for eco-friendly products and other SIRIM certifications of Malaysia Standard.
- ISO for continuous improvement








## 2. ENVIRONMENTAL

The Group understands the importance of EES matters. The Group takes measures to protect the environment in which we operate through the implementation of an environmental management system at our factory.

YKGI has initiatives to reduce waste and recycle materials to be environmentally friendly. YKGI continues to be committed to:

- The Group ensures that the supplies of raw materials are from sustainable sources and obtained/produced with due environmental consideration and best practices. Review their environmental sustainability practices as a requisite for continuous business.
- Constantly striving to promote the 3R systems (reduce, reuse and recycle) in waste management.
- Energy-saving initiatives such as switching off non-essential electrical machinery, equipment and appliances when not in use.
- Practicing schedule waste and water management for optimum usage and to minimise consumption and wastage.
- Converting energy source of production facilities from fossil fuel to electric to reduce carbon footprint.

Initiatives made in 2022 to minimise the impact on the environment are as follows:-

		2021	2022
 Recycling	Steel recycle per tonne of product	9.13 kg	7.38 kg
 Schedule Waste	Output per tonne	0.47 kg	0.51 kg
 Electricity Consumption	Consumption per tonne	71.81 KWH	67.65 KWH
 Water Consumption	Consumption per tonne	0.63 m <sup>3</sup>	0.75 m <sup>3</sup>
 Fuel Consumption	Consumption per tonne	40.73 L	40.14 L

## 3. SOCIAL

YKGI Group is committed to the well-being of our employees who has played a major role in driving the growth of the Group over the years. We promote and foster a conducive working environment such as an open communication policy, so our employees stay motivated. Our employees are encouraged to be innovative to help foster an interesting working environment.

Our people are the most valuable asset we have. We empowered the best professionals in our industry to grow in their careers and to work together to achieve our vision. As an equal opportunity employer, our workplace terms and conditions of employment are opposed to any form of discrimination and upholding the fundamental human rights protected by legislation. The areas that YKGI specifically looks at are:

- The health and safety of our people in the workplace are the core values and we practice "Safety First" for all activities to minimize any preventable accidents and health hazards that may occur not only in the workplace but also in the communities we operate in. We aim to achieve zero harm at work and ensure the health and safety of our people by implementing amongst others, proper work instruction and/or operation manual and adequate Personal Protective Equipment (PPE);
- Promoting workplace diversity. To select and recruit candidates who are most suitable for the performance of the job vacancy and does not discriminate against the applicants in terms of age, gender and ethnicity;
- In appreciation, long service awards were awarded to staff who have served with the Company for more than 10 years.
- Emphasising on-going training (internal or external) for employees;
- Emphasising on employee health and safety issues through education and awareness campaigns.
- Implementing the "5S" Quality Environment Management System certified by Malaysia Productivity Corporation.
- Provision of meal allowance to employees to eat in the canteen and instill good conduct of dining through self-responsibility on the cleanliness of the canteen area.
- Morning assembly exercise to promote a healthy body and work punctuality.

**COMMUNITY**

YKGI continues to support charity programs through assistances and volunteering efforts of our employees. The Group supports various communities through advertising and sponsoring events. We also run practical-training programmes with local technical Institutions to promote work-experience and employability of their students.

In the year 2022, we had reached out to various sectors of the community including masjid, churches, chapels, schools and charitable institutions. In terms of food and aids, we had helped needy families to tide over difficult situations with supplies and provisions. Following are some of the institutions benefited from our initiatives - Persatuan OKU Kuching, Pertubuhan Pemulihan Dalam Komuniti, Home Rehabilitation Program, The Salvation Army Children’s Home, Lions Club, Sarawak Blood Donors Society and Kem Pengakap & Pandu Puteri Sarawak.

**YKGI GROUP CSR 2022**



CNY Visit to Salvation Army Children’s Home: Pressure Gun, Ang Pows and Oranges (Jan. 2022)



Super Charge Team Building (Feb. & Mar. 2022)



Super Charge Team Building (Feb. & Mar. 2022)



Visit by Ministry of International Trade and Industry (MITI) (Feb. 2022)



Medical Check-ups for Staff (Feb. 2022)



Graduation Ceremony - Certificate in Manufacturing Technology (CMT) at UNIMAS (Mar. 2022)



Appreciating Staff for their diligence (May. 2022)



Tasik Biru Roadshow (Apr. 2022)



Sumiran Roadshow (Aug. 2022)



Visit by i-CATS University College (May, Oct.2022)



ASTEEL sponsored: Malaysia Largest Sarawak Theme Mural (Jun. 2022)



ASTEEL Group received the 19th Asia Pacific Entrepreneur NOBEL Records for Excellence Brand (Platinum), Excellence Product, Excellence Service Quality and Excellence Emerging Entrepreneur; with Group Managing Director, Dato' Sri Victor Hii being awarded with the title of Excellence Leadership (Jun. 2022)



Visit by STATOS (Sarawak Trade and Tourism Co. Pte. Ltd. Singapore) (Jul. 2022)



GAWAI-RAYA Celebrations (Jul. 2022)



Super Golden Bull: Golden Bull Award (Aug. 2022)



Envio Concept Store: Lucky Draw Grand Prize (Aug. 2022)



Visitors from India (Aug. 2022)



Visit by Royal Institution of Surveyors Malaysia (RISM) (Oct. 2022)



CCC Creators, Creature + Creations co-sponsored by ASTAR Steel (Oct. 2022)



Academic Award: Mr Chin Chung Fui (Executive Master Category)



Graduation at UNIMAS: Executive Master in Leadership Development Programme (Nov. 2022)



Memorandum of Agreement (MOA) between UNIMAS & ASTEEL Resources for Insect Repellent Paint Project (Nov. 2022)



Visit by Politeknik Students (Dec. 2022)



## ADDITIONAL COMPLIANCE INFORMATION

### 1. PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2022

Location	Tenure	Land Area/ Built-Up Area	Brief Description	Date of Acquisition/ Revaluation	Average Age of Building (Year)	Net Book Value (RM'000)
Lot 712 Section 7 Muara Tebas Land District Kuching, Sarawak	Leasehold (60 years) expiring on 8 Jan 2052	3.40 Ha/ 2.48 Ha	Industrial Land and Buildings	Acquired in Jan 1992 Revalued in Jan 2020	28	19,990
Lot 801 Block 7 Muara Tebas Land District Kuching, Sarawak	Leasehold (60 years) expiring on 1 Sept 2053	1.67 Ha/ 0.55 Ha	Industrial Land and Buildings	Acquired in Aug 2020	26	10,935
Lot 10, Package 1 General Industrial Zone, Kota Kinabalu Industrial Park, KM 26, Jalan Tuaran, District of Kota Kinabalu.	Leasehold (99 years) expiring on 31 Dec 2098	0.84 Ha/ 0.46 Ha	Industrial Land and Buildings	Acquired in Oct 2013 Revalued in Jan 2020	16	8,660
PTD102979, Jalan Seelong Jaya 15, Mukim Senai, 81400 Senai, Johor	Freehold	0.805 Ha/ 0.367 Ha	Industrial Land and Buildings	Acquired in Nov 2010 Revalued in Aug 2020	13	6,968
<b>Investment Property</b> No.34, Jalan Prima 6/7 Taman Nusantara Prima 79200 Iskandar Puteri Johor Darul Tazim	Freehold	145 M <sup>2</sup>	3 Storey Shoplot	Acquired in May 2014 Revalued in Dec 2018	6	1,181
Parcel No. 2620-3-4 Lot 2620, Block 217 Kuching North Land District	Leasehold (60 years) expiring on 27 Aug 2058	54 M <sup>2</sup>	Apartment	Acquired in Aug 2022	20	100
<b>Property held for Sale</b> Unit No A10-26 (Type Loft Suite), Lot 10 Block No. A Sphere Damansara, Jalan PJU 10/9 Prima Damansara 47830 Petaling Jaya	Freehold	61.4 M <sup>2</sup>	Small office home office	Acquired in June 2018	6	360

### 2. MATERIAL CONTRACTS

Apart from the related party transactions as disclosed in Note 29 of the Notes to the Financial Statements, there are no other material contracts of the Company or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

### 3. UTILISATION OF PROCEEDS

During the year, the Company issued 44,075,000 new ordinary shares pursuant to the mandate under Section 75 and 76 of the Companies' Act 2016 which was obtained during the Annual General Meeting held on 24 June 2022 and raised RM4.384 million and the proceeds were used as follows:

Purpose	Actual utilization (RM'000)
(i) Working capital of the Group	4,359
(ii) Expenses	25
Total proceeds	4,384

#### 4. EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") (2016/2026) of the Company was implemented on 9 November 2016 and expire on 8 November 2021. On 5 August 2021 the Board of Directors had approved the extension of the ESOS for a further five years to expire on 8 November 2026.

The total number of options granted, exercised and outstanding under the ESOS are set out in the table below:-

<b>OPTION</b>	<b>OFFER 1</b>	<b>OFFER 2</b>	<b>OFFER 3</b>	<b>OFFER 4</b>	<b>OFFER 5</b>	<b>TOTAL</b>
<b>Options Granted</b>	<b>36,350,000</b>	<b>2,400,000</b>	<b>4,750,000</b>	<b>25,650,000</b>	<b>1,925,000</b>	<b>71,075,000</b>
Options Exercised	(2,626,600)	(110,000)	(60,000)	(9,370,500)	(153,000)	(12,320,100)
Options lapsed	(16,275,000)	(1,230,000)	(2,150,000)	(1,635,000)	(75,000)	(21,365,000)
<b>Balance Exrercible</b>	<b>17,448,400</b>	<b>1,060,000</b>	<b>2,540,000</b>	<b>14,644,500</b>	<b>1,697,000</b>	<b>37,389,900</b>

A breakdown of the options offered to the Executive Directors, Non Executive Directors, Senior Management and others pursuant to the ESOS in respect of the current financial year are set out in the table below:-

<b>No.</b>	<b>Classification</b>	<b>1 Jan 2022</b>	<b>Granted</b>	<b>Exercised</b>	<b>Lapsed</b>	<b>31 Dec 2022</b>	<b>%</b>
1	Executive Directors	4,200,000	-	-	-	4,200,000	11.23
2	Non Executive Directors	3,800,000	-	-	-	3,800,000	10.16
3	Senior Management	2,590,000	-	-	(600,000)	1,990,000	5.32
	<b>Subtotal</b>	<b>10,590,000</b>	<b>-</b>	<b>-</b>	<b>(600,000)</b>	<b>9,990,000</b>	<b>26.71</b>
4	Others	29,849,900	-	-	(2,450,000)	27,399,900	73.28
	<b>Total</b>	<b>40,439,900</b>	<b>-</b>	<b>-</b>	<b>(3,050,000)</b>	<b>37,389,900</b>	<b>100.00</b>

A breakdown of the options offered to the Non-Executive Directors pursuant to the ESOS in respect of the current financial year are set out in the table below:-

<b>No.</b>	<b>Directors</b>	<b>Exercise Price</b>	<b>1 Jan 2022</b>	<b>Granted</b>	<b>Exercised</b>	<b>Lapsed</b>	<b>31 Dec 2022</b>
1	Fong Yoo Kaw @ Fong Yee Kow	0.23	900,000	-	-	-	900,000
		0.19	-	-	-	-	-
2	Liew Jee Min @ Chong Jee Min	0.23	800,000	-	-	-	800,000
		0.19	300,000	-	-	-	300,000
3	Yan Ying Chieh	0.22	800,000	-	-	-	800,000
		0.19	100,000	-	-	-	100,000
4	Christopher Hii Lu Ming	0.23	800,000	-	-	-	800,000
		0.19	100,000	-	-	-	100,000
	<b>Total</b>	<b>-</b>	<b>3,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,800,000</b>

## 5. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("RRPT")

The significant RRPTs entered into during the financial year ended 31 December 2022 are disclosed in Note 29 to the Financial Statements. A breakdown of the aggregate value of the RRPTs conducted pursuant to the shareholder mandate during the financial year, where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09 (1) of the Main Market Listing Requirements are set out below :-

Nature of RRPT with YKGI Group	Names of Related Party (ies)	Relationship of Related Party (ies) with YKGI Group	Actual value of RRPT as at 31 December 2022 (RM)
Purchase of YKGI Group Products from YKGI Group	Yung Kong Co Bhd ("YKC")	Major shareholder of YKGI	9,170,159
	Yung Kong Metal Works Co Bhd	Company connected to YKC and certain Directors	83,708
	Yunco Enterprise Sdn Bhd ("YESB")	Company connected to certain Directors	26,087,758
	Yunco Integrated Sdn Bhd ("YIS")	Company connected to certain Directors	109,136
	Yunco Building Systems Sdn Bhd ("YBS")	Company connected to certain Directors	4,020,453
	Chung Huat Industries Sdn Bhd	Company connected to certain Directors	7,164,966
	Milicorp Sdn Bhd	Company connected to certain Directors	2,071,317
	Yung Kong Construction Sdn Bhd	Company connected to certain Directors	55,499
	Continental Strength Sdn Bhd	Company connected to certain Directors	91,544
	Rich Baron Sdn Bhd	Company connected to certain Directors	26,191
<b>Total</b>			<b>48,880,731</b>
Purchase of consumables by YKGI Group	YKC	Major shareholder of YKGI	187,406
	YIS	Company connected to certain Directors	173,890
	Yung Hup (M) Sdn Bhd	Company connected to certain Directors	80,097
	Continental Strength Sdn Bhd	Company connected to certain Directors	853,007
<b>Total</b>			<b>1,294,400</b>

<b>Nature of RRPT with YKGI Group</b>	<b>Names of Related Party (ies)</b>	<b>Relationship of Related Party (ies) with YKGI Group</b>	<b>Actual value of RRPT as at 31 December 2022 (RM)</b>
Purchase of stock by YKGI Group	Aijya Safety Glass Sdn Bhd	Company connected to certain Directors	452,083
	ARI Utara Sdn Bhd	Company connected to certain Directors	1,326,008
	Asia Roofing Industries Sdn Bhd	Company connected to certain Directors	1,016,488
	Trans Paint Marketing Sdn Bhd	Company connected to YKC and certain Directors	433,881
	YESB	Company connected to certain Directors	407,905
	YBS	Company connected to certain Directors	1,953,335
	Yung Kong Versatile Fence Sdn Bhd	Company connected to YKC and certain Directors	424,914
	YKMW	Company connected to YKC and certain Directors	143,973
	Yung Kong Wire Industries Sdn Bhd	Company connected to YKC and certain Directors	200,165
	<b>Total</b>		<b>6,358,752</b>
Lease rental paid by YKGI Group	Ajiya Safety Glass Sdn Bhd	Company connected to certain Directors	888,768
	ARI Utara Sdn Bhd	Company connected to certain Directors	390,388
	<b>Total</b>		<b>1,279,156</b>

## CONTACTS OF YKGI GROUP OF COMPANIES

### YKGI HOLDINGS BERHAD

Reg. No. 1977 0100 1682 (032939-U)

#### **Registered Address**

Lot 712 Block 7 Demak Laut Industrial Park  
93050 Kuching Sarawak Malaysia  
Tel: +60 82 433 888 Fax: +60 82 433 889

#### **Corporate Office**

Suite 27-1 Setia Avenue  
No.2 Jalan Setia Prima S U13/S Seksyen U13  
Setia Alam 40170 Shah Alam  
Selangor Darul Ehsan Malaysia  
Tel: +60 3 5037 6228  
Fax: +60 3 5037 6229

Website: <http://www.ykgigroup.com>

E-mail: [ykgi@ykgigroup.com](mailto:ykgi@ykgigroup.com)

#### **Subsidiaries (Sarawak & Sabah)**

##### **ASTEEL Resources Sdn Bhd**

Reg. No. 2014 0102 7116 (1103206-T)

##### **ASTEEL Sdn Bhd**

Reg. No. 1996 0102 0690 (393042-D)

##### **ASTEEL Development Sdn Bhd**

Reg. No. 2013 0103 2399 (1062228-D)

##### **ASTEEL Works Sdn Bhd**

Reg. No. 2019 0102 0757 (1330086-T)

##### **ASTEEL Dynamic Sdn Bhd**

Reg. No. 2020 0100 2704 (1359023-T)

##### **AS Scaffolding Sdn Bhd**

Reg. No. 2021 0100 1789 (1402087-D)

##### **AS Trans Paint Sdn Bhd**

Reg. No. 1992 0100 8265 (239768-D)

Lot 712 Block 7 Demak Laut Industrial Park  
93050 Kuching Sarawak Malaysia  
Tel: +60 82 433 888 Fax: +60 82 433 889

Website: <http://www.asteel.com.my>

E-mail: [enquiries@asteel.com.my](mailto:enquiries@asteel.com.my)

##### **ASTEEL (Sarawak) Sdn Bhd**

Reg. No. 2020 0100 7411 (1363731-A)

Lot 801 Block 7 Demak Laut Industrial Park  
93050 Kuching Sarawak Malaysia  
Tel: +60 82 433 888 Fax: +60 82 433 889

##### **ASTEEL (Sabah) Sdn Bhd**

Reg. No. 2013 0103 2378 (1062207-W)

Lot 10 Package 1 General Industrial Zone  
Kota Kinabalu Industrial Park (KKIP), KM26  
Jalan Tuaran, 88460 Kota Kinabalu Sabah Malaysia  
Tel: +60 88 498 866 Fax: +60 088 498 877

##### **ASTEEL AJIYA Sdn Bhd**

Reg. No. 2018 0101 7853 (1279869-K)

Lot 1268, Block 8, Jalan Bako,  
Demak Laut Industrial Estate Phase IV,  
93050 Kuching Sarawak Malaysia  
Tel: +60 82 433 403 /402 Fax: +60 82 433 686

### AS Singai Sdn Bhd

Reg. No. 2020 0103 5980 (1392301-X)  
Lot 145, Block 6, Senggi Poak Land District,  
Jalan Singai-Matang 94000 Bau, Sarawak, Malaysia.  
Tel: +60 19 889 8660 / +6016-565 7020

### AS Tiles & Interior Design Sdn Bhd

Reg. No. 2020 0100 9209 (1365529-M)

#### **(Kuching Showroom)**

Ground Floor of Lot 3037, Lorong 8,  
Jalan Tun Ahmad Zaidi Aduce,  
93200 Kuching, Sarawak.  
Tel : +6016 7020 538

#### **(Puchong Showroom)**

No. 15-1, Jalan OP 1/1,  
Pusat Perdagangan One Puchong,  
47160 Puchong, Selangor, Malaysia  
Tel : +60 3-80740959

#### **Subsidiaries (Peninsular Malaysia)**

##### **ASTEEL Synergy Sdn Bhd**

Reg. No. 2020 0100 2709 (1359028-V)  
PT 146099, Pelabuhan Barat, Pulau Indah,  
42000 Pelabuhan Klang,  
Selangor Darul Ehsan, Malaysia  
Tel: +60 13 207 9812

##### **Starshine Holdings Sdn Bhd**

Reg. No. 2010 0103 6948 (920871-A)

##### **Star Shine Marketing Sdn Bhd**

Reg. No. 1998 0100 1945 (458071-P)

##### **Star Shine Industries Sdn Bhd**

Reg. No. 1996 0100 3887 (376233-T)

##### **Star Shine Global Trading Sdn Bhd**

Reg. No. 2001 0103 1201 (566960-K)

##### **Star Shine Steel Products Sdn Bhd**

Reg. No. 2003 0101 7325 (619745-P)

##### **Starshine Resources Sdn Bhd**

Reg. No. 2010 0104 3533 (927461-U)

Suite 27-1, Setia Avenue,  
No.2 Jalan Setia Prima S U13/S, Seksyen U13,  
Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan.  
Tel: +60 3 5037 6228 Fax: +60 3 5037 6229  
Website: <http://www.starshinegroup.com>  
E-mail: [ssm@starshinegroup.com](mailto:ssm@starshinegroup.com)

##### **ASTAR Steel Sdn Bhd**

Reg. No. 2007 0102 4273 (782292-U)  
PTD 102979, Jalan Seelong Jaya 15  
Mukim Senai Kulai, 81400 Senai, Johor, Malaysia  
Tel: +60 7-599 2846 / 599 2849  
Fax: +60 7-599 2854

#### **Subsidiary (New Zealand)**

##### **ASTEEL (NZ) Private Limited**

8167701 (NZBN : 9429049224276)  
9 Ridge Valley Drive  
Browns Bay, Auckland 0630  
New Zealand



ASTEEL GROUP



Affordable Shelter for Everyone

**envio Concept Store (Demak)**

Lot 801 Block 7 Demak Laut Industrial Park  
93050 Kuching Sarawak Malaysia  
Tel: +60 82 496 868 Fax: +60 82 496 886

**envio Concept Store (Chawan Road)**

488, Jalan Chawan,  
93300 Kuching, Sarawak, Malaysia  
Tel / Fax: +60 82 337 513

**envio Concept Store (Singai)**

Lot 145, Block 6, Senggi Poak Land District,  
Jalan Singai-Matang 94000 Bau, Sarawak, Malaysia.  
Tel: +60 19 889 8660 / +6016-565 7020

**envio Concept Store (Sibu)**

Lot 4955, Block 1, Menyan Land District  
(Sibu Jaya Industrial Building) 96000 Sibu, Sarawak  
Tel: +60 11-1053-0207

**envio Concept Store (Mukah)**

Sublot 6 & 7, Lot 1114 & 1115  
Seng Ling Industrial Estate, Jalan Bedanga  
96400 Mukah, Sarawak, Malaysia  
Tel: +60 16 7020 149

**envio Concept Store (Bintulu)**

Lot 598 Block 20 Kidurong Industrial Area,  
97000 Bintulu Sarawak Malaysia  
Tel: +60 86 255 720 Fax +60 86 255 020

**envio Concept Store (Miri)**

Lot 7900 D/Lot 872 Block 5  
Kuala Baram Land District  
98000 Miri Sarawak Malaysia  
Tel: +60 85 651925 Fax: +60 85 641 045

**envio Concept Store (Kota Kinabalu)**

Lot 10 Package 1 General Industrial Zone  
Kota Kinabalu Industrial Park (KKIP),  
KM26 Jalan Tuaran  
88460 Kota Kinabalu Sabah Malaysia  
Tel: +60 88 498 866 Fax: +60 088 498 877

**envio Concept Store (Tawau)**

TB 758 Mile 3 ½ Jalan Apas  
91015 Tawau, Sabah, Malaysia  
Tel: +60 89 916 688, 912 500 Fax: +60 89 915 000

**envio Concept Store (Lahad Datu)**

Lot DL 31 & 36, KM7  
Jalan Tengah Nipah, SEDCO Industrial Estate,  
91100 Lahad Datu, Sabah, Malaysia  
Tel: +60 89 896 789 / +60 89 882 163 / +60 89 862 535  
Fax: +60 89 888 182

**envio Concept Store (Klang)**

No. 2 Jalan Sungai Chandong, 19A/KU6  
Kawasan Industri Klang Utama KM10, Jalan Kapar  
42100 Klang, Selangor Darul Ehsan, Malaysia  
Tel: +60 13 207 9812

## 6 FINANCIAL INFORMATION

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare the financial statements of each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements for each financial year, give a true and fair view of the state of the affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Board of Directors is also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Board of Directors hereby confirms that suitable accounting policies have been consistently applied in respect of preparation of the financial statements. The Board of Directors also confirms that the Group maintains adequate accounting records and sufficient internal controls to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities. These are described more fully under the heading of Corporate Governance Statement outlined in this Annual Report.

## Directors' report for the year ended 31 December 2022

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

### Principal activities

The Company is principally an investment holding company. There is no change in the principal activity during the year.

### Subsidiaries

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

### Results

Profit attributable to:

	Group RM	Company RM
Owners of the Company	(5,913,935)	(1,267,537)
Non-controlling interests	696,181	-
	(5,217,754)	(1,267,537)

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

### Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year under review.

### Directors of the Company

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

Director	Alternate
Tan Sri Dato' Soh Thian Lai*	-
Dato' Sri Victor Hii Lu Thian*	-
Christopher Hii Lu Ming*	-
Fong Yoo Kaw @ Fong Yee Kow	-
Liew Jee Min @ Chong Jee Min	-
Yan Ying Chieh	-
Toshihiro Tachibana	Koichiro Nakazawa
Datin Josephine Anak Hilary Dom @ Josephine John (appointed on 1 February 2023)	-
Khor Hun Nee (appointed on 1 February 2023)	-
Wong Siew Si (appointed on 1 February 2023)	-

\* These Directors are also directors of the Company's subsidiaries



## Directors' report for the year ended 31 December 2022 (continued)

Directors of subsidiaries of the Company during the financial year until the date of this report are:

Datuk Seri Dr. Hii Wi Sing

Dato' Wahab Bin Hamid

Datuk Ir. Michael Hii Ee Sing

Arthur Hii Lu Choon

Tan Ching Pding (resigned on 1 September 2022)

Aw Chiew Lan

Ts. Fong Fui Yee

Chan Tai Wei

Sim Chee Liang

Goh Kwan Seng

Pang Kok Joon

Lim Kok Peng

Foo Ai Ting

Raymond Tan Chee Seong

Paul Wong Chiew Woen

Rose Wong Ngik Hwa

Henry Hii Lu Yiin

Chong Kon Yu

Dennis Ng Tee Wui (appointed on 1 January 2023)

### Directors' interests in shares

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

	Number of ordinary shares			At 31.12.2022
	At 1.1.2022	Bought	Sold	
<b>Direct interests in the Company:</b>				
Tan Sri Dato' Soh Thian Lai	12,929,346	-	-	12,929,346
Dato' Sri Victor Hii Lu Thian	12,495,771	-	-	12,495,771
Christopher Hii Lu Ming	4,283,546	-	-	4,283,546
Fong Yoo Kaw @ Fong Yee Kow	100,000	-	-	100,000
<b>Deemed interests in the Company:</b>				
Tan Sri Dato' Soh Thian Lai	11,576,216	-	-	11,576,216
Dato' Sri Victor Hii Lu Thian	55,226,766	401,600	-	55,628,366
Christopher Hii Lu Ming	55,226,766	401,600	-	55,628,366

## Directors' report for the year ended 31 December 2022 (continued)

### Directors' interests in shares (continued)

	← Number of ESOS options over ordinary shares →				
	At 1.1.2022	Granted	Exercised	Lapsed	
<b>Interests in the Company</b>					
Tan Sri Dato' Soh Thian Lai	2,200,000	-	-	-	2,200,000
Dato' Sri Victor Hii Lu Thian	2,000,000	-	-	-	2,000,000
Christopher Hii Lu Ming	900,000	-	-	-	900,000
Fong Yoo Kaw @ Fong Yee Kow	900,000	-	-	-	900,000
Liew Jee Min @ Chong Jee Min	1,100,000	-	-	-	1,100,000
Yan Ying Chieh	900,000	-	-	-	900,000

The other Directors holding office at 31 December 2022 had not dealt in the shares and options over shares of the Company and of its related corporations during and at the end of the financial year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

The Directors' benefits paid to or receivable by Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2022 are as follows:

	Group RM	Company RM
Directors of Company and subsidiaries		
Fees	345,000	224,000
Remuneration	5,990,046	476,496
	6,335,046	700,496

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issuance of the Employees Share Option Scheme ("ESOS").

### Issue of shares and debentures

On 4 August 2022, the Company issued 9,000,000 new ordinary shares pursuant to the mandate under Section 75 and 76 of the Companies' Act 2016 which was obtained during the Annual General Meeting held on 24 June 2022 with an issue price of RM0.113 per share and raised a net proceed of RM1,008,864. Subsequently on 8 November 2022, the Company issued another 35,075,000 new ordinary shares under the same mandate with an issue price of RM0.096 per share and raised RM3,350,364.

Total issued and paid-up share capital of the Company increased from RM49,467,351 to RM53,826,579 by additional issuance of 44,075,000 new ordinary shares pursuant to the above issuances.

Save as disclosed above, there were no other changes in the issued and paid-up capital of the Company during the financial year.

## Directors' report for the year ended 31 December 2022 (continued)

### Options granted over unissued shares (continued)

#### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

At the Extraordinary General Meeting held on 30 June 2016, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the prevailing issued and paid up share capital (excluding treasury shares) of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS scheme are, *inter alia*, as follows:

- i) The aggregate number of shares to be issued under the ESOS shall not be more than 15% of the prevailing issued and paid up share capital of the Company (excluding treasury shares), and shall be made available under the ESOS at any point in time throughout the duration of the Scheme when an offer is made;
- ii) The aggregate number of shares to be issued under ESOS to the Director and Senior Management of the Group shall not more than 70% of the total number of YKGI Shares to be issued pursuant to the ESOS scheme;
- iii) The person who is eligible for ESOS scheme must not participate in the deliberation or discussion of his/her own allocation of new ordinary shares under the scheme;
- iv) The aggregate number of shares allocated under ESOS to an eligible employee shall not more than 10% of the total number of new shares to be issued under the scheme, if the person either singly or collectively through persons connect with him, hold 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and
- v) The maximum percentage of option shares exercisable, in aggregate, in each year is 20% over a period of 5 years. Option shares which are exercisable in a particular year but not exercised shall be carried forward to subsequent years for the duration of the option period.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

		Number of options over ordinary shares				
		At 1.1.2022	Granted	Exercised	Forfeited	At 31.12.2022
Date of Offer	Exercise Price					
9.5.2017	RM0.23	18,788,400	-	-	(1,340,000)	17,448,400
8.8.2017	RM0.20	1,160,000	-	-	(100,000)	1,060,000
7.8.2018	RM0.22	2,940,000	-	-	(400,000)	2,540,000
5.4.2021	RM0.19	15,854,500	-	-	(1,210,000)	14,644,500
6.7.2021	RM0.19	1,697,000	-	-	-	1,697,000
		40,439,900	-	-	(3,050,000)	37,389,900

#### Indemnity and insurance costs for Officers and Auditors

##### a. Directors and officers

During the financial year, the total amount of insurance effected for/indemnity given to Directors of the Company and its subsidiaries is RM20,998 (premium paid) and RM10,000,000 (sum insured) respectively.

##### b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the year.



## **Directors' report** for the year ended 31 December 2022 (continued) **Other statutory information** (continued)

### **Other statutory information**

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### **Auditors**

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

The auditors' remuneration of the Group and of the Company during the year are RM226,000 and RM32,000 respectively.

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

**Tan Sri Dato' Soh Thian Lai**  
Director

**Dato' Sri Victor Hii Lu Thian**  
Director

Klang,

Date: 25 April 2023

## Statements of financial position as at 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Assets</b>					
Property, plant and equipment	3	56,769,987	53,599,625	223,857	442,130
Right-of-use assets	4	25,504,934	25,734,729	-	-
Investment properties	5	1,280,960	1,666,275	-	-
Investment in subsidiaries	6	-	-	44,054,111	44,054,111
Other investments	7	9,775	9,775	-	-
Trade and other receivables	8	-	-	5,000,000	5,000,000
<b>Total non-current assets</b>		<u>83,565,656</u>	<u>81,010,404</u>	<u>49,277,968</u>	<u>49,496,241</u>
Trade and other receivables	8	43,627,975	42,614,148	9,490,951	7,068,788
Inventories	9	71,388,794	64,876,247	-	-
Contract assets	10	8,911,457	3,009,717	-	-
Deposits and prepayments	11	1,834,909	4,735,215	31,874	26,734
Current tax assets		1,582,028	775,611	69,225	6,225
Other financial assets	12	18,922,480	10,767,209	-	-
Cash and cash equivalents	13	6,777,953	6,337,665	31,946	450,387
		<u>153,045,596</u>	<u>133,115,812</u>	<u>9,623,996</u>	<u>7,552,134</u>
Assets classified as held for sale	14	360,000	360,000	-	-
<b>Total current assets</b>		<u>153,045,596</u>	<u>133,115,812</u>	<u>9,623,996</u>	<u>7,552,134</u>
<b>Total assets</b>		<u>236,971,252</u>	<u>214,486,216</u>	<u>58,901,964</u>	<u>57,048,375</u>
<b>Equity</b>					
Share capital	15.1	53,826,579	49,467,351	53,826,579	49,467,351
Reserves	15.2	8,716,805	14,415,141	4,662,598	5,663,945
<b>Equity attributable to owners of the Company</b>		<u>62,543,384</u>	<u>63,882,492</u>	<u>58,489,177</u>	<u>55,131,296</u>
<b>Non-controlling interests</b>	6.2	<u>18,784,936</u>	<u>18,052,355</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>81,328,320</u>	<u>81,934,847</u>	<u>58,489,177</u>	<u>55,131,296</u>
<b>Liabilities</b>					
Loans and borrowings	16	18,050,764	18,481,460	-	-
Lease liabilities	17	6,138,387	4,661,239	-	-
Deferred tax liabilities	18	4,196,000	5,305,400	-	-
<b>Total non-current liabilities</b>		<u>28,385,151</u>	<u>28,448,099</u>	<u>-</u>	<u>-</u>
Trade and other payables	19	44,776,704	27,259,303	412,787	1,917,079
Loans and borrowings	16	76,688,554	68,963,082	-	-
Lease liabilities	17	1,524,230	2,000,961	-	-
Current tax payables		365,145	1,411,856	-	-
Contract liabilities	10	3,903,148	4,468,068	-	-
<b>Total current liabilities</b>		<u>127,257,781</u>	<u>104,103,270</u>	<u>412,787</u>	<u>1,917,079</u>
<b>Total liabilities</b>		<u>155,642,932</u>	<u>132,551,369</u>	<u>412,787</u>	<u>1,917,079</u>
<b>Total equity and liabilities</b>		<u>236,971,252</u>	<u>214,486,216</u>	<u>58,901,964</u>	<u>57,048,375</u>

The notes on pages 69 to 137 are an integral part of these financial statements.

## Statements of profit or loss and other comprehensive income for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	20	276,698,374	243,685,996	-	-
Cost of sales		(242,224,033)	(195,810,070)	-	-
<b>Gross profit</b>		34,474,341	47,875,926	-	-
Other income		1,272,793	528,460	191,567	6,763,253
Selling and distribution expenses		(4,430,340)	(3,835,095)	-	-
Administrative expenses		(30,575,073)	(29,043,123)	(1,840,002)	(1,839,460)
Other operating expenses		(51,370)	(4,461)	-	-
Net (loss)/gain on impairment of financial instruments		(624,623)	469,669	134,108	157,798
<b>Results from operating activities</b>		65,728	15,991,376	(1,514,327)	5,081,591
Other non-operating income	24	-	103,842	-	133,842
Other non-operating expenses	24	-	(835,082)	-	(835,082)
Finance income	21	602,788	451,239	248,331	281,896
Finance costs	21	(5,250,868)	(4,213,206)	(1,541)	-
<b>Net finance (cost)/ income</b>		(4,648,080)	(3,761,967)	246,790	281,896
<b>(Loss)/Profit before tax</b>	22	(4,582,352)	11,498,169	(1,267,537)	4,662,247
Tax expense	23	(635,402)	(3,394,161)	-	-
<b>(Loss)/Profit for the year</b>		(5,217,754)	8,104,008	(1,267,537)	4,662,247
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation difference for foreign operation		(191)	(580)	-	-
<b>Total comprehensive income/ (expenses) for the financial year</b>		(5,217,945)	8,103,428	(1,267,537)	4,662,247
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(5,913,935)	6,421,483	(1,267,537)	4,662,247
Non-controlling interests	6.2	696,181	1,682,525	-	-
<b>Profit/(Loss) for the year</b>		(5,217,754)	8,104,008	(1,267,537)	4,662,247
<b>Total comprehensive (expense)/ income attributable to:</b>					
Owners of the Company		(5,914,126)	6,420,903	(1,267,537)	4,662,247
Non-controlling interests	6.2	696,181	1,682,525	-	-
<b>Total comprehensive (expense)/ income for the year</b>		(5,217,945)	8,103,428	(1,267,537)	4,662,247
<b>Basic/diluted (loss)/earnings per ordinary share (sen):</b>	25	(1.3)	1.5		

The notes on pages 69 to 137 are an integral part of these financial statements.

## Consolidated statement of changes in equity for the year ended 31 December 2022

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Attributable to owners of the Company  
Non-distributable

Group	Note	Share capital RM	Revaluation reserve RM	Share option reserve RM	Translation reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
<b>At 1 January 2021</b>		45,675,401	20,612,824	49,405	-	(12,245,799)	54,091,831	4,059,046	58,150,877
Profit for the year		-	-	-	-	6,421,483	6,421,483	1,682,525	8,104,008
Realisation of revaluation gain		-	(907,276)	-	-	907,276	-	-	-
Foreign currency translation difference for foreign operation		-	-	-	(580)	-	(580)	-	(580)
<b>Total comprehensive income for the year</b>		-	(907,276)	-	(580)	7,328,759	6,420,903	1,682,525	8,103,428
<i>Contributions by and distributions to owners of the company</i>									
- Share-based payment transactions		-	-	127,649	-	49,405	177,054	-	177,054
- Issuance of ordinary shares		3,791,950	-	-	-	-	3,791,950	-	3,791,950
- Issuance of shares by subsidiaries		-	-	-	-	-	-	2,240,100	2,240,100
- Changes in ownership interests in a subsidiary	6	-	-	-	-	(553,046)	(553,046)	10,058,518	9,505,472
- Acquisition of a subsidiary	32	-	-	-	-	-	-	42,966	42,966
- Dividend paid to minority shareholder		-	-	-	-	(46,200)	(46,200)	(30,800)	(77,000)
<b>Total transactions with owners of the Company</b>		3,791,950	-	127,649	-	(549,841)	3,369,758	12,310,784	15,680,542
<b>At 31 December 2021 / 1 January 2022</b>		49,467,351	19,705,548	177,054	(580)	(5,466,881)	63,882,492	18,052,355	81,934,847

## Consolidated statement of changes in equity for the year ended 31 December 2022 (continued)

Attributable to owners of the Company

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Non-distributable

Group	Note	Share capital RM	Revaluation reserve RM	Share option reserve RM	Translation reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
<b>At 1 January 2022</b>		49,467,351	19,705,548	177,054	(580)	(5,466,881)	63,882,492	18,052,355	81,934,847
Loss for the year		-	-	-	-	(5,913,935)	(5,913,935)	696,181	(5,217,754)
Realisation of revaluation gain		-	(858,000)	-	-	858,000	-	-	-
Foreign currency translation difference for foreign operation		-	-	-	(191)	-	(191)	-	(191)
<b>Total comprehensive (expense)/ income for the year</b>		-	(858,000)	-	(191)	(5,055,935)	(5,914,126)	696,181	(5,217,945)
<i>Contributions by and distributions to owners of the company</i>									
- Share-based payment transactions		-	-	89,136	-	177,054	266,190	-	266,190
- Issuance of ordinary shares	15	4,359,228	-	-	-	-	4,359,228	-	4,359,228
- Issuance of shares by subsidiaries	6	-	-	-	-	-	-	70,000	70,000
- Dividend paid to minority shareholder		-	-	-	-	(50,400)	(50,400)	(33,600)	(84,000)
<b>Total transactions with owners of the Company</b>		4,359,228	-	89,136	-	126,654	4,575,018	36,400	4,611,418
<b>At 31 December 2022</b>		53,826,579	18,847,548	266,190	(771)	(10,396,162)	62,543,384	18,784,936	81,328,320
	(Note 15.1)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 6.2)	(Note 6.2)



## Consolidated statement of changes in equity for the year ended 31 December 2022 (continued)

Attributable to owners of the Company

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Non-distributable

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Company	Share capital RM	Share option reserve RM	Retained earnings RM	Total RM
<b>At 1 January 2021</b>	45,675,401	49,405	775,239	46,500,045
<b>Profit and total comprehensive income for the year</b>	-	-	4,662,247	4,662,247
<i>Contributions by and distributions to owners of the Company</i>				
- Share-based payment transactions	-	127,649	49,405	177,054
- Issuance of ordinary shares	3,791,950	-	-	3,791,950
<b>Total transactions with owners of the Company</b>	3,791,950	127,649	49,405	3,969,004
<b>At 31 December 2021/1 January 2022</b>	49,467,351	177,054	5,486,891	55,131,296
<b>Loss and total comprehensive expense for the year</b>				
<i>Contributions by and distributions to owners of the Company</i>				
- Share-based payment transactions	-	-	(1,267,537)	(1,267,537)
- Issuance of ordinary shares	4,359,228	89,136	177,054	266,190
<b>Total transactions with owners of the Company</b>	4,359,228	89,136	177,054	4,625,418
<b>At 31 December 2022</b>	53,826,579	266,190	4,396,408	58,489,177
	(Note 15.1)	(Note 15.2)	(Note 15.2)	

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The notes on pages 69 to 137 are an integral part of these financial statements.

## Statements of cash flows for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(4,579,162)	11,498,169	(1,267,537)	4,662,247
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	6,843,024	6,685,787	218,273	974,038
Depreciation of right-of-use assets	4	2,194,446	2,068,915	-	-
Amortisation of investment properties	5	27,314	43,263	-	-
Finance income	21	(602,788)	(451,239)	(248,331)	(281,896)
Finance costs	21	5,250,868	4,213,206	1,541	-
Gain on disposal of:					
- property, plant and equipment		(13,592)	(85,999)	-	(30,000)
- right-of-use assets		(18,309)	(67,519)	-	-
- investment properties		(22,000)	(21,200)	-	-
Impairment loss/(Reversal of impairment loss) on:					
- inventories		1,353,847	216,741	-	-
- trade receivables		624,623	(469,669)	(134,108)	(157,798)
Goodwill written off	32	-	545	-	-
Property, plant and equipment written off		23,723	4,461	-	-
Gain on disposal of shares in a subsidiary	6	-	-	-	(6,756,318)
Unrealised foreign exchange loss		-	74,900	-	74,900
Equity settled share-based payment transactions		266,190	177,054	266,190	177,054
<b>Operating profit/(loss) before changes in working capital</b>		<u>11,348,184</u>	<u>23,887,415</u>	<u>(1,163,972)</u>	<u>(1,337,773)</u>
Changes in inventories		(7,866,394)	(20,792,930)	-	-
Change in contract assets		(5,901,740)	(726,152)	-	-
Change in contract liabilities		(564,920)	3,843,773	-	-
Changes in trade and other receivables, deposits and prepayments		1,161,666	(9,294,020)	(2,293,195)	(1,951,328)
Changes in trade and other payables		17,517,401	(11,020,704)	(1,504,292)	(14,281,900)
<b>Cash generated from/ (used in) operations</b>		<u>15,694,197</u>	<u>(14,102,618)</u>	<u>(4,961,459)</u>	<u>(17,571,001)</u>
Net taxes paid		(3,601,120)	(3,165,835)	(63,000)	(36,945)
Interest paid		(3,476,789)	(2,460,564)	(1,541)	-
Interest received		448,560	120,525	-	-
<b>Net cash generated from/ (used in) operating activities</b>		<u>9,064,848</u>	<u>(19,608,492)</u>	<u>(5,026,000)</u>	<u>(17,607,946)</u>

## Statements of cash flows for the year ended 31 December 2022 (continued)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment [Note (i)]		(5,403,877)	(4,350,453)	-	-
Proceeds from disposal of property, plant and equipment, right-of-use assets and investment properties [Note (ii)]		683,241	1,066,800	-	30,000
Proceeds from disposal of shares in a subsidiary	6	-	9,505,472	-	9,505,472
Interest received		154,228	330,714	248,331	281,896
Acquisition of subsidiary, net of cash and cash equivalents acquired	32	-	(99,836)	-	-
Movement in pledged deposits placed with licensed banks		(8,155,271)	(2,767,966)	-	-
<b>Net cash from/(used in) investing activities</b>		<u>(12,721,679)</u>	<u>3,684,731</u>	<u>248,331</u>	<u>9,817,368</u>
<b>Cash flows from financing activities</b>					
Net drawdown/(repayment) of loan and borrowings		4,011,969	9,333,184	-	-
Interest paid		(1,774,079)	(1,752,642)	-	-
Payment of lease liabilities		(2,359,996)	(2,513,793)	-	-
Proceed from issuance of share to non-controlling interest by subsidiaries	6	70,000	2,240,100	-	-
Proceeds from issuance of shares, net of expenses	15.1	4,359,228	3,791,950	4,359,228	3,791,950
Dividend paid to non-controlling interest		(84,000)	(77,000)	-	-
<b>Net cash from financing activities</b>		<u>4,223,122</u>	<u>11,021,799</u>	<u>4,359,228</u>	<u>3,791,950</u>
Net increase/(decrease) in cash and cash equivalents		566,291	(4,901,962)	(418,441)	(3,998,628)
Cash and cash equivalents at beginning of year		<u>4,256,417</u>	<u>9,158,379</u>	<u>450,387</u>	<u>4,449,015</u>
Cash and cash equivalents at end of year [Note (iv)]		<u>4,822,708</u>	<u>4,256,417</u>	<u>31,946</u>	<u>450,387</u>

## Statements of cash flows for the year ended 31 December 2022 (continued)

### Notes

#### (i) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment as follows:

		<b>Group</b>	
	<b>Note</b>	<b>2022 RM</b>	<b>2021 RM</b>
Paid in cash		5,403,877	4,350,453
In the form of hire purchase facilities	(iii)	3,408,810	1,916,500
Total additions	3	8,812,687	6,266,953

#### (ii) Proceeds from disposal of property, plant and equipment, right-of-use assets and investment properties

During the year, the Group and the Company disposed the following and received in cash:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Property, plant and equipment	16,582	86,000	-	30,000
Right-of-use assets	186,659	350,800	-	-
Investment properties	480,000	630,000	-	-
Received in cash	683,241	1,066,800	-	30,000

## Statements of cash flows for the year ended 31 December 2022 (continued)

### (iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2021 RM	Net change from financing cash flows RM	Acquisition of hire purchase RM	Acquisition of new leases RM	Subtotal carried down At 31 December 2021/ 1 January 2022 RM
<b>Group</b>					
Term loans					
- secured	19,648,468	(2,485,952)	-	-	17,162,516
- unsecured	500,000	(100,000)	-	-	400,000
	20,148,468	(2,585,952)	-	-	17,562,516
Bankers' acceptance					
- secured	47,687,666	7,553,674	-	-	55,241,340
Hire purchase facilities					
- secured	5,857,476	(2,333,586)	2,336,500 <sup>^</sup>	-	5,860,390
Revolving credit					
- secured	-	6,699,048	-	-	6,699,048
Lease liabilities	6,487,938	(2,513,793)	-	2,688,055	6,662,200
<b>Total liabilities from financing activities</b>	<b>80,181,548</b>	<b>6,819,391</b>	<b>2,336,500</b>	<b>2,688,055</b>	<b>92,025,494</b>
<sup>^</sup> Included in the acquisition of hire purchase during the financial year is an amount of RM420,000 for assets acquired in the previous financial year.					
	Subtotal carried forward At 31 December 2021/ 1 January 2022 RM	Net change from financing cash flows RM	Acquisition of hire purchase RM	Acquisition of new leases RM	At 31 December 2022 RM
Term loans					
- secured	17,162,516	(2,180,971)	-	-	14,981,545
- unsecured	400,000	500,000	-	-	900,000
	17,562,516	(1,680,971)	-	-	15,881,545
Bankers' acceptance					
- secured	55,241,340	(3,535,261)	-	-	51,706,079
Hire purchase facilities					
- secured	5,860,390	(2,133,513)	3,408,810	-	7,135,687
Revolving credit					
- secured	6,699,048	11,361,714	-	-	18,060,762
Lease liabilities	6,662,200	(2,359,996)	-	3,360,413	7,662,617
<b>Total liabilities from financing activities</b>	<b>92,025,494</b>	<b>1,651,973</b>	<b>3,408,810</b>	<b>3,360,413</b>	<b>100,446,690</b>

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## Statements of cash flows for the year ended 31 December 2022 (continued)

### Notes

#### (iv) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash in hand and at banks (Note 13)	6,777,953	6,337,665	31,946	450,387
Less: Bank overdrafts (Note 16)	(1,955,245)	(2,081,248)	-	-
	<u>4,822,708</u>	<u>4,256,417</u>	<u>31,946</u>	<u>450,387</u>

#### (v) Cash outflows for leases as a lessee

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Included in net cash from operating activities</b>				
Interest paid in relation to lease liabilities	416,317	441,723	-	-
<b>Included in net cash from financing activities</b>				
Payment of lease liabilities	<u>2,359,996</u>	<u>2,513,793</u>	<u>-</u>	<u>-</u>
<b>Total cash outflows for leases</b>	<u>2,776,313</u>	<u>2,955,516</u>	<u>-</u>	<u>-</u>

The notes on pages 69 to 137 are an integral part of these financial statements.

## Notes to the financial statements

YKGI Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The addresses of the principal place of business and registered office of the Company are as follows:

### **Principal place of business**

Suite 27-1, Setia Avenue, No.2 Jalan Setia Prima S U13/5, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan.

### **Registered office**

Lot 712, Block 7, Demak Laut Industrial Park, 93050 Kuching, Sarawak.

The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2022 do not include other entities.

The Company is principally an investment holding company. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 25 April 2023.

## 1. Basis of preparation

### (a) Statement of compliance

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

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

MFRS/Amendment	Effective Date
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17, <i>Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative information</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112, <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16, <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

## Notes to the financial statements (continued)

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

The Group and the Company plan to apply the above mentioned accounting standards and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are assessed as presently not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 3, impairment assessment of property, plant and equipment;
- Note 4, extension options and incremental borrowing rate in relation to leases;
- Notes 8.4 and 26.3(a), impairment assessment of trade receivables and measurement of expected credit loss ("ECL"); and
- Note 9, valuation of inventories.



## Notes to the financial statements (continued)

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (v) *Non-controlling interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Group and the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (vi) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures 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.

#### (b) Foreign currency

##### (i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period (reporting date) are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

##### (ii) *Operations denominated in functional currencies other than Ringgit Malaysia ("RM")*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (b) Foreign currency (continued)

##### (ii) *Operations denominated in functional currencies other than Ringgit Malaysia ("RM")* (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (c) Financial instruments

##### (i) *Recognition and initial measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) *Financial instrument categories and subsequent measurement*

###### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

###### *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(k)(i)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment [see Note 2(k)(i)].

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (ii) *Financial instrument categories and subsequent measurement* (continued)

###### **Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

###### **Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

##### (iii) *Regular way purchase or sale of financial assets*

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company; and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any changes in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (iv) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

Liabilities arising from financial guarantees are presented together with other provisions.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (v) *Derecognition*

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (vi) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (d) Property, plant and equipment

##### (i) *Recognition and measurement*

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. 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.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

##### ***Property, plant and equipment under the revaluation model***

The Group and the Company revalue their properties comprising freehold land and buildings every three (3) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (d) Property, plant and equipment (continued)

##### (ii) *Subsequent costs*

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

##### (iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10, 20 and 50 years
Plant and machinery	5, 7, 8, 10, 15, 20 and 25 years
Office equipment, furniture and fittings, equipment and tools	2, 4, 5 and 10 years
Motor vehicles	5 and 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

#### (e) Leases

##### (i) *Definition of a lease*

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (e) Leases (continued)

##### (ii) Recognition and initial measurement

###### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

###### ***Right-of-use assets under the revaluation model***

The Group and the Company revalue their properties comprising leasehold land every three (3) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

###### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (e) Leases (continued)

##### (ii) Recognition and initial measurement (continued)

##### (b) As a lessor (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

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

##### (iii) Subsequent measurement

##### (a) As a lessee

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments (see Note 2(k)(i)).



## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (f) Investment properties carried at cost

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

Investment properties are measured at cost less any accumulated depreciation, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Depreciation is recognised to profit or loss on a straight-line basis over the estimated useful lives. The estimated useful life of building for the current and comparative periods is 50 years.

#### (g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of raw materials and consumables is measured based on both specific identification formula and first-in first-out basis while that of manufactured inventories and work-in-progress is measured based on weighted average cost basis. For trading inventories, cost is based on the specific identification basis.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

#### (h) Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

#### (i) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### (k) Impairment

##### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (k) Impairment (continued)

##### (ii) Other assets

The carrying amounts of other assets [except for inventories, contract assets and non-current assets classified as held for sale] are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

##### (iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (m) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries and annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### (iv) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (m) Employee benefits (continued)

##### (iv) *Share-based payment transactions* (continued)

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### (n) Revenue and other income

##### (i) *Revenue from contracts with customers*

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

The following are descriptions of principal activities from which the Group and the Company generate other revenue.

##### (ii) *Dividend income*

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (n) Revenue and other income (continued)

##### (iii) Rental income

Rental income from letting/hiring of assets is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as "revenue".

##### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

#### (o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### (p) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

#### (q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

#### (r) Operating segments

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

#### (s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## Notes to the financial statements (continued)

### 3. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings, and tools RM	Motor vehicles RM	Assets under construction RM	Total RM
<b>Cost/Valuation</b>							
At 1 January 2021	3,465,000	32,766,287	60,075,137	6,379,764	8,823,424	1,599,540	113,109,152
Additions	-	880,927	867,104	616,596	2,006,342	1,895,984	6,266,953
Disposals	-	-	(52,000)	-	(505,417)	-	(557,417)
Written off	-	-	-	(10,563)	-	-	(10,563)
Reclassification	-	2,471,321	-	-	-	(2,471,321)	-
At 31 December 2021/1 January 2022	3,465,000	36,118,535	60,890,241	6,985,797	10,324,349	1,024,203	118,808,125
Additions	-	638,804	3,862,872	883,046	1,149,502	2,278,463	8,812,687
Disposals	-	-	-	(655)	(71,705)	-	(72,360)
Written off	-	-	(6,448)	(87,434)	-	-	(93,882)
Reclassification	-	1,481,232	215,045	-	-	(1,696,277)	-
Reclassification from rights-of-use-assets	-	-	1,818,388	-	-	-	1,818,388
At 31 December 2022	3,465,000	38,238,571	66,780,098	7,780,754	11,402,146	1,606,389	129,272,958
<b>Representing items at:</b>							
Cost	-	8,762,183	66,780,098	7,780,754	11,402,146	1,606,389	96,331,570
Directors' valuation	3,465,000	29,476,388	-	-	-	-	32,941,388
	3,465,000	38,238,571	66,780,098	7,780,754	11,402,146	1,606,389	129,272,958



## Notes to the financial statements (continued)

### 3. Property, plant and equipment (continued)

Group	Freehold land	Buildings	Plant and machinery	Office equipment, furniture and fittings, and equipment and tools	Motor vehicles	Assets under construction	Total
	RM	RM	RM	RM	RM	RM	RM
<b>Depreciation/impairment</b>							
At 1 January 2021	-	1,070,958	47,004,005	4,635,546	6,375,722	-	59,086,231
Depreciation for the year	-	2,229,862	2,912,659	568,615	974,651	-	6,685,787
Disposals	-	-	(52,000)	-	(505,416)	-	(557,416)
Written off	-	-	-	(6,102)	-	-	(6,102)
Accumulated depreciation	-	3,300,820	43,626,623	5,198,059	6,844,957	-	58,970,459
Accumulated impairment loss	-	-	6,238,041	-	-	-	6,238,041
At 31 December 2021/1 January 2022	-	3,300,820	49,864,664	5,198,059	6,844,957	-	65,208,500
Depreciation for the year	-	2,595,425	2,618,688	529,026	1,099,885	-	6,843,024
Disposals	-	-	-	(655)	(68,715)	-	(69,370)
Written off	-	-	(5,241)	(64,918)	-	-	(70,159)
Reclassification from rights-of-use-assets	-	-	590,976	-	-	-	590,976
Accumulated depreciation	-	5,896,245	46,831,046	5,661,512	7,876,127	-	66,264,930
Accumulated impairment loss	-	-	6,238,041	-	-	-	6,238,041
At 31 December 2022	-	5,896,245	53,069,087	5,661,512	7,876,127	-	72,502,971
<b>Carrying amounts</b>							
At 31 December 2021/1 January 2022	3,465,000	32,817,715	11,025,577	1,787,738	3,479,392	1,024,203	53,599,625
At 31 December 2022	3,465,000	32,342,326	13,711,011	2,119,242	3,526,019	1,606,389	56,769,987

## Notes to the financial statements (continued)

### 3. Property, plant and equipment (continued)

<u>Company</u>	<b>Plant and machinery RM</b>	<b>Office equipment, furniture and fittings, equipment and tools RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>Cost/Valuation</b>				
At 1 January 2021	10,580,252	1,129,842	1,385,836	13,095,930
Disposals	-	-	(97,900)	(97,900)
At 31 December 2021/ 1 January 2022				
At 31 December 2022	10,580,252	1,129,842	1,287,936	12,998,030
<b>Representing items at:</b>				
Cost	10,580,252	1,129,842	1,287,936	12,998,030
<b>Depreciation</b>				
At 1 January 2021	9,463,555	1,048,440	1,167,767	11,679,762
Depreciation for the year	793,519	75,671	104,848	974,038
Disposals	-	-	(97,900)	(97,900)
Accumulated depreciation	4,019,033	1,124,111	1,174,715	6,317,859
Accumulated impairment loss	6,238,041	-	-	6,238,041
At 31 December 2021/ 1 January 2022	10,257,074	1,124,111	1,174,715	12,555,900
Depreciation for the year	110,509	5,731	102,033	218,273
Disposals				
Accumulated depreciation	4,129,542	1,129,842	1,276,748	6,536,132
Accumulated impairment loss	6,238,041	-	-	6,238,041
At 31 December 2022	10,367,583	1,129,842	1,276,748	12,774,173
<b>Carrying amounts</b>				
At 31 December 2021/ 1 January 2022	323,178	5,731	113,221	442,130
At 31 December 2022	212,669	-	11,188	223,857

## Notes to the financial statements (continued)

### 3. Property, plant and equipment (continued)

#### 3.1 Impairment review of property, plant and equipment

In the previous year, the Group and the Company have evaluated whether certain idle plant and machineries are stated in excess of their recoverable amounts. The recoverable amounts of these assets, which were part of the Coated Coil Business Assets, are based on their estimated fair values, which are determined based on Directors' best estimate with reference to the market values of similar assets and after taking into accounts the age and physical condition of the assets.

Following the assessment made by the Directors, allowance of impairment loss amounting to RM6,238,041 has been provided for the affected plant and machineries.

During the current year under review, the Company re-evaluated the recoverable amount of the idle plant and machineries based on the same basis applied thereto and concluded that neither further impairment loss is necessary nor any reversal of impairment loss previously made is required.

#### 3.2 Security

The following property, plant and equipment are charged as security for certain loans and borrowings (see Note 16).

Group	Carrying amounts	
	2022 RM	2021 RM
<u>Fixed legal charges</u>		
Freehold land	3,465,000	3,465,000
Buildings	26,060,779	28,980,810
	<u>26,060,779</u>	<u>28,980,810</u>

#### 3.3 Plant and equipment under hire purchase facilities

The carrying amounts of the property, plant and equipment under hire purchase facilities are as follows:

	Group	
	2022 RM	2021 RM
Plant and machinery	5,092,833	3,762,564
Motor vehicles	3,457,032	2,705,856
Total	<u>8,549,865</u>	<u>6,468,420</u>

Assets under hire purchase facilities are charged to secure the hire purchase borrowings of the Group (see Note 16).

#### 3.4 Property, plant and equipment under the revaluation model

The freehold land and buildings of the Group are stated at revalued amount according to the Group's revaluation accounting policy [Note 2(d)(i)].

Freehold land is not depreciated. Had the buildings been carried under the cost model, the carrying amounts, net of any accumulated impairment loss where applicable, that would have been included in the financial statements at the end of the year are as follows:

Carrying Amount	Group	
	2022 RM	2021 RM
Buildings	<u>9,324,895</u>	<u>9,903,028</u>

## Notes to the financial statements (continued)

### 4. Right-of-use assets - Group

	Leasehold land RM	Buildings RM	Machinery RM	Total RM
<b>Cost</b>				
At 1 January 2021	18,452,000	6,629,494	4,527,388	29,608,882
Addition	-	2,762,512	-	2,762,512
Disposal	(286,960)	-	-	(286,960)
Derecognition	-	(74,457)	-	(74,457)
At 31 December 2021/ 1 January 2022	18,165,040	9,317,549	4,527,388	32,009,977
Addition	-	3,360,413	-	3,360,413
Disposal	-	(237,317)	-	(237,317)
Reclassification to property, plant and equipment	-	-	(1,818,388)	(1,818,388)
At 31 December 2022	18,165,040	12,440,645	2,709,000	33,314,685
<b>Representing items at:</b>				
Cost	-	12,440,645	2,709,000	15,149,645
Directors' valuation	18,165,040	-	-	18,165,040
	18,165,040	12,440,645	2,709,000	33,314,685
<b>Accumulated depreciation</b>				
At 1 January 2021	167,824	3,153,406	927,124	4,248,354
Depreciation for the year	484,045	1,132,130	452,740	2,068,915
Disposal	(3,679)	-	-	(3,679)
Derecognition	-	(38,342)	-	(38,342)
At 31 December 2021/ 1 January 2022	648,190	4,247,194	1,379,864	6,275,248
Depreciation for the year	489,500	1,252,206	452,740	2,194,446
Disposal	-	(68,967)	-	(68,967)
Reclassification to property, plant and equipment	-	-	(590,976)	(590,976)
At 31 December 2022	1,137,690	5,430,433	1,241,628	7,809,751
<b>Carrying amount</b>				
At 31 December 2021	17,516,850	5,070,355	3,147,524	25,734,729
At 31 December 2022	17,027,350	7,010,212	1,467,372	25,504,934

The Group leases a number of office buildings and factory facilities that run between 3 years and 10 years, with an option to renew the lease after that date. Lease payments are increased every two to five years to reflect current market rentals. The Group also has three parcels of lands of which the lease term expire in 2052, 2053 and 2098 respectively.

#### 4.1 Extension options

The lease of buildings contains extension options exercisable by the Group up to 3 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencements whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

## Notes to the financial statements (continued)

### 4. Right-of-use assets - Group (continued)

#### 4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

#### 4.3 Right-of-use assets under the revaluation model

The Group revalues its properties comprising right-of-use leasehold land every three (3) years and at shorter intervals whenever the fair values of the revalued assets is expected to differ materially from their carrying value.

Had the leasehold land been carried under the cost model, its carrying amounts, net of any accumulated depreciation and accumulated impairment loss where applicable, that would have been included in the financial statements at the end of the financial year are as follows:

	2022 RM	2021 RM
<b>Carrying amounts</b>		
Short-term leasehold land	1,979,393	2,042,755
Long-term leasehold land	3,452,535	3,507,297
	5,431,928	5,550,052

#### 4.4 Security

The following right-of-use assets are charged as security for certain loans and borrowings (see Note 16).

	Carrying amounts	
	2022 RM	2021 RM
<b>Group</b>		
<u>Fixed legal charges</u>		
Leasehold land	17,027,350	17,516,850

### 5. Investment properties - Group

	Buildings RM
<b>At cost</b>	
At 1 January 2021	2,365,170
Disposal	(630,000)
At 31 December 2021/1 January 2022	1,735,170
Addition	100,000
Disposal	(458,000)
At 31 December 2022	1,377,170
<b>Accumulated amortisation</b>	
At 1 January 2021	46,833
Charge for the year	43,263
Disposal	(21,200)
At 31 December 2021/1 January 2022	68,896
Charge for the year	27,314
At 31 December 2022	96,210

## Notes to the financial statements (continued)

### 5. Investment properties - Group (continued)

	<b>Buildings RM</b>
<b>Carrying amount</b>	
At 31 December 2021/1 January 2022	<u>1,666,275</u>
At 31 December 2022	<u>1,280,960</u>
<b>Fair value</b>	
At 31 December 2021/1 January 2022	<u>1,980,000</u>
At 31 December 2022	<u>1,600,000</u>

#### 5.1 Fair value information

Fair value of investment properties is categorised as follows:

	<b>Level 3</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Buildings	<u>1,600,000</u>	<u>1,980,000</u>

#### Level 3 fair value

The Level 3 fair value of investment properties, determined for disclosure purposes, is generally ascertained by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

	<b>RM</b>
At 1 January 2021	2,588,000
Disposal	<u>(608,000)</u>
At 31 December 2021/1 January 2022	1,980,000
Addition	100,000
Disposal	<u>(480,000)</u>
At 31 December 2022	<u>1,600,000</u>

### 6. Investment in subsidiaries - Company

	<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Unquoted shares, at cost	<u>44,054,111</u>	<u>44,054,111</u>

## Notes to the financial statements (continued)

### ***For the financial year ended 31 December 2022***

#### *Subscription of existing indirect subsidiary*

On 5 January 2022, an indirect subsidiary, ASTEEL (Sarawak) Sdn. Bhd. has subscribed to additional 90,000 ordinary shares in an existing indirect subsidiary, AS Tiles & Interior Design Sdn. Bhd. for a total cash consideration of RM90,000 while the minority shareholders subscribed to an additional 10,000 new ordinary shares in AS Tiles & Interior Design Sdn. Bhd. for a cash consideration of RM10,000.

Later on 23 June 2022, an indirect subsidiary, ASTEEL (Sarawak) Sdn. Bhd. has subscribed to additional 140,000 ordinary shares in an existing indirect subsidiary, AS Tiles & Interior Design Sdn. Bhd. for a total cash consideration of RM140,000 while the minority shareholders subscribed to an additional 60,000 new ordinary shares in AS Tiles & Interior Design Sdn. Bhd. for a cash consideration of RM60,000.

### ***For the financial year ended 31 December 2021***

#### *Changes in ownership interests in an existing subsidiary*

In the year 2020, the Company has received a written notice from a corporate shareholder of their intention to exercise the share charged on ASTEEL Resources Sdn. Bhd. ("ARSB") of 19.64% equity interest, as a form of settlement of debts due to the corporate shareholder, which is equivalent to a total consideration of RM9,505,472. On 15 March 2021, the Company has completed the share transfer of 19.64% of ARSB's shares, which was previously a 100% owned subsidiary. The resultant equity interest held by the Company in ARSB decreased from 100% to 80.36%.

The change in the ownership interest was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group's share of net assets of RM553,046 was adjusted against the retained earnings account. The Group also recognised an increase in non-controlling interests of RM10,058,518.

Following the shares transferred, the Company has also recognised a gain on disposal of subsidiary of RM6,756,318, after deducting the cost of investment of RM2,749,154.

#### *Incorporation and subscription of new and existing indirect subsidiaries*

On 15 January 2021, AS Scaffolding Sdn. Bhd. was incorporated in Malaysia with total share capital of RM10,000 and held by an indirect subsidiary ASTEEL Sdn. Bhd..

On 19 January 2021, an indirect subsidiary, ASTEEL (Sarawak) Sdn. Bhd. has subscribed to additional 249,900 ordinary shares in an existing indirect subsidiary, AS Singai Sdn. Bhd. for a total cash consideration of RM249,900 while the minority shareholders subscribed to an additional 240,100 new ordinary shares in AS Singai Sdn. Bhd. for a cash consideration of RM240,100.

On 9 April 2021, ASTEEL (NZ) Private Limited was incorporated in New Zealand with total share capital of NZD100 held by a direct subsidiary ASTEEL Resources Sdn. Bhd..

On 19 April 2021, an indirect subsidiary, ASTEEL (Sarawak) Sdn. Bhd. acquired 140,000 ordinary shares of Huadar Painting & Contractor Sdn. Bhd., now known as AS Trans Paint Sdn Bhd ("ASTP"), representing 70% shares, for a cash consideration of RM100,800.

#### *Issuance of Redeemable Cumulative Preference Shares ("RCPS") of an indirect subsidiary*

On 8 January 2021, the Company's indirect subsidiary, ASTEEL Ajiya Sdn. Bhd. ("AASB") and a related party, Asia Roofing Industries Sdn. Bhd. ("ARISB") had completed a subscription agreement to subscribe to 2,000,000 RCPS for a total cash consideration of RM2,000,000. ARISB is a subsidiary company of the minority shareholder of AASB. The RCPS are not convertible and do not have any voting rights. The RCPS holder is entitled to receive dividends as declared from time to time.

This transaction was accounted for as an equity transaction between the Group and non-controlling interests.

## Notes to the financial statements (continued)

### 6. Investment in subsidiaries - Company (continued)

#### 6.1 Details of the subsidiaries

The subsidiaries which are all incorporated and principal place of business in Malaysia, are as follows:

Subsidiary	Principal activities	Effective ownership interest/Voting interest	
		2022 %	2021 %
<u>Direct</u>			
ASTEEL Resources Sdn. Bhd. ("ARSB")	Investment holding	80.36	80.36
Starshine Holdings Sdn. Bhd. ("SSH")	Investment holding	100	100
<u>Indirect through SSH</u>			
Star Shine Marketing Sdn. Bhd. ("SSM")	Trading of coated and non-coated steel sheets in coils and building materials	100	100
Star Shine Global Trading Sdn. Bhd.	Inactive	100	100
Starshine Industries Sdn. Bhd.	Inactive	100	100
<u>Indirect through SSM</u>			
Starshine Resources Sdn. Bhd.	Inactive	100	100
ASTAR Steel Sdn. Bhd.	Processors and distributors of iron and steel and roofing supply and installation	51.41	51.41
Star Shine Steel Products Sdn. Bhd.	Manufacture and sale of metal roofing and related products and trading in building material	100	100
<u>Indirect through ARSB</u>			
ASTEEL Sdn. Bhd. ("ASB")	Manufacture and sale of metal roofing, coated steel products and related products	100	100
ASTEEL (Sabah) Sdn. Bhd.	Manufacture and sale of metal roofing and related products and trading in building materials and hardware	100	100



## Notes to the financial statements (continued)

### 6. Investment in subsidiaries - Company (continued)

#### 6.1 Details of the subsidiaries (continued)

Subsidiary	Principal activities	Effective ownership interest/Voting interest	
		2022 %	2021 %
<u>Indirect through ARSB (continued)</u>			
ASTEEL Development Sdn. Bhd.	Supply and install steel truss, construction and renovation works	100	100
ASTEEL Ajiya Sdn. Bhd.	Manufacture and sale of safety glass and industrialised building systems products	60	60
ASTEEL Works Sdn. Bhd.	Processing and supply of façade products and metal fabrication	100	100
ASTEEL Dynamic Sdn. Bhd.	Inactive	100	100
ASTEEL Synergy Sdn. Bhd.	Manufacture and sale of metal roofing, coated steel products and related products	100	100
ASTEEL (Sarawak) Sdn. Bhd. ("ASWK")	Manufacture and sale of metal roofing, coated steel products and related products	100	100
ASTEEL (NZ) Private Limited^^	Inactive	100	100
<u>Indirect through ASWK</u>			
AS Tiles & Interior Design Sdn. Bhd.	Trading of flooring products, interior design and renovation works	70	60
AS Singai Sdn. Bhd.	Trading of hardware and building materials	51	51
AS Trans Paint Sdn. Bhd.	Trading of paint products	70	70
<u>Indirect through ASB</u>			
AS Scaffolding Sdn Bhd	Inactive	100	100

^^ Not audited by member firms of KPMG PLT

## Notes to the financial statements (continued)

### 6. Investment in subsidiaries - Company (continued)

#### 6.2 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	<u>2022</u>		
	<b>ASTAR Steel Sdn. Bhd. RM</b>	<b>ASTEEL Resources Sdn. Bhd. and its subsidiaries RM</b>	<b>Total RM</b>
NCI percentage of ownership interest and voting interest	48.59%	19.64%	
Carrying amount of NCI	3,600,979	15,183,957	18,784,936
Profit allocated to NCI	395,972	300,209	696,181
	<u>2021</u>		
	<b>ASTAR Steel Sdn. Bhd. RM</b>	<b>ASTEEL Resources Sdn. Bhd. and its subsidiaries RM</b>	<b>Total RM</b>
NCI percentage of ownership interest and voting interest	48.59%	19.64%	
Carrying amount of NCI	3,205,007	14,847,348	18,052,355
Profit allocated to NCI	22,162	1,660,363	1,682,525

#### Summarised financial information before intra-group elimination

	<u>2022</u>	
	<b>ASTAR Steel Sdn. Bhd. RM</b>	<b>ASTEEL Resources Sdn. Bhd. and its subsidiaries RM</b>
<b>As at 31 December</b>		
Non-current assets	9,866,484	73,755,671
Current assets	19,169,167	118,108,805
Non-current liabilities	(3,999,805)	(23,991,159)
Current liabilities	(17,586,906)	(105,753,635)
Net assets	7,448,940	62,119,682
Revenue	30,122,079	223,528,016
Profit/(loss) for the financial year	814,924	(212,969)
Cash flows from operating activities	1,586,346	11,757,913
Cash flows used in investing activities	(260,069)	(11,755,549)
Cash flows used in financing activities	(1,490,805)	(4,776,494)
Net decrease in cash and cash equivalents	(164,528)	(4,774,130)

## Notes to the financial statements (continued)

### 6. Investment in subsidiaries - Company (continued)

#### 6.2 Non-controlling interests in subsidiaries (continued)

##### Summarised financial information before intra-group elimination (continued)

	2021	
	ASTAR Steel Sdn. Bhd. RM	ASTEEL Resources Sdn. Bhd. and its subsidiaries RM
<b>As at 31 December</b>		
Non-current assets	10,011,488	71,108,345
Current assets	15,802,072	102,174,679
Non-current liabilities	(4,319,070)	(23,913,878)
Current liabilities	(14,860,470)	(87,022,305)
Net assets	<u>6,634,020</u>	<u>62,346,841</u>
Revenue	20,094,380	198,958,339
Profit for the financial year	<u>45,610</u>	<u>9,642,839</u>
Cash flows (used in)/from operating activities	(110,662)	379,906
Cash flows used in investing activities	(20,284)	(5,394,080)
Cash flows (used in)/ from financing activities	(492,181)	5,472,987
Net (decrease)/increase in cash and cash equivalents	<u>(623,127)</u>	<u>458,813</u>

### 7. Other investments - Group

	Group	
	2022 RM	2021 RM
Quoted investment	21,400	21,400
Less: Impairment loss	(11,625)	(11,625)
	<u>9,775</u>	<u>9,775</u>

The recoverable amount was estimated with reference to the market value and as at 31 December 2022, the fair value of the quoted investment is RM19,150 (2021: RM15,400).

## Notes to the financial statements (continued)

### 8. Trade and other receivables

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current</b>				
<b>Non-trade</b>				
Subsidiary	8.1	-	5,000,000	5,000,000
<b>Current</b>				
<b>Trade</b>				
Trade receivables				
from contracts				
with customers	8.2	47,354,847	45,455,707	207,239
Less: Allowance for				
impairment losses	8.4	(4,066,098)	(3,541,475)	(207,239)
		43,288,749	41,914,232	-
<b>Non-trade</b>				
Subsidiaries	8.3	-	9,451,963	7,019,551
Other receivables		1,958,890	2,219,580	1,568,901
Less: Allowance for				
impairment losses	8.4	(1,619,664)	(1,519,664)	(1,519,664)
		339,226	699,916	49,237
		339,226	699,916	7,068,788
		43,627,975	42,614,148	9,490,951
<b>Total</b>		<b>43,627,975</b>	<b>42,614,148</b>	<b>14,490,951</b>
				<b>12,068,788</b>

8.1 Advance to a subsidiary is interest-bearing at 3.5% (2021: 3.5%) per annum and due within 3 years (2021: 4 years).

8.2 Included in the trade receivables of the Group as at 31 December 2022 is amount due from eleven (2021: ten) related parties amounting to RM2,965,620 (2021: RM5,084,879), with credit term of 7 days to 60 days.

8.3 Included in the amount due from subsidiaries is an amount of RM5,030,000 (2021: RM2,400,000), bearing interest of 3.5% per annum (2021: 3.5% per annum). The remaining non-trade balance due from subsidiaries are unsecured, interest free and repayable on demand.

#### 8.4 Assessment of impairment loss on receivables

The Group has applied MFRS 9, *Financial Instrument* and has use an allowance matrix to measure Expected Credit Loss ("ECL"). The calculation of the impairments under ECL model is based on historical record. These include assessment of customers' past payment records and the age of receivables. The evaluation is however inherently judgemental and requires estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to significant changes.

## Notes to the financial statements (continued)

### 9. Inventories - Group

	Note	2022 RM	2021 RM
<b>At cost</b>			
Raw materials		24,752,674	32,889,772
Work-in-progress		11,206,416	12,828,463
Manufactured inventories		8,465,865	6,784,590
Trading products		17,474,912	11,342,358
Consumables		419,560	460,649
Subtotal		<u>62,319,427</u>	<u>64,305,832</u>
<b>At net realisable value</b>			
Raw materials		3,576,523	-
Manufactured inventories		3,802,632	570,415
Trading products		1,690,212	-
Subtotal	9.1	<u>9,069,367</u>	<u>570,415</u>
Total		<u>71,388,794</u>	<u>64,876,247</u>

#### Recognised in profit or loss:

	2022 RM	2021 RM
Inventories recognised as cost of sales	240,870,186	195,593,329
Write-down to net realisable value	1,353,847	216,741
Total recognised in profit or loss	<u>242,224,033</u>	<u>195,810,070</u>

9.1 The Group evaluated the inventories as at the end of the reporting period to determine if any of these inventory would not be saleable at or above their cost. Following the evaluation, the Group wrote down certain inventories (comprising mainly low-grade inventories) to their net realisable value. The cost of write down is included in the cost of sales for the year.

### 10. Contract with customers - Group

	2022 RM	2021 RM
Contract assets	<u>8,911,457</u>	<u>3,009,717</u>
Contract liabilities	<u>3,903,148</u>	<u>4,468,068</u>

The contract assets primarily relate to the Group's rights to consideration for work completed on roofing supply and installation but not yet billed at the reporting date. The changes in contract assets are due to the differences between the agreed payment schedule and progress of the construction work. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers in excess of the Group's rights to the consideration. The contract liabilities are recognised as revenue when the Group fulfills its performance obligation under the contracts with customers.

## Notes to the financial statements (continued)

### 11. Deposits and prepayments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits	1,348,540	4,371,719	7,000	2,800
Prepayments	486,369	363,496	24,874	23,934
	<u>1,834,909</u>	<u>4,735,215</u>	<u>31,874</u>	<u>26,734</u>

Included in deposits of the Group in the previous year was an amount of RM1,628,329 and RM975,803 paid in advance to suppliers for the purchase of machineries and raw materials respectively.

### 12. Other financial assets - Group

	Group	
	2022 RM	2021 RM
Deposits placed with licensed banks	<u>18,922,480</u>	<u>10,767,209</u>

The fixed deposits were pledged to secure bank facilities granted for certain subsidiaries (see Note 16).

### 13. Cash and cash equivalents

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash in hand and at banks	<u>6,777,953</u>	<u>6,337,665</u>	<u>31,946</u>	<u>450,387</u>

### 14. Assets classified as held for sale - Group

	Group	
	2022 RM	2021 RM
<b><i>Assets classified as held for sale</i></b>		
Arising from a debt settlement arrangement	380,250	380,250
Less: impairment loss	(20,250)	(20,250)
	<u>360,000</u>	<u>360,000</u>

In the prior years, the Group had entered into a debt settlement arrangement with a certain debtor with the consideration of RM380,250 settled through transfer of a property to the Group. Upon the delivery of vacant possession on 27 May 2019, the Group had classified this property as assets held for sale as efforts to sell this property has commenced.

## Notes to the financial statements (continued)

### 15. Capital and reserves

#### 15.1 Share capital

	Group and Company			
	Amount		Number of shares	
	2022 RM	2021 RM	2022	2021
<i>Issued and fully paid shares with no par value classified as equity instruments:</i>				
<i>Ordinary shares</i>				
Opening balances	36,635,420	32,843,470	440,794,516	420,821,016
Issued for cash under Private Placement	4,359,228	1,880,785	44,075,000	10,000,000
Issued for cash under ESOS	-	1,911,165	-	9,973,500
Closing balances	40,994,648	36,635,420	484,869,516	440,794,516
<i>Redeemable convertible preference shares</i>				
Opening balances and closing balances	12,831,931	12,831,931	21,726,100	21,726,100
Total	53,826,579	49,467,351	506,595,616	462,520,616

#### *Ordinary shares*

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 4 August 2022, the Company issued 9,000,000 new ordinary shares pursuant to the mandate under Section 75 and 76 of the Companies' Act 2016 which was obtained during the Annual General Meeting held on 24 June 2022 with an issue price of RM0.113 per share and raised a net proceed of RM1,008,864. Subsequently on 8 November 2022, the Company issued another 35,075,000 new ordinary shares under the same mandate with an issue price of RM0.096 per share and raised RM3,350,364.

Total issued and paid-up share capital of the Company increased from RM49,467,351 to RM53,826,579 by additional issuance of 44,075,000 new ordinary shares pursuant to the above issuances.

In the month of September 2021, the Company issued 10,000,000 new ordinary shares to Macquarie Bank Limited under the Proposed Subscription in five tranches with average issue price of RM0.1984 per share and raised a net proceed of RM1,880,785. In the financial year 2021, the Company also issued 9,973,500 new ordinary shares under the Employees Share Option Scheme and raised RM1,911,165.

## Notes to the financial statements (continued)

### 15. Capital and reserves (continued)

#### 15.1 Share capital (continued)

##### ***Redeemable convertible preference shares ("RCPS")***

All outstanding RCPS may be redeemed by the Company at its option at any time after the tenth (10th) anniversary of their issue, by giving three (3) months notice to the holders of the RCPS. The RCPS rank equally with regards to the Company's residual assets, except that RCPS holders participate only to the extent of the par value of the preference shares.

The RCPS confers the holders thereof the following rights and privileges and is subject to the following conditions:

- i) Each RCPS shall be convertible, at the option of the holder thereof, at any time after its date of issue ("original date of issue") but prior to redemption, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares as is determined by dividing the original acquisition price by the RCPS conversion price in effect at the time of conversion. The RCPS conversion price shall initially be equal to the original acquisition price per RCPS.
- ii) No fractional shares shall be issued upon conversion of the RCPS. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by:
  - (1) where the shares are listed and quoted on Bursa Malaysia at the conversion time, the arithmetic mean of the daily volume weighted average price of the ordinary shares during the period of 5 market days immediately preceding the conversion time; or
  - (2) where the shares cease to be listed and quoted on Bursa Malaysia at the conversion time, the fair market value of the shares as determined in good faith by the Board of Directors of the Company.

Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of RCPS the holder is at the time converting into shares and the aggregate number of shares issuable upon such conversion.
- iii) The RCPS shall rank in priority both as regards payment of dividends and repayment of capital in priority to all classes of shares of the Company and are not transferable.
- iv) The holder of RCPS are not entitled to participate in the profits or assets of the Company beyond such rights as are expressly set out in the Memorandum and Articles of the Company and except in the event of the winding-up of the Company as hereinafter provided.
- v) The RCPS shall carry the right to receive a non-cumulative dividend at a rate to be determined by the Board of Directors of the Company provided always that such rate shall not be less than 10% above that declared on the ordinary shares in issue in any financial year.
- vi) The RCPS will not be listed on Bursa Malaysia and/or any other foreign stock exchange.
- vii) The holder of the RCPS will be entitled to vote in each of the following circumstances and in no others:
  - (a) when a dividend (or part of a dividend) in respect of the RCPS is in arrears;
  - (b) to reduce the Company's share capital or share premium account;
  - (c) to vary, modify, abrogate or otherwise affect the rights and privileges attached to the RCPS;
  - (d) to wind up, dissolve, amalgamate, merge or consolidate the Company with any other body corporate;
  - (e) to dispose the whole or a substantial part of the Company's property, business and undertakings;
  - (f) during the winding up of the Company; and
  - (g) to alter the Memorandum and Articles of the Company.



## Notes to the financial statements (continued)

### 15. Capital and reserves (continued)

#### 15.1 Share capital (continued)

##### *Redeemable convertible preference shares ("RCPS") (continued)*

- viii) Whenever a holder of a RCPS has the right to vote at a general meeting of the Company, that holder has the same right to vote (both on a show of hands and on a poll) as a holder of ordinary shares and has the same rights as the holder of ordinary shares in respect of all proceedings at that general meeting.
- ix) A holder of a RCPS has the same rights as a holder of ordinary shares in relation to receiving notices, reports and audited accounts and attending meetings of the Company.

#### 15.2 Reserves

##### *Revaluation reserve*

Revaluation reserve (net of deferred tax liability recognised) represents non distributable surplus arising from the revaluation of freehold land and leasehold land. The revaluation reserve has been reclassified to certain retained earnings following the disposal of the freehold land.

##### *Employee share option reserve*

	Group and Company	
	2022 RM	2021 RM
At 1 January	177,054	49,405
Recognition of share options reserve	89,136	127,649
At 31 December	<u>266,190</u>	<u>177,054</u>

The employee share option reserve represents the value of equity-settled share options granted to employees.

As at 31 December 2022, the remaining outstanding ESOS is 37,389,900 (2021: 40,439,900) (see Note 30).

##### *Translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## Notes to the financial statements (continued)

### 16. Loans and borrowings - Group

	2022 RM	2021 RM
<b>Non-current</b>		
Term loans		
- secured	12,816,223	14,535,581
Hire purchase facilities		
- secured	5,234,541	3,945,879
	18,050,764	18,481,460
<b>Current</b>		
Term loans		
- secured	2,165,322	2,626,935
- unsecured	900,000	400,000
	3,065,322	3,026,935
Hire purchase facilities - secured	1,901,146	1,914,511
Bankers' acceptances - secured	51,706,079	55,241,340
Revolving credits - secured	18,060,762	6,699,048
Bank overdrafts - secured	1,955,245	2,081,248
	76,688,554	68,963,082
Total	94,739,318	87,444,542

#### (i) Security

##### Bank overdrafts, term loans and bankers' acceptances

- Secured by a pledge of term deposits (see Note 12).
- Secured by fixed charges over certain subsidiaries' long-term leasehold land and buildings erected thereon (see Note 3 and 4).

##### Hire purchase facilities

Hire purchase facilities are secured on the assets (see Note 3). Hire purchase facilities of certain subsidiaries amounted to RM 4,336,671 (2021: RM3,824,132) are jointly and severally guaranteed by certain Directors of the Company and of its subsidiaries.

##### Revolving credits

The revolving credits of the Group is secured by corporate guarantee of the Company and certain long-term leasehold land of the Group (see Note 4).

#### (ii) Significant covenants on loans and borrowings

The Group is required to maintain a gearing ratio not exceeding 2.00 times (2021: 2.00 times) respectively in respect of the banking facilities granted by a licensed bank to the Group. This gearing ratio is to be reverted back to 1.50 times by financial year 2023. The Group has complied with this requirement as at the end of the financial year.

## Notes to the financial statements (continued)

### 16. Loans and borrowings - Group (continued)

#### (iii) Hire purchase facilities

Hire purchase facilities are payable as follows:

	Payment RM	Interest RM	Principal RM
<b>Group</b>			
<b>2022</b>			
Less than one year	2,346,179	445,033	1,901,146
Between one and five years	5,625,666	611,381	5,014,285
More than 5 years	240,624	20,368	220,256
	<u>8,212,469</u>	<u>1,076,782</u>	<u>7,135,687</u>
<b>2021</b>			
Less than one year	2,267,852	353,341	1,914,511
Between one and five years	4,155,289	521,477	3,633,812
More than 5 years	356,125	44,058	312,067
	<u>6,779,266</u>	<u>918,876</u>	<u>5,860,390</u>

### 17. Lease liabilities - Group

	Group	
	2022 RM	2021 RM
<b>Non-current</b>		
Lease liabilities	<u>6,138,387</u>	<u>4,661,239</u>
<b>Current</b>		
Lease liabilities	<u>1,524,230</u>	<u>2,000,961</u>
Total lease liabilities	<u>7,662,617</u>	<u>6,662,200</u>

Lease liabilities are relating to leases of buildings and machinery recognised in accordance with MFRS 16, *Leases*.

## Notes to the financial statements (continued)

### 18. Deferred tax

#### Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment	-	-	(529,000)	(308,000)	(529,000)	(308,000)
Revaluation reserve	-	-	(5,447,000)	(5,717,000)	(5,447,000)	(5,717,000)
Trade and other payables	1,780,000	719,600	-	-	1,780,000	719,600
Tax assets/(liabilities)	1,780,000	719,600	(5,976,000)	(6,025,000)	(4,196,000)	(5,305,400)
Set off of tax	(1,780,000)	(719,600)	1,780,000	719,600	-	-
Net tax liabilities	-	-	(4,196,000)	(5,305,400)	(4,196,000)	(5,305,400)

Movements in deferred tax during the year are as follows:

Group	At 1.1.2021 RM	Recognised in profit or loss RM	At 31.12.2021/ 1.1.2022 RM	Recognised in profit or loss RM	At 31.12.2022 RM
	Property, plant and equipment	(24,000)	(284,000)	(308,000)	(221,000)
Revaluation reserve	(6,004,000)	287,000	(5,717,000)	270,000	(5,447,000)
Trade and other payables	576,700	142,900	719,600	1,060,400	1,780,000
	(5,451,300)	145,900	(5,305,400)	1,109,400	(4,196,000)

(Note 23)

(Note 23)

## Notes to the financial statements (continued)

### 18. Deferred tax (continued)

#### *Unrecognised deferred tax*

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Foreign exchange gains	-	(75,000)	-	(75,000)
Capital allowances carried forward	(20,844,000)	(20,919,000)	137,000	257,000
Tax losses carried forward	(53,366,000)	(48,658,000)	(36,879,000)	(35,628,000)
Provisions	(1,289,000)	(329,000)	(73,000)	(207,000)
Reinvestment allowances carried forward	(16,152,000)	(16,152,000)	-	-
	<u>(91,651,000)</u>	<u>(86,133,000)</u>	<u>(36,815,000)</u>	<u>(35,653,000)</u>
Deferred tax assets	<u>(21,995,000)</u>	<u>(20,672,000)</u>	<u>(8,836,000)</u>	<u>(8,557,000)</u>

Pursuant to the Finance Act 2021, tax losses carried forward from a year of assessment can only be carried forward up to 10 consecutive years of assessment. Capital allowance carried forward do not expire under the current tax legislation. In the case of a dormant company, such losses will not be available to the company if there has been a change of 50% or more in the shareholdings thereof. The deferred tax assets in respect of tax losses carried forward have not been recognised because it is uncertain if future sustainable taxable profits of sufficient quantum will be available against which the affected group entities can utilise the benefits therefrom.

Reinvestment allowances and tax losses carried forward will expire in the respective Year of Assessment shown below:

Expiring in Year of Assessment	Group RM	Company RM
<b>Reinvestment allowances carried forward</b>		
2028	16,152,000	-
<b>Tax losses carried forward</b>		
2028	11,088,000	-
2029	31,789,000	31,297,000
2030	4,331,000	4,331,000
2031	888,000	-
2032	5,270,000	1,251,000
<b>Total</b>	<u>53,366,000</u>	<u>36,879,000</u>

## Notes to the financial statements (continued)

### 19. Trade and other payables

	Group		Company	
	2022 RM	2022 RM	2022 RM	2022 RM
<b>Trade</b>				
Trade payables	32,049,197	20,285,834	9,430	1,369,979
<b>Non-trade</b>				
Subsidiaries	-	-	-	1,249
Other payables	7,419,340	2,209,230	28,136	132,530
Accrued expenses	5,215,234	4,694,037	375,221	413,321
SST payable	92,933	70,202	-	-
Sub-total	12,727,507	6,973,469	403,357	547,100
Total	44,776,704	27,259,303	412,787	1,917,079

Included in the trade payables of the Group and Company in the previous year was an amount of RM1,364,523 denominated in USD due to a substantial foreign shareholder of the Company. The amount has been settled during the financial year. Included in the other payables of the Group is also an amount of RM3,200,000 (2021: Nil) to a related party of the Group, bearing interest of 12% per annum.

### 20. Revenue

	2022 RM	2021 RM
<b>Group</b>		
<b>Revenue from contracts with customers</b>		
<i>At point in time</i>		
- Sale of coil related products	86,528,402	101,002,676
- Slitting and shearing services	144,254	250,155
- Sale of roll-formed product	95,041,153	98,718,878
- Hardware, building material and roll-formed trading	42,383,384	31,913,717
- Roofing supply and installation	10,834,293	5,961,492
<i>Over time</i>		
- Roofing supply and installation	41,766,888	5,839,078
	276,698,374	243,685,996

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

## Notes to the financial statements (continued)

### 20. Revenue (continued)

#### 20.1 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Sale of coil related products	Revenue is recognised when the goods are delivered to and have been accepted by customer at their premises.	Cash on delivery or credit period of 14 to 90 days from invoice date.
Slitting and shearing	Revenue is recognised when the services are completed and accepted by customers.	Cash on delivery or credit period of 14 to 90 days from invoice date.
Sale of roll-formed product	Revenue is recognised when the goods are delivered to and have been accepted by customer at their premises.	Cash on delivery or credit period of 14 to 90 days from invoice date.
Sale of hardware, building material and roll-formed trading	Revenue is recognised when the goods have been accepted by customer.	Cash on delivery or credit period from 7 to 90 days from invoice date.
Roofing supply and installation	Revenue is recognised overtime by using the input method based on actual cost incurred to the estimated total contract costs.	Credit period from 30 to 60 days from invoice date.

## Notes to the financial statements (continued)

### 20. Revenue (continued)

#### 20.2 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Within 1 year RM	More than 1 year RM	Total RM
Roofing supply and installation			
- 2022	28,034,350	-	28,034,350
- 2021	3,021,957	18,477,967	21,499,924
	<u>3,021,957</u>	<u>18,477,967</u>	<u>21,499,924</u>

### 21. Finance income and costs

	Group		Company	
	2022 RM	2021 RM	2021 RM	2021 RM
<b>Finance income</b>				
Interest income of financial assets calculated using effective interest method that are at amortised cost	602,788	451,239	248,331	281,896
	<u>602,788</u>	<u>451,239</u>	<u>248,331</u>	<u>281,896</u>
<b>Finance costs</b>				
Interest expenses of financial liabilities that are not at fair value through profit or loss				
- term loans	858,769	856,107	-	-
- overdrafts	124,510	83,871	-	-
- bankers' acceptance	2,870,431	2,255,292	-	-
- hire purchase	498,993	454,812	-	-
- lease liabilities	416,317	441,723	-	-
- other finance costs	481,848	121,401	1,541	-
	<u>5,250,868</u>	<u>4,213,206</u>	<u>1,541</u>	<u>-</u>



## Notes to the financial statements (continued)

### 22. (Loss)/Profit before tax

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>(Loss)/Profit before tax is arrived at after charging/(crediting):</b>					
Auditors' remuneration:					
Audit fees					
KPMG PLT					
- Statutory audit		226,000	195,000	32,000	30,000
Non-audit fees					
- KPMG PLT		6,000	6,000	6,000	6,000
- Local affiliates of KPMG PLT		37,450	30,450	5,000	6,200
- Others		15,100	24,800	-	-
<b>Material expense/(income)</b>					
Amortisation of investment properties					
	5	27,314	43,263	-	-
Depreciation of property, plant and equipment					
	3	6,843,024	6,685,787	218,273	974,038
Depreciation of right-of-use assets					
	4	2,194,446	2,068,915	-	-
Foreign exchange loss realised					
		101,674	260,050	21,263	254,934
Property, plant and equipment written off					
	3	23,723	4,461	-	-
Inventories written down					
	9	1,353,847	216,741	-	-
Personnel expenses (including key management personnel):					
- contributions to state plans		2,811,665	2,287,939	73,171	47,967
- wages, salaries and others		24,290,314	22,803,738	737,438	729,100
Gain on disposal of:					
- property, plant and equipment		(13,592)	(85,999)	-	(30,000)
- right-of-use assets		(18,309)	(67,519)	-	-
- investment properties		(22,000)	(21,200)	-	-
<b>Expenses/(income) arising from leases</b>					
Expenses relating to short-term leases					
		83,130	-	-	-
Income from subleasing right-of-use assets					
		(78,040)	(85,577)	-	-
<b>Net loss/(gain) on impairment of financial instruments</b>					
Financial assets at amortised cost					
		624,623	(469,669)	(134,108)	(157,798)

## Notes to the financial statements (continued)

### 23. Tax expense

#### Recognised in profit or loss

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Income tax expense</b>				
Malaysian - current year	1,577,266	3,787,000	-	67,000
- prior years	167,536	(246,939)	-	(67,000)
	1,744,802	3,540,061	-	-
<b>Deferred tax expense/ (income) (Note 18)</b>				
- (Over)/Under provision in prior year	(998,400)	204,100	-	-
- Reversal of temporary difference	(111,000)	(350,000)	-	-
Total deferred tax recognised in profit or loss	(1,109,400)	(145,900)	-	-
Total tax expense	635,402	3,394,161	-	-
<b>Reconciliation of tax expense</b>				
(Loss)/Profit for the year	(5,217,754)	8,104,008	(1,267,537)	4,662,247
Total tax expense	638,592	3,394,161	-	-
(Loss)/Profit excluding tax	(4,579,162)	11,498,169	(1,267,537)	4,662,247
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	(1,098,000)	2,760,000	(304,000)	1,119,000
Non-deductible expenses	721,850	894,000	25,000	100,000
Non-taxable income	(98,000)	(8,000)	-	(1,622,000)
Effect of deferred tax assets not recognised (Note 18)	1,323,000	78,000	279,000	470,000
Realisation of revaluation reserve	(270,000)	(287,000)	-	-
	578,850	3,437,000	-	67,000
Under/(Over) provision in prior years	56,536	(42,839)	-	(67,000)
Effect of tax rates in foreign jurisdictions	16	-	-	-
Total tax expense	635,402	3,394,161	-	-

## Notes to the financial statements (continued)

### 24. Other non-operating income and expenses

Other non-operating expenses were mainly in relation to depreciation of property, plant and equipment, foreign exchange losses and finance cost arising from the previous coated coil business disposed. Other non-operating income mainly relates to the income from sale of scraps following the disposal.

### 25. (Loss)/Earnings per ordinary share - Group

#### *Basic and diluted (loss)/earnings per ordinary share*

The calculation of basic and diluted earnings/(loss) per ordinary share at 31 December 2022 was based on the (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022 RM	2021 RM
(Loss)/Profit for the year attributable to ordinary shareholders	<u>(5,913,935)</u>	<u>6,421,483</u>
Weighted average number of ordinary shares	<u>450,390,349</u>	<u>430,159,916</u>
	<b>2022 Sen</b>	<b>2021 Sen</b>
Basic and diluted (loss)/earnings per ordinary share	<u>(1.3)</u>	<u>1.5</u>

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## Notes to the financial statements (continued)

### 26. Financial instruments

#### 26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (i) Amortised cost ("AC"); and
- (ii) Fair value through profit or loss ("FVTPL")

<i>Financial assets/(liabilities)</i>	<b>Carrying amount RM</b>	<b>AC RM</b>	<b>FVTPL RM</b>
<b>2022</b>			
<b>Group</b>			
Other investments	9,775	-	9,775
Trade and other receivables	43,627,975	43,627,975	-
Deposits	1,348,540	1,348,540	-
Other financial assets	18,922,480	18,922,480	-
Cash and cash equivalents	6,777,953	6,777,953	-
Loans and borrowings	(94,739,318)	(94,739,318)	-
Trade and other payables*	<u>(44,683,771)</u>	<u>(44,683,771)</u>	<u>-</u>
<b>Company</b>			
Trade and other receivables	14,490,951	14,490,951	-
Deposits	7,000	7,000	-
Cash and cash equivalents	31,946	31,946	-
Trade and other payables	<u>(412,787)</u>	<u>(412,787)</u>	<u>-</u>
<b>2021</b>			
<b>Group</b>			
Other investments	9,775	-	9,775
Trade and other receivables	42,614,148	42,614,148	-
Deposits	4,371,719	4,371,719	-
Other financial assets	10,767,209	10,767,209	-
Cash and cash equivalents	6,337,665	6,337,665	-
Loans and borrowings	(87,444,542)	(87,444,542)	-
Trade and other payables*	<u>(27,189,101)</u>	<u>(27,189,101)</u>	<u>-</u>
<b>Company</b>			
Trade and other receivables	12,068,788	12,068,788	-
Deposits	2,800	2,800	-
Cash and cash equivalents	450,387	450,387	-
Trade and other payables	<u>(1,917,079)</u>	<u>(1,917,079)</u>	<u>-</u>

\* Excluding amount payables from Royal Malaysian Custom Department.

#### 26.2 Net gains and losses arising from financial instruments

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Net (losses)/gains on:				
Financial assets at amortised cost	(21,835)	920,908	382,439	439,694
Financial liabilities at amortised cost	<u>(4,936,225)</u>	<u>(4,031,533)</u>	<u>(22,804)</u>	<u>(254,934)</u>
	<u>(4,958,060)</u>	<u>(3,110,625)</u>	<u>359,635</u>	<u>184,760</u>

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Group has established a Risk Management Committee (RMC) tasked with formulating and implementing management policies and guidelines which set out the overall business strategies, tolerance to risk and general risk management philosophy. Policies are reviewed annually by the Board of Directors and periodic reviews are undertaken by the RMC to ensure that the Group policies and guidelines are adhered to.

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, loan and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. The Company's exposure to the credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

#### Trade receivables

#### *Risk management objectives, policies and processes for managing the risk*

- **Receivables from external parties**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Collaterals are obtained from some customers to mitigate the credit risk exposure.

- **Receivables from subsidiaries**

The Company monitors the results of subsidiaries regularly in mitigating the risk arising from sales to its subsidiaries.

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

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

#### **Exposure to credit risk, credit quality and collateral**

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

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (a) Credit risk (continued)

###### Trade receivables (continued)

###### *Exposure to credit risk, credit quality and collateral* (continued)

The exposure to credit risk is only concentrated in Malaysia as the business activities of the Group are carried out locally. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts of the receivables in the statements of financial position. Cash and cash equivalents are only placed with licensed banks.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers of the Group. The Group monitors each receivable individually and uses ageing analysis to monitor the credit quality of the receivables.

###### **Concentration of credit risk**

As at the end of the reporting period, there are no significant concentrations of credit risk.

###### **Recognition and measurement of impairment loss**

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 7 - 150 days. The Group's debt recovery process is as follows:

- a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by both sales management team and credit committee; and
- b) Above 365 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

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

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

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

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (a) Credit risk (continued)

##### Trade receivables (continued)

##### Recognition and measurement of impairment loss (continued)

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
<b>2022</b>			
Current (not past due)	10,836,156	-	10,836,156
0-30 days past due	12,581,906	-	12,581,906
31-60 days past due	8,816,474	-	8,816,474
61-90 days past due	5,240,673	-	5,240,673
<b>Credit impaired</b>			
More than 90 days past due	7,374,678	(1,628,942)	5,745,736
Individually impaired	2,504,960	(2,437,156)	67,804
	<u>47,354,847</u>	<u>(4,066,098)</u>	<u>43,288,749</u>
<b>2021</b>			
Current (not past due)	21,665,527	-	21,665,527
0-30 days past due	10,082,112	-	10,082,112
31-60 days past due	4,220,804	-	4,220,804
61-90 days past due	1,807,081	-	1,807,081
<b>Credit impaired</b>			
More than 90 days past due	5,096,529	(960,748)	4,135,781
Individually impaired	2,583,654	(2,580,727)	2,927
	<u>45,455,707</u>	<u>(3,541,475)</u>	<u>41,914,232</u>
<b>Company</b>			
	Gross carrying amount RM	Loss allowance RM	Net balance RM
<b>2022</b>			
<b>Credit impaired</b>			
Individually impaired	<u>73,131</u>	<u>(73,131)</u>	<u>-</u>
<b>2021</b>			
<b>Credit impaired</b>			
Individually impaired	<u>207,239</u>	<u>(207,239)</u>	<u>-</u>

The movements in the allowance for impairment in respect of trade receivables during the year are in the ensuing page.

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (a) Credit risk (continued)

##### Trade receivables (continued)

##### Recognition and measurement of impairment loss (continued)

<u>Group</u>	Lifetime ECL RM	Credit impaired RM	Total RM
<b>Balances at 1 January 2021</b>	1,029,543	2,981,601	4,011,144
Net remeasurement of loss allowance	(162,602)	(307,067)	(469,669)
<b>Balances at 31 December 2021/ 1 January 2022</b>	866,941	2,674,534	3,541,475
Net remeasurement of loss allowance	762,001	(237,378)	524,623
<b>Balances at 31 December 2022</b>	<u>1,628,942</u>	<u>2,437,156</u>	<u>4,066,098</u>

<u>Company</u>	Lifetime ECL RM	Credit impaired RM	Total RM
<b>Balances at 1 January 2021</b>	53,968	311,069	365,037
Net remeasurement of loss allowance	(53,968)	(103,830)	(157,798)
<b>Balances at 31 December 2021/ 1 January 2022</b>	-	207,239	207,239
Net remeasurement of loss allowance	-	(134,108)	(134,108)
<b>Balances at 31 December 2022</b>	<u>-</u>	<u>73,131</u>	<u>73,131</u>

##### Inter-company loans and advances

##### Risk management objectives, policies and processes for managing the risk

The Group provides unsecured loans and advances to subsidiaries. The Group monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

##### Recognition and measurement of impairment loss

Generally, the Group does not specifically monitor the ageing of the loans and receivables to subsidiaries. There is no indication that the loans and advances due from subsidiaries are not recoverable as at the end of the reporting period.

##### Exposure to credit risk, credit quality and collateral

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

Loans and advances provided to subsidiaries are not secured by any collateral or supported by any other credit enhancements.



## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (a) Credit risk (continued)

##### *Recognition and measurement of impairment loss* (continued)

Generally, the Group considers loans and advances to subsidiaries have low credit risk. The Group assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Group considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Group considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Group determines the probability of default for these loans and advances individually using internal information available.

##### Cash and cash equivalents

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

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### Other receivables

Credit risks on other receivables are mainly arising from a former subsidiary of the Group and the Company.

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

The movements in the allowance for impairment in respect of other receivables during the year are shown below:

	Credit impaired RM
<b>Group</b>	
Balances at 1 January 2021/ 31 December 2021/ 1 January 2022	1,519,664
Net remeasurement of loss allowance	100,000
<b>Balances at 31 December 2022</b>	<u><u>1,619,664</u></u>
<b>Company</b>	
Balances at 1 January 2021/ 31 December 2021/ 1 January 2022/31 December 2022	<u><u>1,619,664</u></u>

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Group monitors on an on-going basis the performances and financial positions of the subsidiaries to ensure they are able to meet their obligations when due.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM84,847,512 (2021: RM78,733,723), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Based on the assessment, no impairment losses to be provided for the financial guarantee given to the subsidiaries.

#### (b) Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to finance the operations and to mitigate the effects of fluctuations in cash flows.

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due and to mitigate the effects of fluctuations in cash flows to finance its operations. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (b) Liquidity risk (continued)

##### Maturity analysis

The table below and the ensuing pages summarise the maturity profile of the Group's and the Company's financial liabilities (which are non-derivatives) as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2022</b>							
Trade and other payables	41,483,771	-	41,483,771	41,483,771	-	-	-
Other payables	3,200,000	12.00	3,200,000	3,200,000	-	-	-
Loans and borrowings							
- hire purchase facilities	7,135,687	2.15 - 6.50	8,212,469	2,346,179	2,139,022	3,486,644	240,624
- bankers' acceptances	51,706,079	3.35 - 7.15	51,706,079	51,706,079	-	-	-
- revolving credits	18,060,762	3.90 - 5.00	18,060,762	18,060,762	-	-	-
- term loans	14,981,545	4.78 - 5.05	19,194,483	2,848,881	2,706,947	6,263,635	7,375,020
- term loan - unsecured	900,000	12.00	900,000	900,000	-	-	-
- bank overdrafts	1,955,245	6.57 - 7.07	1,955,245	1,955,245	-	-	-
Lease liabilities	7,662,617	6.00	9,289,901	1,926,720	1,600,390	3,221,391	2,541,400
	147,085,706		154,002,710	124,427,637	6,446,359	12,971,670	10,157,044

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (b) Liquidity risk (continued)

##### Maturity analysis (continued)

##### Group (continued)

##### 2021

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Trade and other payables	27,189,101	-	27,189,101	27,189,101	-	-	-
Loans and borrowings							
- hire purchase facilities	5,860,390	2.15 - 6.50	6,779,266	2,267,853	1,534,344	2,620,945	356,124
- bankers' acceptances	55,241,340	3.35 - 7.15	55,241,340	55,241,340	-	-	-
- revolving credits	6,699,048	3.90 - 5.00	6,699,048	6,699,048	-	-	-
- term loans	17,162,516	3.94 - 5.51	21,703,020	3,299,569	2,783,115	7,790,267	7,830,069
- term loan - unsecured	400,000	12.00	400,000	400,000	-	-	-
- bank overdrafts	2,081,248	6.57 - 7.07	2,081,248	2,081,248	-	-	-
Lease liabilities	6,662,200	6.00	7,915,345	2,392,380	1,437,080	2,412,986	1,672,899
	121,295,843		128,008,368	99,570,539	5,754,539	12,824,198	9,859,092

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (b) Liquidity risk (continued)

##### Maturity analysis (continued)

<u>Company</u>	<u>Carrying amount</u> RM	<u>Contractual interest rate</u> %	<u>Contractual cash flows</u> RM	<u>Under 1 year</u> RM	<u>1 - 2 years</u> RM	<u>2 - 5 years</u> RM	<u>More than 5 years</u> RM
<b>2022</b>							
Trade and other payables	412,787	-	412,787	412,787	-	-	-
Financial guarantees*	-	-	84,847,512	84,847,512	-	-	-
	412,787		85,260,299	85,260,299	-	-	-
<b>2021</b>							
Trade and other payables	1,917,079	-	1,917,079	1,917,079	-	-	-
Financial guarantees*	-	-	78,733,723	78,733,723	-	-	-
	1,917,079		80,650,802	80,650,802	-	-	-

\* Being corporate guarantees granted for banking facilities of certain subsidiaries, which will only be encashed in the event of default by these entities. These financial guarantees do not have an impact on group contractual cash flows.

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (c) Market risk

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

##### (i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Japanese Yen ("JPY").

##### **Risk management objectives, policies and processes for managing the risk**

The Group frequently uses forward foreign exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward foreign exchange contracts are rolled over at maturity.

##### **Exposure to foreign currency risk**

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Denominated in USD</b>		
<b>Balances recognised in the statement of financial position</b>		
Trade payables	<u>(2,071,913)</u>	<u>(1,364,523)</u>

##### **Currency risk sensitivity analysis**

A 10% (2021: 10%) strengthening of the RM against USD at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>Profit or loss</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<u>In USD</u>		
Group and Company	<u>157,465</u>	<u>103,700</u>

A 10% (2021: 10%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk

The Group's investment in fixed deposits and fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk, except for the interest bearing balances due to certain related party (see Note 19).

##### **Risk management objectives, policies and processes for managing the risk**

Borrowings with floating interest rates expose the Group to certain elements of risk when there are unexpected adverse interest rate movements.

The Group's policy is to manage its interest rate risk on an on-going basis, working within an agreed framework, to ensure that there are no undue exposures to this risk. Management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the situation and the outlook of the financial market.

The investment in interest-bearing assets is mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

##### **Exposure to interest rate risk**

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Fixed rate instruments</b>				
Financial assets	18,922,480	10,767,209	5,000,000	5,000,000
Financial liabilities	(94,352,825)	(76,352,298)	-	(1,364,523)
	<u>(75,430,345)</u>	<u>(65,585,089)</u>	<u>5,000,000</u>	<u>3,635,477</u>
<b>Floating rate instruments</b>				
Financial liabilities	(11,249,110)	(19,118,967)	-	-

##### **Interest rate risk sensitivity analysis**

##### **Fair value sensitivity analysis for fixed rate instruments**

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

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.3 Financial risk management (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

##### *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Profit or loss	
	100bp increase RM	100bp decrease RM
Floating rate instruments		
- 2022	(85,000)	85,000
- 2021	(145,000)	145,000

##### (iii) Other price risk

Equity price risk arises from the Group's investments in equity securities.

##### *Risk management objectives, policies and processes for managing the risk*

Management of the Group monitors the equity investments on an portfolio basis.

The carrying amount of quoted investments as at the end of the reporting period is RM9,775 (2021: RM9,775) (see Note 7).

##### *Equity price risk sensitivity analysis*

The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

#### 26.4 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.



## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.4 Fair value information (continued)

The table below analyses non-current financial instruments at fair value and those not at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

2022	Fair value of financial instruments carried at fair value			Fair value of financial instrument not carried at fair value		Carrying amount RM
	Level 1 RM	Level 2 RM	Total RM	Level 3 RM	Total fair value RM	
<b>Group</b>						
<b>Financial assets</b>						
Quoted shares	19,150	-	19,150	-	19,150	9,775
<b>Financial liabilities</b>						
Secured term loans - secured	-	-	-	19,194,483	19,194,483	14,981,545
Hire purchase facilities - secured	-	-	-	8,212,469	8,212,469	7,135,687
	-	-	-	27,406,952	27,406,952	22,117,232
<b>2021</b>						
<b>Group</b>						
<b>Financial assets</b>						
Quoted shares	15,400	-	15,400	-	15,400	9,775
<b>Financial liabilities</b>						
Secured term loans - secured	-	-	-	21,703,020	21,703,020	17,162,516
Hire purchase facilities - secured	-	-	-	6,779,266	6,779,266	5,860,390
	-	-	-	28,482,286	28,482,286	23,022,906

## Notes to the financial statements (continued)

### 26. Financial instruments (continued)

#### 26.4 Fair value information (continued)

##### Policy on transfer between levels

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

##### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

##### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

##### Derivatives

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

##### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2021: No transfers in either directions).

##### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and financial liabilities.

##### *Financial instruments not carried at fair value*

The fair values of financial instruments not carried at fair value, which are determined for disclosure purposes, are estimated based on discounted cash flows using interest rates which are the significant unobservable inputs.

The estimated fair values of these financial instruments not carried at fair value would increase (decrease) if the interest rates were lower (higher).

## Notes to the financial statements (continued)

### 27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and the Company and to sustain the future development of its business. The Directors monitor and ensure that the Group and the Company maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group is required to maintain a gearing ratio not exceeding 2.00 times (2021: 2.00 times) respectively in respect of the banking facilities granted by a licensed bank to the Group. This gearing ratio is to be reverted back to 1.50 times by financial year 2023.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total loans and borrowings	94,739,318	87,444,542	-	-
Total equity	81,328,320	81,934,847	58,489,177	55,131,296
Debt-to-equity ratio	1.16	1.07	-	-

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement.

### 28. Capital expenditure commitments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Property, plant and equipment</b>				
Contracted but not provided for	1,245,264	1,145,015	-	-

### 29. Related parties

#### *Identity of related parties*

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

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

The Group has related party relationship with its significant investors, subsidiaries and key management personnel.

#### *Significant related party transactions*

Related party transactions have been entered into in the normal course of business under negotiated basis. The significant related party transactions of the Group and the Company are shown below. The balances due from and to subsidiaries are shown in Notes 8 and 19.

## Notes to the financial statements (continued)

### 29. Related parties (continued)

#### Significant related party transactions (continued)

##### Transactions with subsidiaries

Nature of transactions	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest received	-	-	(246,668)	(131,065)
Internal audit fee received	-	-	(180,000)	-
Sale of property, plant and equipment	-	-	-	(30,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>

##### Transactions with substantial shareholders of the Company

Nature of transactions	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Purchase of consumables	187,406	187,405	-	-
Freight and handling charges	66,380	153,211	-	-
Sale of galvanised and other steel products	(9,170,159)	(11,924,163)	-	-
	<u>(9,170,159)</u>	<u>(11,924,163)</u>	<u>-</u>	<u>-</u>

##### Transactions with companies in which certain substantial shareholders, key management personnel and close members of their families have or are deemed to have substantial interests

Nature of transactions	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Insurance premium paid	848,478	821,464	30,091	6,914
Purchase of stocks	11,531,598	2,880,260	-	-
Sale of galvanised and other steel products	(39,966,861)	(40,558,772)	-	-
Sale of glass products	-	(23,361)	-	-
Purchase of property, plant and equipment	60,000	210,099	-	-
Sale of property, plant and equipment	-	(25,000)	-	-
Purchase of packing, material and services	892,473	607,114	-	-
Rental of premises and land	241,450	274,000	-	-
Income from rental of premises	(33,000)	(31,050)	-	-
Repayment of hire purchase facilities for acquisition of property, plant and equipment	1,746,510	2,074,514	-	-
Lease payment of property, plant and equipment	1,279,156	1,584,768	-	-
Transportation fee received	-	(8,235)	-	-
Endorsement fee paid	28,400	30,350	-	-
Hire purchase facilities	1,857,000	845,000	-	-
	<u>1,857,000</u>	<u>845,000</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

### 29. Related parties (continued)

#### Significant related party transactions (continued)

#### Transactions with key management personnel

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Nature of transactions</u>				
Compensations to key management personnel:				
Directors of the Company				
Director fee	268,500	273,000	224,000	231,500
- Contribution to state plans	457,405	218,447	52,621	32,847
- Wages, salaries and others	1,797,381	1,809,675	423,875	378,075
	<u>2,523,286</u>	<u>2,301,122</u>	<u>700,496</u>	<u>642,422</u>
Directors of subsidiaries				
- Director fee	76,500	79,000	-	-
- Contribution to state plans	328,813	248,230	-	-
- Wages, salaries and others	3,406,447	2,124,350	-	-
	<u>3,811,760</u>	<u>2,451,580</u>	<u>-</u>	<u>-</u>
Other key management personnel				
- Contribution to state plans	105,312	86,152	20,550	15,120
- Wages, salaries and others	643,508	729,650	114,505	108,113
	<u>748,820</u>	<u>815,802</u>	<u>135,055</u>	<u>123,233</u>
Total	<u>7,083,866</u>	<u>5,568,504</u>	<u>835,551</u>	<u>765,655</u>

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

In addition to their salaries, the Group also provides non-cash benefits to certain key management personnel of the Group. For salaried key management personnel, the Group also contributes to state plans at the minimum statutory rate.

Certain key management personnel of the Group and of the Company are entitled to Employee Share Option Scheme ("ESOS") offered by the Group (see Note 30).

## Notes to the financial statements (continued)

### 29. Related parties (continued)

#### *Significant related party transactions* (continued)

#### *Transactions with key management personnel* (continued)

The amount due from/to subsidiaries is disclosed in Notes 8 and 19 to the financial statements. The outstanding balances with other related parties are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount due from	2,965,620	5,084,879	-	-
Amount due to	(10,719,417)	(5,795,972)	-	(1,364,523)

### 30. Employee benefits

#### *Employee Share Option Scheme ("ESOS")*

On 9 May 2017, 8 August 2017 and 7 August 2018, the Group granted share options to eligible Directors and employees of the Group to purchase shares in the Company under the Employees Share Option Scheme ("ESOS") approved by the shareholders of the Company on 30 June 2016. On 5 April 2021 and 6 July 2021, the Group has further offered share options to eligible under its existing ESOS Directors and employees. The expiring ESOS granted in the years 2017 and 2018 have been extended for a further five years to expire on 8 November 2026.

The fair value of share options measured at granted date and the assumptions are as follows:

	2022 RM	2021 RM
Share price at the following grant dates (RM):		
- 9 May 2017	0.245	0.245
- 8 August 2017	0.20	0.20
- 7 August 2018	0.22	0.22
- 5 April 2021	0.230	0.230
- 6 July 2021	0.215	0.215
Expected volatility (%)	54	54
Expected life (years)	5	5
Risk free rate (%)	3.90	3.90

## Notes to the financial statements (continued)

### 30. Employee benefits (continued)

#### Employee Share Options Scheme ("ESOS") (continued)

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

The following table illustrates the number and weighted average exercise price (WAEF) of, and movements in, share options during the year.

	Movements during the year						
	Outstanding 1 January	Granted	Exercised	Forfeited and other adjustments	Expired	Outstanding 31 December	Exercisable 31 December
<b>2022</b>							
2022 options	40,439,900	-	-	(3,050,000)	-	37,389,900	37,389,900
WAEF (RM)	0.211	-	-	0.212	-	0.211	0.211
<b>2021</b>							
2021 options	23,988,400	27,575,000	(9,973,500)	(1,150,000)	-	40,439,900	40,439,900
WAEF (RM)	0.222	0.190	0.192	0.209	-	0.211	0.211

## Notes to the financial statements (continued)

### 30. Employee benefits (continued)

Details of share options outstanding at the end of the year:

<b>Grant date</b>	<b>WAEP RM</b>	<b>Exercise period</b>
9 May 2017	0.23	09.05.2017 – 08.11.2026
8 August 2017	0.2	08.08.2017 – 08.11.2026
7 August 2018	0.22	07.08.2018 – 08.11.2026
5 April 2021	0.19	05.04.2021 – 08.11.2026
6 July 2021	0.19	06.07.2021 – 08.11.2026

The terms and conditions related to the grants of the share option programme are as follows; all options are to be settled by physical delivery of shares:

<b>Grant date/ Employees entitled</b>	<b>Number of Options RM</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
<b>2022</b>			
Options grant to key management and employee during the year	-	-	-
<b>2021</b>			
Options grant to key management and employee during the year	27,575,000	Remain as employee of the Company over the contracted life of options	5.5 years

### 31. Operating segments

The Group has two reporting segments, as described below, which are the Group's strategic business units. The Managing Director, being the chief operating decision maker of the Group, reviews internal management reports for resource allocation and decision making on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **ASTEEL:**  
Manufacture and sale of coated steel products and downstream roofing products, trading of hardware and building materials in Sabah and Sarawak, East Malaysia.
- **STARSHINE:**  
Trading of galvanised, coated and non-coated steel products, building and construction materials.

#### Geographical segments and major customers

Group sales were mostly to customers in Malaysia and there were very limited export sales. There is one (2021: one) major customer contributing to more than 10% of the Group's revenue with total sales amount of RM26,087,788 (2021: RM27,420,556).

#### Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made.



## Notes to the financial statements (continued)

### 31. Operating segments (continued)

2022	ASTEEL RM	STARSHINE RM	Inter-segment RM	Total RM
<b>Revenue</b>				
External customers	221,165,672	55,532,702	-	276,698,374
Inter-segment	2,362,344	283,184	(2,645,528)	-
	<u>223,528,016</u>	<u>55,815,886</u>	<u>(2,645,528)</u>	<u>276,698,374</u>
<b>Segment profit/(loss)</b>	228,171	(3,542,986)	-	(3,314,815)
Unallocated expenses:				
- Corporate expenses				(1,267,537)
Tax expense (Note 23)				(635,402)
Loss for the year				<u>(5,217,754)</u>
Non-controlling interests				<u>(696,181)</u>
<b>Total comprehensive expense attributable to owners of the Company</b>				<u>(5,913,935)</u>
Included in the measure of segment loss are:				
Depreciation and amortisation	(8,405,802)	(658,981)	-	(9,064,783)
Finance costs	(4,430,809)	(1,105,671)	285,612	(5,250,868)
Finance income	642,438	245,962	(285,612)	602,788
Inventories written down/ written off	(906,481)	(447,366)	-	(1,353,847)
Net loss on impairment of financial instruments	(525,685)	(98,938)	-	(624,623)
Property, plant and equipment written off	(23,723)		-	(23,723)
Realised foreign exchange loss	(96,358)	(5,316)	-	(101,674)

## Notes to the financial statements (continued)

### 31. Operating segments (continued)

2021	ASTEEL RM	STARSHINE RM	Inter-segment RM	Total RM
<b>Revenue</b>				
External customers	193,940,989	49,745,007	-	243,685,996
Inter-segment	5,017,350	591,054	(5,608,404)	-
	<u>198,958,339</u>	<u>50,336,061</u>	<u>(5,608,404)</u>	<u>243,685,996</u>
<b>Segment profit/(loss)</b>	12,700,446	921,794	-	13,622,240
Unallocated expenses:				
- Corporate expenses				(1,611,028)
- Others				(513,043)
Tax expense (Note 23)				(3,394,161)
Profit for the year				<u>8,104,008</u>
Non-controlling interests				<u>(1,682,525)</u>
<b>Total comprehensive income attributable to owners of the Company</b>				<u><u>6,421,483</u></u>
Included in the measure of segment loss are:				
Depreciation and amortisation	(8,046,385)	(751,580)	-	(8,797,965)
Finance costs	(3,679,219)	(665,052)	131,065	(4,213,206)
Finance income	363,215	219,089	(131,065)	451,239
Inventories written down/written off	-	(216,741)	-	(216,741)
Net gain/(loss) on impairment of financial instruments	161,088	308,581	-	469,669
Property, plant and equipment written off	(4,461)	-	-	(4,461)
Realised foreign exchange gain/(loss)	(196,317)	(63,733)	-	(260,050)
Unrealised foreign exchange loss	(56,175)	(18,725)	-	(74,900)

## Notes to the financial statements (continued)

### 32. Acquisition of a subsidiary

#### Acquisition of AS Trans Paint Sdn. Bhd. (formerly known as Huadar Painting & Contractor Sdn. Bhd.)

On 19 April 2021, the Group via ASTEEL (Sarawak) Sdn. Bhd., an indirect subsidiary of the Company, acquired 140,000 ordinary shares representing 70% shareholdings in Huadar Painting & Contractor Sdn. Bhd., now known as AS Trans Paint Sdn. Bhd. ("ASTP"), for a consideration sum of RM100,800, settled in cash. ASTP's principal activity is marketing and sale of paint products to projects.

In the 8 months to 31 December 2021, the subsidiary contributed revenue of RM65,689 and loss of RM144. For the 12-month results, the subsidiary achieved a revenue of RM65,689 and loss and total comprehensive expenses for the year of RM1,008. If the acquisition had occurred on 1 January 2021, there is no material impact to the consolidated revenue of the Group. In determining these amounts, the management has assumed that fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

#### *Fair value of consideration transferred*

	<b>Group 2021 RM</b>
Settlement of pre-existing relationship	100,800

#### *Identifiable assets acquired and liabilities assumed*

	<b>Group 2021 RM</b>
Trade and other receivables	142,257
Cash and cash equivalents	964
Total identifiable net assets	143,221

#### *Net cash flow arising from acquisition of a subsidiary*

	<b>Group 2021 RM</b>
Purchase consideration settled in cash	(100,800)
Cash and cash equivalents acquired	964
Net cash inflow from acquisition of a subsidiary	(99,836)

#### *Gain on bargain purchase*

Goodwill was recognised as a result of the acquisition as follows:

	<b>Group 2021 RM</b>
Total consideration transferred	100,800
Fair value of identifiable net assets	(143,221)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	42,966
Goodwill written off	545

#### *Recognition of non-controlling interests ("NCI")*

Upon the acquisition of ASTP the Group recognised a carrying amount of NCI amounting to RM42,966 based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree.



## Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 59 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

**Tan Sri Dato' Soh Thian Lai**

Director

**Dato' Sri Victor Hii Lu Thian**

Director

Klang,

Date: 25 April 2023

## Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, Aw Chiew Lan, the officer primarily responsible for the financial management of YKGI Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Aw Chiew Lan, NRIC: 710517-13-5140, MIA CA 12030, at Kuching in the State of Sarawak on 25 April 2023.

**Aw Chiew Lan**

Before me:

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YKGI HOLDINGS BERHAD

Registration No: 197701001682 (032939-U)

(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of YKGI Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountant's *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YKGI HOLDINGS BERHAD (continued)

### Key Audit Matters (continued)

Key Audit Matters	How the matter was addressed in our audit
<p><i>Refer to Note 2(n) – significant accounting policies: Revenue from contracts with customers, Note 20 Revenue.</i></p>	
<p><b>Revenue recognition</b></p> <p>The Group derived the revenue from the manufacture and sale of galvanised and coated steel products, pickled and oiled, cold rolled coils, metal roofing, building materials and hardware. During the financial year ended 31 December 2022, the Group recorded revenue of RM276.7 million.</p> <p>Revenue recognition is key audit matter because of the risk that revenue might be misstated either intentionally or unintentionally due to fraud or error.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We evaluated the sales and order management control process and tested the design and effectiveness of those controls;</li> <li>• We inspected new significant contracts entered with customers to determine whether the Group has appropriately accounted the contracts in accordance with MFRS 15, <i>Revenue from Contracts with Customers</i>;</li> <li>• We verified the sales invoices selected on a sampling basis to the underlying supporting documents;</li> <li>• We obtained direct confirmations on outstanding balances as at year end from selected customers based on sampling basis;</li> <li>• We assessed the sales transactions occurring prior and subsequent to the year-end on a sampling basis and inspected the relevant underlying documents for goods delivered and checked that these transactions were recognised in the correct financial year;</li> <li>• We verified journal entries for revenue and revenue related accounts based on specific high risk criteria set to ascertain whether they are any unusual, unauthorised or unsupported entries made against revenue; and</li> <li>• We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15, <i>Revenue from Contracts with Customers</i>.</li> </ul>
Key Audit Matters	How the matter was addressed in our audit
<p><i>Refer to Note 2(g) – significant accounting policies: Inventories and Note 9 Inventories.</i></p>	
<p><b>Valuation of manufactured and trading inventories</b></p> <p>The Group holds significant inventories balance of RM71.4 million, representing 30% of total assets as at 31 December 2022.</p> <p>The inventories are required to be measured at the lower of cost and net realisable value. The management applies judgement in assessing the adequacy of the allowances based upon a detail analysis of the stock aging profile, inventory level and future market demand of the products.</p> <p>This is a key audit matter as significant judgement is required to assess the appropriate level of allowance provided for the inventories.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We challenged the management's assumption on the valuation of inventories for slow moving and obsolete inventories held at year end and obtained an understanding of the process for measuring the amount of allowance required;</li> <li>• We attended inventory count at various locations in Malaysia to observe any slow moving and obsolete inventories;</li> <li>• We performed inquiry with management to identify any slow moving inventory lines and we assessed whether appropriate allowances or write-offs has been established for slow moving and obsolete inventories; and</li> <li>• We have considered the adequacy of write down provided by verifying selected inventories on a sampling basis to the actual sales achieved, contracted purchase order subsequent to year end and the actual selling prices.</li> </ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YKGI HOLDINGS BERHAD (continued)

### Key Audit Matters (continued)

Key Audit Matters	How the matter was addressed in our audit
<p><i>Refer to Note 2(l) – significant accounting policies: Impairment and Note 8 Trade and other receivables.</i></p>	
<p><b>Valuation of trade receivables</b></p> <p>As at 31 December 2022, the trade receivables of the Group stood at RM43.3 million, representing 18% of total assets.</p> <p>The recoverability of the trade receivables and the level of allowance for impairment losses of doubtful receivables are considered to be key audit matter due to the pervasive nature of these balances to the financial statements. The level of allowance of impairment losses is based upon the individual debtor's credit risk evaluation, historical payment trends, subsequent to year end collections and the existence of collaterals. The evaluation is however inherently judgemental and requires material estimates, including the loss rate used in the calculation of Expected Credit Loss.</p> <p>There is a risk that the management assessment of the level of these allowances is insufficient or inaccurate.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We evaluated the processes for trade receivables and credit control, including the allowance for impairment losses and cash receipts;</li> <li>• We checked the accuracy of trade receivables ageing selected on a sampling basis and verified to the past payment patterns, credit history, existence of collaterals and disputes with customers;</li> <li>• We assessed the adequacy of the allowance for impairment losses by assessing the assumptions made by the Group with reference to the profile of aged debts at the reporting date and post year-end payment records;</li> <li>• We evaluated the Directors' conclusion on the level of impairment loss of trade receivables, specifically significant outstanding balances which are past due but assessed as not impaired, by assessing the cash receipts during the year and subsequent to year end collections and considered the actions taken by management to recover the debts; and</li> <li>• We assessed the completeness, accuracy and relevance of the transition disclosures as required by MFRS 9, <i>Financial Instruments</i>.</li> </ul>

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

## **INDEPENDENT AUDITORS' REPORT** TO THE MEMBERS OF YKGI HOLDINGS BERHAD (continued)

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

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YKGI HOLDINGS BERHAD (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 6 to the financial statements.

### Other Matter

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

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

Kuching,

Date: 25 April 2023

**Tai Yoon Foo**  
Approval Number: 02948/05/2022 J  
Chartered Accountant

# 7

## ADDITIONAL INVESTOR INFORMATION

### Analysis of Shareholdings as at 31 March 2023

Class of Shares : (1) Ordinary Share Voting rights is one (1) vote per ordinary share.  
(2) Redeemable Convertible Preference Share ("RCPS") Total number of ordinary shareholders is 3,425.  
There is only one (1) RCPS holder.

#### DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	107	3.12	5,006	0.00
100 - 1,000	330	9.64	125,922	0.03
1,001 - 10,000	1,259	36.76	7,636,671	1.57
10,001 - 100,000	1,414	41.28	49,787,517	10.27
100,001 - 22,039,724 (*)	312	9.11	264,138,897	54.48
22,039,725 AND ABOVE (**)	3	0.09	163,175,503	33.65
<b>Total</b>	<b>3,425</b>	<b>100.00</b>	<b>484,869,516</b>	<b>100.00</b>

Remark : \* - Less than 5 % of Issued Shares      \*\* - 5 % and Above of Issued Shares

#### THIRTY LARGEST ORDINARY SHARES ACCOUNTS HOLDERS

	Accounts Holders	No. of Ordinary Share	Percentage
1	Cartaban Nominees (Asing) Sdn Bhd Marubeni-Itochu Steel Inc.	80,655,361	16.63
2	Yung Kong Co Bhd	51,019,800	10.52
3	Hii Wi Sing	31,500,342	6.50
4	Chan Wah Kiang	20,800,000	4.29
5	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Diong Tak Chong @ Tiong Tak Chong (SMART)	14,831,200	3.06
6	Victor Hii Lu Thian	12,641,141	2.61
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh Thian Lai	12,584,678	2.60
8	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh TL Holdings Sdn Bhd (MX3613)	11,039,616	2.28
9	Kenanga Nominees (Tempatan) Sdn Bhd Andrew Yap Hoong Yee (021)"	8,836,000	1.82
10	Alam Mantap Development Sdn Bhd	8,005,836	1.65
11	Lee Kim Keok	7,600,000	1.57
12	Mt Sungai Sdn Bhd	6,800,005	1.40
13	Hu Ik Ming @ Rose Hii Ik Ming	6,540,205	1.35
14	Wong Toh Sing	5,778,400	1.19
15	Hii Ngo Sing	5,540,000	1.14
16	Ting Kee Wei	4,371,500	0.90
17	Alexander Hii Lu Kwong	4,271,636	0.88
18	Philip Yong Ching Boon	4,107,000	0.85
19	Christopher Hii Lu Ming	4,037,686	0.83
20	Ting Chuo Kiew	3,909,859	0.81
21	Arthur Hii Lu Choon	3,853,036	0.79
22	Kenanga Nominees (Tempatan) Sdn Bhd Christine Yap Nian Ci	3,706,809	0.76
23	Chan Duan Kee @ Chan Kheng Kee	3,179,400	0.66
24	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Siew Ing	3,000,000	0.62
25	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Teh Shiou Cherng	2,704,400	0.56
26	Sim Chay Ngeng	2,556,010	0.53
27	Michael Hii Ee Sing	2,418,587	0.50
28	Law Kok Thye	1,681,400	0.35
29	Aw Hun Leong	1,664,700	0.34
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ser Toh Chon Chien (E-BPT)	1,540,000	0.32
	<b>Total</b>	<b>331,174,607</b>	<b>68.30</b>

## REDEEMABLE CONVERTIBLE PREFERENCE SHARES ACCOUNT HOLDER

	Account Holder	No. of RCPS	Percentage
1	Nippon Steel Corporation	21,726,100	100.00

## SUBSTANTIAL SHAREHOLDERS

The substantial shareholders' interests in shares in the Company as per the Register of Substantial Shareholders as at 31 March 2023 are as follows :

		No. of Ordinary Shares of RM 0.10 each			
		Direct	%	Indirect	%
1	Marubeni-Itochu Steel Inc.	80,655,361	16.63	-	-
2	Yung Kong Co Bhd	51,019,800	10.52	-	-
3	Dato' Hii Ngo Sing	5,540,000	1.14	55,312,366 <sup>(1)</sup>	11.41%
4	Datuk Seri Dr Hii Wi Sing	31,500,342	6.50	55,628,366 <sup>(2)</sup>	11.47%
5	Arthur Hii Lu Choon	3,853,036	0.79	55,628,366 <sup>(2)</sup>	11.47%
6	Datuk Ir Michael Hii Ee Sing	2,768,587	0.57	63,256,971 <sup>(3)</sup>	13.05%
7	Dato' Sri Victor Hii Lu Thian	13,495,771 <sup>(4)</sup>	2.78	55,628,366 <sup>(2)</sup>	11.47%
8	Francis Hii Lu Sheng	-	-	55,312,366 <sup>(1)</sup>	11.41%
9	Alexander Hii Lu Kwong	5,123,036 <sup>(5)</sup>	1.06	55,628,366 <sup>(2)</sup>	11.47%
10	Christopher Hii Lu Ming	4,283,546 <sup>(6)</sup>	0.88	55,628,366 <sup>(2)</sup>	11.47%
11	Tan Sri Dato' Soh Thian Lai	12,929,346 <sup>(7)</sup>	2.67	11,039,616 <sup>(8)</sup>	2.28%

### Notes

- (1) Deemed interested by virtue of their substantial interests in Yung Kong Co Bhd, Yung Venture Sdn Bhd, Yung Lieng Sdn Bhd, Yung Hup (M) Sdn Bhd and Kwong Yung Co Pte Ltd.
- (2) Deemed interested by virtue of their substantial interests in Yung Kong Co Bhd, Yung Venture Sdn Bhd, Yung Lieng Sdn Bhd, Yunco Enterprise Sdn Bhd, Yung Hup (M) Sdn Bhd and Kwong Yung Co Pte Ltd.
- (3) Deemed interested by virtue of his substantial interests in Yung Kong Co Bhd, Yung Venture Sdn Bhd, Yung Lieng Sdn Bhd, Yunco Enterprise Sdn Bhd, Mt Sungai Sdn Bhd, Meshes Holding Sdn Bhd and Kwong Yung Co Pte Ltd.
- (4) 854,630 ordinary shares were registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd.
- (5) 851,400 ordinary shares were registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd.
- (6) 245,860 ordinary shares were registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd.
- (7) 12,584,678 ordinary shares were registered in the name of AMSEC Nominees (Tempatan) Sdn Bhd.
- (8) Deemed interested by virtue of his substantial interests in Soh TL Holdings Sdn Bhd.

## DIRECTORS' INTEREST

The directors' interests in shares in the Company and its related corporations as per the Register of Directors' Shareholdings as at 31 March 2023 are as follows:

### In The Company

		No. of Ordinary Shares			
		Direct	%	Indirect	%
1	Tan Sri Dato' Soh Thian Lai	12,929,346 <sup>(5)</sup>	2.67	11,876,216 <sup>(1)</sup>	2.45
2	Dato' Sri Victor Hii Lu Thian	13,495,771 <sup>(3)</sup>	2.78	91,038,567 <sup>(2)</sup>	18.78
3	Christopher Hii Lu Ming	4,283,546 <sup>(4)</sup>	0.88	91,038,567 <sup>(2)</sup>	18.78
4	Liew Jee Min @ Chong Jee Min	-	-	-	-
5	Fong Yoo Kaw @ Fong Yee Kow	100,000	0.02	-	-
6	Yan Ying Chieh	-	-	-	-
7	Datin Josephine Ak Hilary Dom @ Josephine John	-	-	-	-
8	Wong Siew Si	-	-	-	-
9	Khor Hun Nee	-	-	-	-
10	Toshihiro Tachibana	-	-	-	-
11	Koichiro Nakazawa (Alternate to Toshihiro Tachibana)	-	-	-	-

The Directors by virtue of their interest in shares in the company are also deemed to have interests in shares in all of its related companies to the extent the company has an interest pursuant to Section 8 of the Companies Act 2016.

### Notes

- (1) Deemed interested by virtue of his substantial interests in Soh TL Holdings Sdn Bhd and the interest of his spouse and child in the Company.
- (2) Deemed interested by virtue of his substantial interests in Yung Kong Co Bhd, Yung Venture Sdn Bhd, Yung Lieng Sdn Bhd, Yunco Enterprise Sdn Bhd, Yung Hup (M) Sdn Bhd, Kwong Yung Co Pte Ltd and in the interest of their parents in the company.
- (3) 854,630 ordinary shares were registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd.
- (4) 245,860 ordinary shares were registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd.
- (5) 12,584,678 ordinary shares were registered in the name of AMSEC Nominees (Tempatan) Sdn Bhd.

## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 46<sup>th</sup> Annual General Meeting ("46<sup>th</sup> AGM") of YKGI Holdings Berhad ("YKGI" or "the Company") will be conducted entirely through live streaming from the broadcast venue at Online Meeting Platform via TIH Online website at <https://tih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Friday, 23 June 2023 at 2:00 pm to transact the following businesses:

### AGENDA

#### AS ORDINARY BUSINESS

- |   |                                  |
|---|----------------------------------|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.                | <b>(Please refer to Note 12)</b> |
| 2. To approve the payment of Directors' fees of RM224,000.00 for the Non-Executive Directors for the financial year ended 31 December 2022.   | <b>Resolution 1</b>              |
| 3. To approve other benefits payable to the Non-Executive Directors up to RM100,000.00 for the period from 24 June 2023 until the conclusion of the next Annual General Meeting of the Company. | <b>Resolution 2</b>              |
| 4. To re-elect the following Directors, who retire in accordance with Article 123(1) of the Company's Constitution and, being eligible, offer themselves for re-election:                       |                                  |
| i) Tan Sri Dato' Soh Thian Lai; and   | <b>Resolution 3</b>              |
| ii) Mr Fong Yoo Kaw @ Fong Yee Kow.   | <b>Resolution 4</b>              |
| 5. To re-elect the following Directors, who retire in accordance with Article 128 of the Company's Constitution and, being eligible, offer themselves for re-election:                          |                                  |
| i) Datin Josephine Anak Hilary Dom @ Josephine John;  | <b>Resolution 5</b>              |
| ii) Ms Wong Siew Si; and  | <b>Resolution 6</b>              |
| iii) Ms Khor Hun Nee.   | <b>Resolution 7</b>              |
| 6. To re-appoint KPMG PLT (AF 0758) as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.                | <b>Resolution 8</b>              |

#### AS SPECIAL BUSINESS

- |  |                      |
|--|----------------------|
| 7. To consider and, if thought fit, pass the following Ordinary Resolution:  |                      |
| ▪ <b>Continuation in office as Independent Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021</b>  | <b>Resolution 9</b>  |
| "THAT, subject to the passing of Resolution 4, approval be and is hereby given to Mr Fong Yoo Kaw @ Fong Yee Kow who had served for more than nine (9) years on the Board as an Independent Director of the Company, to continue in office as an Independent Director of the Company."   |                      |
| 8. To consider and, if thought fit, pass the following Ordinary Resolution:  |                      |
| ▪ <b>Continuation in office as Independent Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021</b>  | <b>Resolution 10</b> |
| "THAT, approval be and is hereby given to Mr Liew Jee Min @ Chong Jee Min who had served for more than nine (9) years on the Board as an Independent Director of the Company, to continue in office as an Independent Director of the Company."  |                      |
| 9. To consider and, if thought fit, pass the following Ordinary Resolution:  |                      |
| ▪ <b>Authority to issue shares pursuant to Section 76 of the Companies Act 2016</b>  | <b>Resolution 11</b> |
| "THAT, pursuant to Section 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." |                      |

## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING (continued)

FURTHER THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 10 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares issued under the Authority.”

10. To consider and, if thought fit, pass the following Ordinary Resolution:

▪ **Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature**

**Resolution 12**

“THAT, approval be and is hereby given to YKGI Group (“the Group”) to enter into and to give effect to specified recurrent related party transactions or trading nature with the Related Parties as stated in item 3(b) of the Circular to Shareholders dated 29 April 2022, which are necessary for its day-to-day operations, to be entered into by the Group on the basis that these transactions are entered into on terms which are not more favourable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (“Proposed Shareholder Mandate”);

AND THAT the Proposed Shareholder Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholder Mandate, shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which the Proposed Shareholder Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed; or
- (b) the expiration of the period within which the annual general meeting after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholder Mandate.”

11. To consider and, if thought fit, pass the following Special Resolution:

▪ **Proposed Change of Name of the Company from “YKGI Holdings Berhad” to “ASTEEL Group Berhad” (“Proposed Change of Name”)**

**Resolution 13**

“THAT the name of the Company be changed from “YKGI Holdings Berhad” to “ASTEEL Group Berhad” with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and that the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears;

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the transactions contemplated and/or authorised by this resolution.”

12. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

BY ORDER OF THE BOARD OF DIRECTORS

**DATUK IR MICHAEL HII EE SING (LS 0000872)**

*SSM Practising Certificate No.: 201908003344*

**VOON JAN MOI (MAICSA 7021367)**

*SSM Practising Certificate No.: 202008001906*

Company Secretaries

Kuching, Sarawak

Dated: 28 April 2023

## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING (continued)

### NOTES:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue of the 46<sup>th</sup> AGM. Members will NOT be physically present at the Broadcast Venue on the day of the 46<sup>th</sup> AGM;
2. Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 46<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in the Administrative Guide;
3. A proxy or attorney or a duly authorised representative may, but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy;
4. A Member of the Company who is entitled to attend and vote at the 46<sup>th</sup> AGM via RPV may appoint not more than two (2) proxies to attend and vote instead of the Member at the 46<sup>th</sup> AGM;
5. Where a Member of the Company is an authorised nominee as defined in the Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds;
6. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds;
7. Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies;
8. A proxy appointed to attend and vote at the 46<sup>th</sup> AGM via RPV shall have the same rights as the Member to speak at the 46<sup>th</sup> AGM;
9. To be valid, the duly completed Form of Proxy must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by electronic lodgement via TIIH Online website at <https://tjih.online> not less than 48 hours before the time set for holding the 46<sup>th</sup> AGM or any adjournment thereof;
10. A Member who has appointed a proxy or authorised representative to attend, participate, speak and vote at the 46<sup>th</sup> AGM via RPV must request his/her proxy or authorized representative to register himself/herself for RPV at TIIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in Administrative Guide;
11. A depositor whose name appears in the Record of Depositors as at 15 June 2023 shall be regarded as a Member of the Company entitled to attend the 46<sup>th</sup> AGM via RPV or appoint a proxy to attend, speak and vote on his behalf;
12. Explanatory Note for Agenda Item 1. This Agenda item is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not be put forward for voting;
13. All the Non-Executive Directors of the Company who are Members of the Company will abstain from voting on Resolutions 1 and 2. The Directors as referred to in Resolutions 3 and 4 who are also the Members of the Company will abstain from voting on the resolutions in respect of their re-election at the 46<sup>th</sup> AGM;
14. For the proposed Resolutions 3 to 7, the Nomination Committee ("NC") of the Company has assessed the performance, contribution and effectiveness of all the Directors and assessed the fit and proper criteria of the respective Directors seeking for re-election at the AGM. The areas of assessment of individual Directors include fit and proper, knowledge and integrity, contribution and participation, calibre and personality. Each of the retiring Director possesses the relevant skill sets and experience and bring valuable insights to the Board of Directors. Based on the satisfactory assessment outcome, together with the fit and proper declaration made in accordance with the Company's Fit and Proper Policy as well as confirmation of all the retiring Independent Directors of their independence, the Board recommended these Directors to be re-elected according to the proposed resolutions to be tabled at the 46<sup>th</sup> AGM;

## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING (continued)

### NOTES (cont'd):

15. The proposed Resolutions 9 and 10 are to seek shareholders' approval to retain Mr Fong Yoo Kaw @ Fong Yee Kow and Mr Liew Jee Min @ Chong Jee Min, whose tenure as Independent Directors of the Company have exceeded the tenure limit of nine (9) years. The NC has assessed the performance, contribution and effectiveness of these Directors and assessed the fit and proper criteria of the respective Directors. The areas of assessment of individual Directors include fit and proper, knowledge and integrity, contribution and participation, calibre and personality. They possess the relevant skill sets and experience and bring valuable insights to the Board of Directors. Based on the satisfactory assessment outcome, together with the fit and proper declaration made in accordance with the Company's Fit and Proper Policy as well as confirmation of all the retiring Independent Directors of their independence, the Board recommended Mr Fong Yoo Kaw @ Fong Yee Kow and Mr Liew Jee Min @ Chong Jee Min to be retained as Independent Directors of the Company based on the justification that their experience, expertise and networking have significant contribution to the operation and performance of the Group, they actively participated in deliberations at Board meetings by providing unbiased and independent views, expressing disagreements and standing up for their independent points of view for the best interest of the Group, shareholders, employees and other stakeholders as a whole and they fulfilled the criteria as Independent Directors stipulated in the Listing Requirements and therefore can be entrusted to discharge their duties impartially and constructively;

16. The Company had, at its 45<sup>th</sup> AGM held on 24 June 2022, obtained its shareholders' approval for the 10% general mandate for issuance of shares pursuant to the Section 76 of the Companies Act 2016. As at the date of this AGM Notice, the Company had fully issued 44,075,000 ordinary shares, which 9.0 million ordinary shares have been subscribed and allotted to Macquarie Bank Limited and 35,075,000 ordinary shares under Private Placement Exercise to the eligible allottees on 11 November 2022.

The total proceeds of RM4,384,200.00 raised from the Private Placement Exercise has been utilised for working capital of YKGI Group and repayment to suppliers.

The proposed Resolution 11, if passed, will grant a renewed 10% general mandate to empower the Directors to issue shares pursuant to Section 76 of the Companies Act 2016. It will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

The Board of Directors of YKGI, having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of YKGI Group, was of the opinion that this 10% general mandate is in the best interests of the Company and its shareholders;

17. The proposed Resolution 12 in respect of the Proposed Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is intended to facilitate transaction in the ordinary course of business of YKGI Group which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on the terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

Please refer to the Circular to Shareholders dated 28 April 2023 for further details; and

18. The details for the proposed Resolution 13 are set out in the Circular to Shareholders in relation to the Proposed Change of Name dated 28 April 2023.

### STATEMENT ACCOMPANYING NOTICE OF 46<sup>TH</sup> AGM

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, no individual is standing for election as a Director at the 46<sup>th</sup> AGM.

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# YKGI HOLDINGS BERHAD

[Registration No.: 197701001682 (032939-U)]  
(Incorporated in Malaysia)

## FORM OF PROXY

No. of Shares Held	
CDS Account No.	

\*I/We \_\_\_\_\_  
(Full Name In Capital Letters)

of \_\_\_\_\_  
(Full Address)

being a Member of YKGI HOLDINGS BERHAD, hereby appoint (Proxy 1) \_\_\_\_\_  
(Full Name In Capital Letters)

(NRIC No.: \_\_\_\_\_) of \_\_\_\_\_  
(Full Address)

and/or Proxy 2 (if any) \_\_\_\_\_ (NRIC No.: \_\_\_\_\_)  
(Full Name In Capital Letters)

of \_\_\_\_\_  
(Full Address)

or failing him/her/them, the CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the 46<sup>th</sup> Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at Online Meeting Platform via TIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Friday, 23 June 2023 at 2:00 pm and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

		FOR	AGAINST
<b>RESOLUTION 1</b>	To approve the payment of Directors' fees of RM224,000 for the Non-Executive Directors for the financial year ended 31 December 2022		
<b>RESOLUTION 2</b>	To approve other benefits payable to the Non-Executive Directors up to RM100,000 for the period from 24 June 2023 until the conclusion of the next Annual General Meeting of the Company		
<b>RESOLUTION 3</b>	To re-elect Tan Sri Dato' Soh Thian Lai as Director		
<b>RESOLUTION 4</b>	To re-elect Mr Fong Yoo Kaw @ Fong Yee Kow as Director		
<b>RESOLUTION 5</b>	To re-elect Datin Josephine Anak Hilary Dom @ Josephine John as Director		
<b>RESOLUTION 6</b>	To re-elect Ms Wong Siew Si as Director		
<b>RESOLUTION 7</b>	To re-elect Ms Khor Hun Nee as Director		
<b>RESOLUTION 8</b>	To re-appoint KPMG PLT (AF 0758) as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration		
<b>RESOLUTION 9</b>	To retain Mr Fong Yoo Kaw @ Fong Yee Kow as Independent Director		
<b>RESOLUTION 10</b>	To retain Mr Liew Jee Min @ Chong Jee Min as Independent Director		
<b>RESOLUTION 11</b>	Authority for Directors to issue shares pursuant to Section 76 of the Companies Act 2016		
<b>RESOLUTION 12</b>	Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature		
<b>RESOLUTION 13</b>	Proposed Change of Name of the Company from "YKGI Holdings Berhad" to "ASTEEL Group Berhad"		

\*Strike out whichever is not applicable.

The proportions of \*my/our holdings to be represented by \*my/our proxy are as follows:

First named proxy	
Second named proxy	

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

.....  
Signature/common seal of shareholder(s)

*Fold this flap for sealing*

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*Then fold here*

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AFFIX  
STAMP

To: The Poll Administrator

**Tricor Investor & Issuing House Services Sdn. Bhd.**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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## YKGI HOLDINGS BERHAD

[Registration No.: 197701001682 (032939-U)]  
(Incorporated in Malaysia)

### FORM OF PROXY (cont'd)

#### Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue of the 46<sup>th</sup> AGM. Members will NOT be physically present at the Broadcast Venue on the day of the 46<sup>th</sup> AGM;
2. Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 46<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide;
3. A proxy or attorney or a duly authorised representative may, but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy;
4. A Member of the Company who is entitled to attend and vote at the 46<sup>th</sup> AGM via RPV may appoint not more than two (2) proxies to attend and vote instead of the Member at the 46<sup>th</sup> AGM;
5. Where a Member of the Company is an authorised nominee as defined in the Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds;
6. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds;
7. Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies;
8. A proxy appointed to attend and vote at the 46<sup>th</sup> AGM via RPV shall have the same rights as the Member to speak at the 46<sup>th</sup> AGM;
9. To be valid, the duly completed Form of Proxy must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than 48 hours before the time set for holding the 46<sup>th</sup> AGM or any adjournment thereof;
10. A Member who has appointed a proxy or authorised representative to attend, participate, speak and vote at the 46<sup>th</sup> AGM via RPV must request his/her proxy or authorized representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in Administrative Guide; and
11. A depositor whose name appears in the Record of Depositors as at 15 June 2023 shall be regarded as a Member of the Company entitled to attend the 46<sup>th</sup> AGM via RPV or appoint a proxy to attend, speak and vote on his behalf.

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**REGISTERED ADDRESS**

Lot 712 Block 7 Demak Laut Industrial Park  
93050 Kuching Sarawak Malaysia.  
Tel: +6082 433 888 Fax: +6082 433 889

**CORPORATE OFFICE/BUSINESS ADDRESS**

Suite 27-1, Setia Avenue,  
No.2 Jalan Setia Prima S U13/S, Seksyen U13,  
Setia Alam, 40170 Shah Alam,  
Selangor Darul Ehsan.  
Tel: +603 5037 6228 Fax: +603 5037 6229

**Email :** [ykgi@ykgigroup.com](mailto:ykgi@ykgigroup.com)

**Website :** <http://www.ykgigroup.com>

