



ASTEEL GROUP

ASTEEL GROUP BERHAD

(formerly known as YKGI Holdings Berhad)

REGISTRATION NO. 1977 0100 1682 (032939-U)

ANNUAL REPORT
2023

1

FINANCIAL HIGHLIGHTS

(RM'000) 2019 2020 2021 2022 2023

OPERATING RESULTS

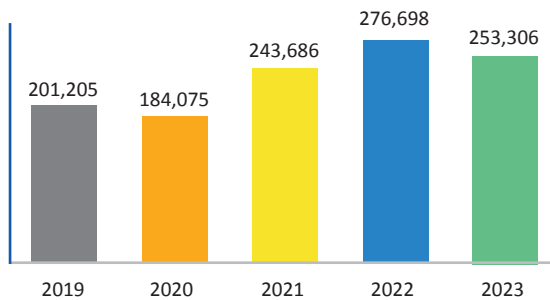
Revenue	201,205	184,075	243,686	276,698	253,306
Operating Profit/(Loss)	4,445	(1,257)	12,229	(4,582)	(7,592)
Profit/(Loss) Before Tax	4,445	(1,257)	11,498	(4,582)	(7,592)
(Loss)/Profit Attributable to owners of the Company	(7,566)	(5,791)	6,421	(5,914)	(6,362)
EBITDA	12,872	8,833	24,058	9,134	8,438

Key Balance Sheet Data

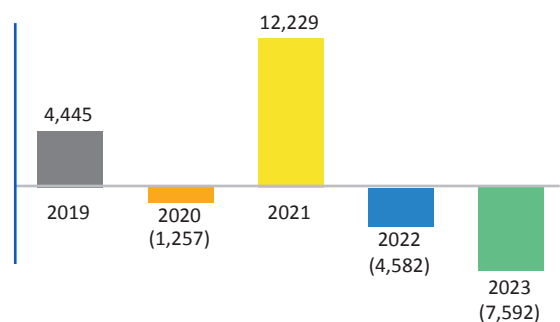
Share Capital	38,747	45,675	49,467	53,827	53,827
Total Borrowing	70,359	74,841	87,445	94,739	117,149
Cash and cash equivalents	23,213	18,305	17,105	25,700	32,664

Ratio Analysis

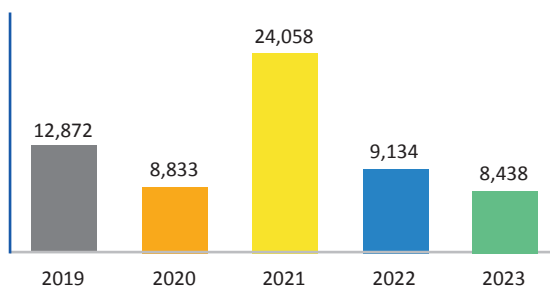
Gearing Ratio	Times	1.73	1.29	1.07	1.16	1.45
Gross Profit Margin	%	14.54	15.02	19.65	12.46	12.83



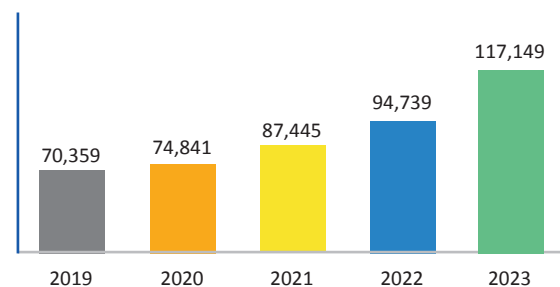
REVENUE (RM'000)



OPERATING PROFIT (RM'000)



EBITDA (RM'000)



TOTAL BORROWINGS (RM'000)

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GROUP MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

The financial year ended 31 December 2023 ("FY2023") has been a very challenging year for ASTEEL Group Berhad which concluded with a weak performance. The fluctuation of steel price, slow implementation of construction projects and the general weak market were among the contributing factors to the Group's weak performance in 2023.

However, ASTEEL Group has come up with a very bold and robust recovery plan. The team in ASTEEL Group is all set and ready to execute the turnaround plan to bring the Group back to being profitable with sustainable growth for business continuity. Moving forward, more focus shall be on the Group's core business which is the manufacturing of metal roofing and roll forming products. This would be strengthened by adding value to the products through other complimentary business activities associated with the construction industry. Another step taken is to consolidate some business activities under the Group with the aim of increasing operational efficiency and cost effectiveness. Such improvements would enhance customer experience and value-for-money products and services for the customers thereby boosting revenue stream.

The Group strives to achieve "Affordable Shelter for Everyone" by focusing on affordable housing development in the country with our AGIBS (Green IBS System). This system along with the Group as a manufacturer of metal roofing and roll forming products would provide ASTEEL with the competitive advantage in offering quality and affordable homes to young families, the B40 and M40 segment of the Malaysian population where they can grow and nurture their families.

Other measures taken to bring ASTEEL back on track is the implementation of Lean IR4 where lean management is supported by automation and digitalization to optimize utilization of machines, raw materials, and manpower to improve productivity and efficiency. This will be further backed by upskilling and reskilling of our workforce and intake of technical graduates into the Group.

With the rapid development in our neighbouring countries, ASTEEL is also planning to export metal roofing and set-up roll-forming facility in these countries, starting with our closest neighbour, Kalimantan, Indonesia. Thus, with the implementation of the initiatives in the Group's turnaround plan together with the support and efforts of everyone in ASTEEL along with our valued customers and other stakeholders, I am confident that ASTEEL will come back stronger, profitable, and sustainable.



Dato' Sri Victor Hii

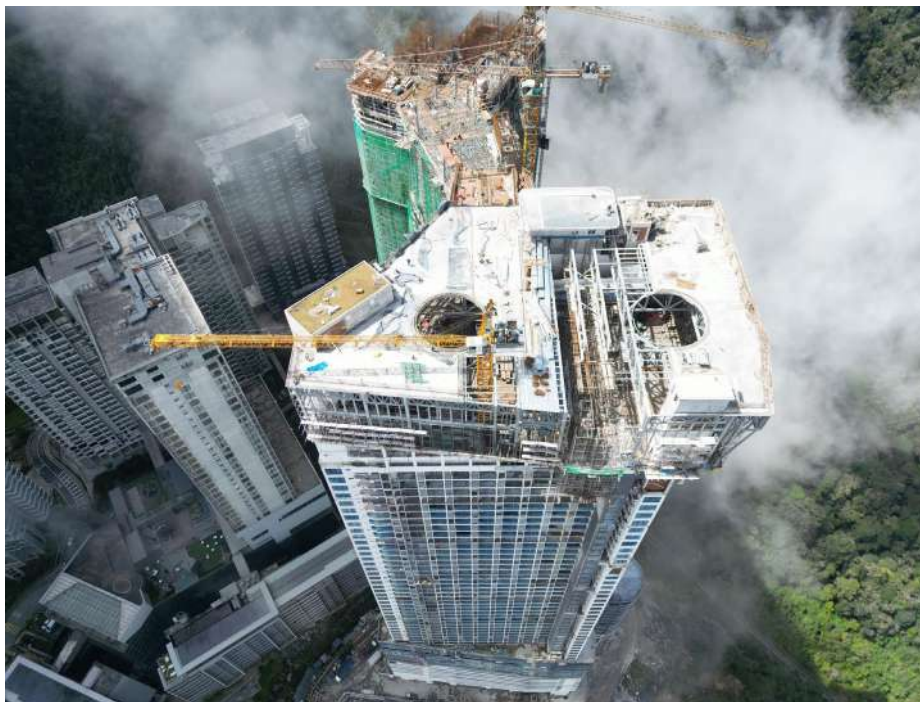
On behalf of the Board, I would like to put on record my sincere thanks and gratitude to all our valued customers, financiers, business associates, shareholders, Government authorities and regulators for their continued support, co-operation, and confidence in the Group.

Sincerely,

Dato' Sri Victor Hii Lu Thian,
Group Managing Director
ASTEEL Group Berhad



English Tea House, Sarawak Riverfront



*Grand Ion Majestic Service Apartment,
Sky Garden Steel Structure, Genting Highland*

3 MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

ASTEEL 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. More than 75% of the Group’s revenue is from this segment.

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 2019 the Group was also involved in construction and renovation works which include installation of Industrialised Building System (“IBS”), products and other structural works. This segment has grown over the years and is now contributing 8% of the Group’s revenue.

ASTEEL’s core principle is to be a one-stop building solutions provider to our customers.

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

(i) Coated Steel Products and Metal Roofing

ASTEEL 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.

ASTEEL 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 IBS.

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

(iii) Construction Business

This division involved in construction and renovation works which include installation of IBS products and other structural works.

In June 2023, the Company changed its name from YKGI Holdings Berhad to ASTEEL Group Berhad to better reflect our corporate identity and the Group’s vision and future undertakings.

FINANCIAL REVIEW

FY2023 was another challenging year. The steel price recovered from 2022, escalated steadily to its peak in mid 2023, and thereafter headed down with a wide band of USD200 per MT. 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. The prolonged overstay of our engineering services team at Sarawak Methanol Project in Bintulu has resulted cost overrun and suffered losses. As a result, ASTEEL Group suffered loss before tax of RM7.59 million in FY2023.

Continued from FY2022, the Group suffered another year of losses in FY2023 in the headwinds of steel price fluctuation, rising cost of doing business, uncontrollable project delay and low market demand.

For FY2023, the Group achieved total revenue of RM253.3 million compared to a total of RM276.7 million in the previous year, representing a decrease of RM23.4 million or 8.5%. The decrease in revenue was due to lower sales volume by 6.1% coupled with lower selling price of the roofing products.

The Group registered a loss before tax of RM7.59 million in FY2023 as compared to loss before tax of RM4.58 million in the previous year. The negative result was due to low market demand in the second half of the year despite a better gross profit margin. In the second half of 2023, the macro factors such as rising interest rate, high inflation, increasing energy price, 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 FY2023, the Group generated an EBITDA of RM8.44 million, a decline of 7.6% or RM0.7 million compared to the previous year. Working capital remained positive with a ratio of 1.14 times versus 1.21 times for 2022. As at 31 December 2023, the gearing ratio of the Group stood at 1.45 times (31 December 2022: 1.16).

REVENUE



PROFIT AFTER TAX



WORKING CAPITAL RATIO



SHAREHOLDERS' EQUITY



OPERATION REVIEW

The Group operates with nine (9) factories, five (5) ASTEEL Building Stores and two (2) business outlets throughout Malaysia, indicating a significant operational footprint across Malaysia. During the year 2023, the Group's first involvement in the installation of equipment in oil and gas industry in Bintulu, Sarawak did not yield the expected results. This was due to prolonged delays and associated overstay costs, suggesting difficulties in project execution and management.

Despite the challenges, the Group made efforts to optimize inventory management to ease working capital requirements. This led to a reduction in the stock holding period from 108 days in the previous year to 100 days in the current year, indicating proactive measures to improve efficiency.

The Group faced challenges in the domestic steel market, characterized by low demand and a lack of project implementation. Additionally, poor profit margins were experienced due to high input costs exacerbated by a weak currency. This suggests broader economic challenges impacting the Group's industry and operations.

In February 2023, one of the Group's subsidiaries has accepted the terms and conditions offered by Housing Development Corporation, Sarawak ("HDC") to undertake a Proposed three (3) phases of development comprising over 1,000 units of affordable houses ("Proposed Development"). The Proposed Development is still pending formal agreement to be agreed upon, and to be implemented in 2025 to 2028.

ANTICIPATED OR KNOWN RISKS

Economic Uncertainty Risk on Business Sustainability

The projected slower global economic growth especially in the US and Europe, along with significantly weaker growth in China, indicates a challenging economic environment. This can lead to reduced demand for steel globally. China's status as a steel exporter due to weak domestic demand makes it a key influencer of global steel prices. Fluctuations in Chinese steel prices can have a significant impact on ASTEEL, as it sources its steel materials mainly from Asian countries.

The global economy is weakening rapidly, with the US and Europe forecast to experience recessions in the very near term and China to suffer significantly weaker growth in 2024. China, being a steel exporter due to its weak domestic demand, is leading the global steel price movement. ASTEEL sourced its steel material mainly from Asian countries, will not be shielded from the issue of steel price fluctuation.

ASTEEL is vigilant in monitoring the cost of material via optimum inventory management strategy. This proactive approach aims to lessen the impact of input costs on product margins.

Competition Risk

The Group faces keen competition from cheap imported steel products that affect our sales especially our customers are price sensitive. 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 25 under the notes to the financial statements.

PROSPECTS

Malaysia achieved Gross Domestic Product (GDP) growth rate of 3.7% for 2023, supported by strong private consumption. The Prime Minister also announced that Malaysia generated total approved investments of RM329.5 billion in 2023, being the highest ever recorded in history. The country's economy is poised towards positive recovery in 2024 and that will augur well for property and construction sectors.

Malaysian construction industry is expected to see a brighter prospect in 2024. Some of the factors are poised to drive growth and development. The New Industrial Master Plan 2030 launched by the Malaysian government will transform the country's manufacturing sector into a high-value, technology-driven and globally competitive industry by 2030. The plan calls for the development of new industrial parks as well as the construction and upgrading of infrastructure to support the growth of the manufacturing sector.

In Sarawak, the development-biased 2024 State Budget has allocated RM7.8 billion for development expenditure, while the federal government's allocation to Sarawak reaches a historic high of RM5.8 billion in 2024. Among the major projects in the 2024 Budget are RM550 million for the implementation of Projek Rakyat; RM420 million for Rural Transformation Projects (RTP); RM200 million for Regional Development Agencies; and RM260 million for Minor Rural Projects (MRP).

The heightened Development Expenditure is anticipated to fuel growth in Sarawak's construction sector gross domestic product (GDP), particularly through a surge in infrastructure projects.

These projects are expected to generate significant economic multipliers for the state, create additional employment prospects for the local people and revitalise the construction and service sectors and 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 projecting an cautiously optimistic outlook for the current financial year.

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CORPORATE INFORMATION

Board of Directors

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

Tan Sri 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 Koichiro Nakazawa
Non-Independent Non-Executive Director

Alternate Director

Mr Satoru Kojima (To Mr Koichiro Nakazawa)

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: **ASTEEL**

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 : cosec@asteel.com.my

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

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

Bankers

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

Investment Banks

UOB Kay Hian Securities (M) Sdn Bhd

Legal Advisors

*Allen Loh & Co
C.L. Hii Advocates
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*

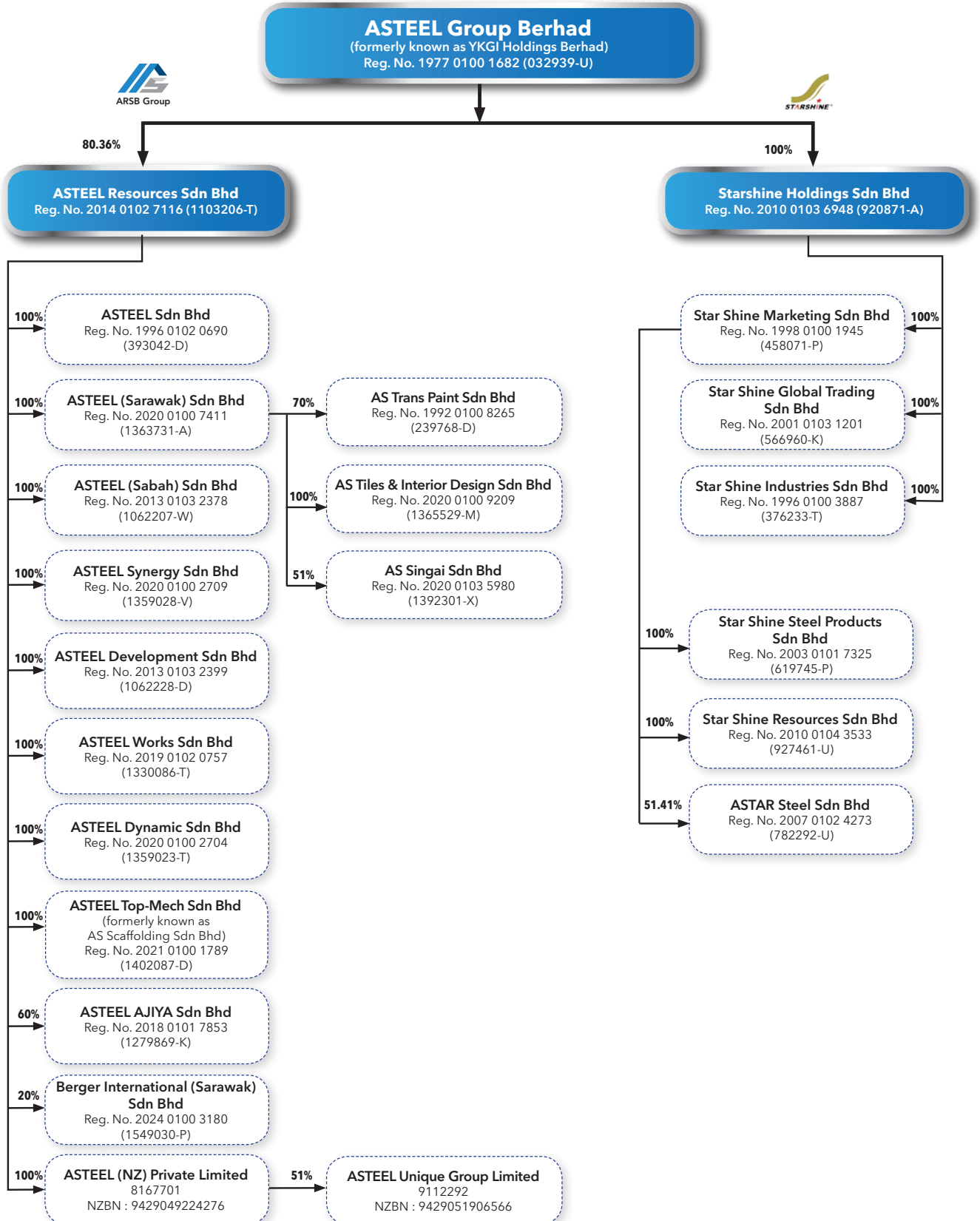
Certification

ISO 9001:2015
MS ISO 9001:2015

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

CORPORATE STRUCTURE

(as at 29 April 2024)



BOARD OF DIRECTORS



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



TAN SRI 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*



KOICHIRO NAKAZAWA
*Non-Independent
Non-Executive Director*

DIRECTORS'
PROFILE

LIEW JEE MIN
@ CHONG JEE MIN
(Malaysian, age 65, Male)
Independent Director /
Non-Executive Chairman

BOARD APPOINTMENT

28 February 2013

BOARD COMMITTEES

A member of Audit and Risk, and Nomination Committees.

EDUCATION AND EXPERIENCE

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

He attended all four (4) Board meetings held during the financial year ended 31 December 2023.

OTHER DIRECTORSHIP IN PUBLIC COMPANY

Parkson Holdings Berhad
Hextar Global Berhad
Hextar Healthcare Berhad



**TAN SRI
SOH THIAN LAI,**
PSM DIMP
(Malaysian, age 63, Male)
Executive Deputy Chairman

BOARD APPOINTMENT

15 March 2012

BOARD COMMITTEES

Chairman of ESOS Committee.

EDUCATION AND EXPERIENCE

Tan Sri 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 Soh is one of the major shareholders to ASTEEL Group Berhad (Listed on the Main Market of Bursa Malaysia Securities Berhad) specialising in roofing products & building materials with operations in West Malaysia, Sabah and Sarawak. Tan Sri Soh has 35 years of experience in corporate management and he is currently the Group Executive Deputy Chairman of ASTEEL Group Berhad.

Tan Sri Soh is currently 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) under the Ministry of International Trade and Industry. He is a Board Member of the Malaysian Qualifications Agency (MQA). He is also the appointed Adjunct Professor of University Tun Hussein Onn Malaysia (UTHM).

Tan Sri Soh 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 the 1st and current Board Chairman of Government-Industry TVET Coordination Body (GITC) under MTVET. He is also a member of the Malaysian Steel Council (MSC), member of PEMUDAH (Special Task Force to Facilitate Business) and member of the Economic Action Council (EAC) under the Prime Minister's Office.

Tan Sri Soh was the 2021 Protem Chairman of the ASEAN Manufacturing Network under ASEAN Business Advisory Council (BAC); former Chairman of the Technical Committee of the TVET Empowerment Cabinet Committee; and founding member and former Director of Malaysian Steel Institute (MSI).

Tan Sri Soh is the Immediate Past President of the Malaysian Iron & Steel Industry Federation (MISIF).

He attended all four (4) Board meetings held during the financial year ended 31 December 2023.

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)
Government - Industry TVET Coordination Body
GS1 Malaysia Berhad
Malaysian Iron & Steel Industry Federation
Yayasan PKT

DIRECTORS'
PROFILE


**DATO' SRI
VICTOR HII LU THIAN,**
SSAP SMW DIMP
(Malaysian, age 49, 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, IME Mini 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; Alternate Director to board of Pertubuhan Keselamatan Sosial (PEKERSO); Member of Pasukan Petugas Khas Pemudah Cara Perniagaan Peringat Negeri Sarawak (SAMUDAH) under State Secretary Sarawak; Council member, 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; ESG Committee member to National Chamber of Commerce & Industry of Malaysia (NCCIM); Advisor/Committee member of Persatuan Industri Demak Laut (PIDE); Vice President 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; Chairman to Board of Management of SJK St. Paul Kuching; Chairman of Kepolisan Komuniti Sarawak and a member of Rotary Club of Kuching Central.

He attended all four (4) Board meetings held during the financial year ended 31 December 2023.

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)
Malaysian Iron & Steel Industry Federation



FONG YOO KAW
@ FONG YEE KOW

(Malaysian, age 72, Male)

Senior Independent Non-Executive Director

BOARD APPOINTMENT

3 January 2013

BOARD COMMITTEES

Chairman of the Audit and Risk Committee.

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 2023.

OTHER DIRECTORSHIP IN PUBLIC COMPANY

DPI Holdings Berhad
Sarawak Oil Palms Berhad

DIRECTORS'
PROFILE

YAN YING CHIEH

(Malaysian, age 61, 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. Later, in 2016, she co-founded Firmus Financial Sdn Bhd (formerly, Money Sense Advisory Sdn Bhd), a licensed financial planning firm.

She attended all four (4) Board meetings held during the financial year ended 31 December 2023.


DATIN JOSEPHINE ANAK HILARY DOM @ JOSEPHINE JOHN

(Malaysian, age 69, Female)
Independent Non-Executive Director

BOARD APPOINTMENT

1 February 2023

BOARD COMMITTEES

Chairlady of Remuneration Committee, and a member of Audit and Risk Committee.

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.

She attended all four (4) Board meetings held during the financial year ended 31 December 2023.

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.

OTHER DIRECTORSHIP IN PUBLIC COMPANY

Amanah Saham Sarawak Berhad
Petroleum Sarawak Berhad



WONG SIEW SI

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

BOARD APPOINTMENT

1 February 2023

BOARD COMMITTEES

A member of Nomination Committee.

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.

She attended all four (4) Board meetings held during the financial year ended 31 December 2023.

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.

OTHER DIRECTORSHIP IN PUBLIC COMPANY

Olympia Industries Berhad



KHOR HUN NEE

(Malaysian, age 47, Female)
Independent Non-Executive Director

BOARD APPOINTMENT

1 February 2023

BOARD COMMITTEES

A member of Remuneration Committee.

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.

She attended all four (4) Board meetings held during the financial year ended 31 December 2023.

She was a Director of SWS Capital Berhad. She also holds directorship in other public companies, namely Jaks Resources Berhad, Fiamma Holdings Berhad and Classic Scenic 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.

OTHER DIRECTORSHIP IN PUBLIC COMPANY

Jaks Resources Berhad
Fiamma Holdings Berhad
Classic Scenic Berhad

DIRECTORS'
PROFILE

CHRISTOPHER HII LU MING

(Malaysian, age 47, Male)

Non-Independent Non-Executive Director

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 2023.

Mr Christopher Hii is a brother of Dato' Sri Victor Hii Lu Tian, 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.


KOICHIRO NAKAZAWA

(Japanese, age 44, Male)

Non-Independent Non-Executive Director

BOARD APPOINTMENT

26 June 2023

EDUCATION AND EXPERIENCE

Mr Nakazawa is representing Marubeni-Itochu Steel Inc., a major shareholder of the Company. He holds a degree in Economics and joined Marubeni-Itochu Steel Inc. in 2009.

He has more than 15 years business career in Marubeni-Itochu Steel Inc., working and managing in various departments, namely Staff, Overseas Hot Rolled Steel Sheets Sec, Overseas Iron & Steel Dept and Overseas Steel Sheets Dept.

He was also the Managing Director of Marubeni-Itochu Steel (M) Sdn. Bhd for 5 years from April 2018 to March 2023. Since April 2023, he was transferred to Marubeni-Itochu Steel Inc. as the Deputy Manager of Overseas Hot Rolled Steel Sheets Sec, Overseas Iron & Steel Dept and Overseas Steel Sheets Dept.

Since his appointment to the Board on 26 June 2023, Mr Nakazawa attended two (2) Board meetings applicable to him during the financial year ended 31 December 2023.

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 FY2023.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI SOH THIAN LAI

(Malaysian, age 63, Male)

Executive Deputy Chairman

Please refer to description under the heading “Directors’ Profile” on Page 12.

DATO’ SRI VICTOR HII LU THIAN

(Malaysian, age 49, Male)

Managing Director

Please refer to description under the heading “Directors’ Profile” on Page 13.

GOH KWAN SENG

(Malaysian, age 54, Male)

Senior Executive Director - ASTAR Steel Sdn Bhd

Appointment
14 February 2011

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 as Senior Executive Director of the Company with effect from 1 September 2022.

AW CHIEW LAN

(Malaysian, age 53, 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 ASTEEL in 1991 and had since then responsible for financial reporting and administrative affair of ASTEEL 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 ARSB Group of Companies on 1 July 2015 to oversees the financial affairs of ARSB Group of Companies. In November 2022, she was assigned to handle the financial affairs of ASTEEL Group. In Feb 2023, Ms Aw was redesignated to Group Director of Finance and she is primarily responsible for the financial management of ASTEEL Group.

FOO AI TING

(Malaysian, age 49, 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 45, 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).

PROFILE OF KEY SENIOR MANAGEMENT

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 20 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 Secretary of Persatuan Alumni AOTS Malaysia (PAAM) Sarawak Branch and also Committee of Persatuan Industri Demak Laut (PIDE).

KOH TECK HOE

(Malaysian, age 49, Male)

Executive Director - 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.

CHONG KON YU

(Malaysian, Age 61, 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.

Ts. DENNIS NG TEE WUI

(Malaysian, Age 37, Male)

Executive Director cum General Manager - ASTEEL Development Sdn Bhd

Appointment
1 January 2023

Education and Experience

Ts. 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 then served the State Government Local Authorities in Miri and Sarikei, Sarawak between 2012 to 2017. Later 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 building materials.

Notes:

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

- any directorship in public companies and listed issuers;
- any family relationship with any directors and/or major shareholders of the Company;
- any conflict of interest with the Company;
- any conviction for offences (other than traffic offences) within the past five (5) years; and
- 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 ASTEEL Group Berhad (formerly known as 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 2023 (“FY2023”) 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 2023 of the Company which is available at website of Bursa Malaysia at 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 during the financial year 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 which include conflict of interests are embedded in the Board Charter and are available on the Company’s website (www.asteelgroup.com) for easy access by the shareholders and the public.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT**(v) Sustainability of business**

The Board is mindful of its responsibility on the Environmental, Social and Governance (“ESG”) aspects of business sustainability. As such, the ESG 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 ESG 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 and Senior Management.

(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 MCGG, 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 2023 Annual General Meeting (“AGM”) and at least one (1) Company Secretary attends all Board and Board committee meetings during the FY2023. 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 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 Koichiro Nakazawa	√		√						√		√		

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

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 Group 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, 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 38%. 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 FY2023 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 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%
Datin Josephine Anak Hilary Dom @ Josephine John (Independent Non-Executive Director)	4/4	100%
Ms Wong Siew Si (Independent Non-Executive Director)	4/4	100%
Ms Khor Hun Nee (Independent Non-Executive Director)	4/4	100%
Mr Christopher Hii Lu Ming (Non-Independent Non-Executive Director)	4/4	100%
Mr Koichiro Nakazawa (Non-Independent Non-Executive Director)	2/2	100%

Group Director of Finance ("GDF"), 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 FY2023, *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 FY2023, 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 FY2023 were as follows:

Name of Directors	Name of Training Attended
Mr Liew Jee Min @ Chong Jee Min	<ul style="list-style-type: none"> • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • Directors' Interest in Contracts and Conflict of Interests
Tan Sri Soh Thian Lai	<ul style="list-style-type: none"> • National Economic Forum 2023 • National Human Capital Conference & Exhibition
Dato' Sri Victor Hii Lu Thian	<ul style="list-style-type: none"> • MBA Master of Business Administration • 3rd edition National Economic Forum 2023 • Program Dialog Perburuhan Bersama YB Menteri Sumber Manusia tahun 2023 • 2023 World Green & Sustainability Summit • APC TOP CEO Gathering - East Malaysia
Mr Fong Yoo Kaw @ Fong Yee Kow	<ul style="list-style-type: none"> • EY Technical Updates • EY Budget Seminar 2023 • Introduction to ESG • Forum Hak Warga Emas kepada Hak Ekonomi, Sosial dan Kebudayaan • Advocacy Session for Directors and CEOs of Main Market Listed Issuers
Ms Yan Ying Chieh	<ul style="list-style-type: none"> • Phillip Capital Investment Conference • AFA Annual Conference • Islamic Estate Planning & Financial Needs Analysis for Estate
Datin Josephine Anak Hilary Dom @ Josephine John	<ul style="list-style-type: none"> • The Mandatory Accreditation Programme (MAP) • Navigating The ESG Risk In Supply Chain • Enterprise Risk Management Training • Audit Committee Conference • National Tax Seminar 2023 (Budget 2024)
Ms Wong Siew Si	<ul style="list-style-type: none"> • Contemporary issues in AMLA & Anti-Terrorism Financing • Sustainability Series - (Re) Building the Board for Innovation • CGS China-Asean Business Leaders Summit • Chat GPT • ESG, Green banking & wealth management • The 11th QED Changemaker Forum :Leading Corporate Sustainability from Ideas to Action • Select the right industry to invest in the right time • Identifying growth company • Beating business & Stock Market Cycle • Geopolitics & global issues influencing the Capital Market • Bursa Malaysia Enhanced Sustainability reporting requirements • Fundamentals of Corporate Finance • BNRC Dialogue & Networking • BAC Dialogue & Networking • What is ETF & how to invest in ETF? • Advocacy Session for Directors • National Climate Governance Summit 2023 • The Cooler Earth Sustainability Summit 2023 • ESG IFRS S1 & S2 & Beyond Compliance
Ms Khor Hun Nee	<ul style="list-style-type: none"> • Anti-bribery & Corruption Training 2023 • Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act & Personal Data Protection Act 2023 • Code of Ethic and Rules of Professional Conduct 2023 • Compliance & Shariah Training 2023 • EPF-MIS Guidelines Training 2023 • Guidelines on Advertisement 2023 • IT Security Awareness Training 2023 • Integration of Corporate Social Due Diligence Directive (CSDDD)
Mr Christopher Hii Lu Ming	<ul style="list-style-type: none"> • Inflation and the Sectors to Benefit • F4GM Outlook - Can ESG Outperform in a Global Recession & Inflation? • Decoding The Market: When and How to Buy Stocks
Mr Koichiro Nakazawa	<ul style="list-style-type: none"> • Malaysia's National Energy Transition Roadmap (NETR) Initiative • Evaluating Market Performance Over Multiple Business Cycles • Why choose Leveraged & Inverse ETFs

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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 ("RC"), 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 four (4) times during FY2023. More information on the functions, duties and activities carried out by the ARC during FY2023 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)	4/4	100%
Mr Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman / Member)	4/4	100%
Ms Yan Ying Chieh (Independent Non-Executive Director / Member)	4/4	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 two (2) meetings during FY2023.

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

During FY2023, 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 FY2023 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 FY2023, 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 Chairman 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 one (1) meetings during FY2023.

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

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

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The detail of the remuneration of each individual director for the financial year ended 31 December 2023 is as follows:

Executive Director	Salary	EPF	Other Benefits	Total
Tan Sri Soh Thian Lai	684,000	112,640	60,000	856,640
Dato' Sri Victor Hii Lu Thian	714,000	132,480	159,930	1,006,410
Total	1,398,000	245,120	219,930	1,863,050

Non Executive Director	Fee	Other Allowances	Total
Mr Liew Jee Min @ Chong Jee Min	55,500	12,360	67,860
Mr Fong Yoo Kaw @ Fong Yee Kow	56,000	12,000	68,000
Ms Yan Ying Chieh	51,500	12,360	63,860
Datin Josephine Anak Hilary Dom @ Josephine John	41,250	5,000	46,250
Ms Wong Siew Si	41,250	5,360	46,610
Ms Khor Hun Nee	41,250	5,360	46,610
Mr Christopher Hii Lu Ming	31,000	3,500	34,500
Mr Koichiro Nakazawa	15,000	-	15,000
Mr Toshihiro Tachibana	15,000	-	15,000
Total	347,750	55,940	403,690

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 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 vide the announcement made to Bursa Securities in accordance to By-Law 19.3 on 5 August 2021.

For the year ended 31 December 2023, 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 of three Independent Directors, with Mr Fong Yoo Kaw @ Fong Yee Kow as the ARC Chairman. The composition of ARC, including its roles and responsibilities, are set out in the ARC Report. One of the key responsibilities of 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 FY2023, 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 FY2023 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	250,000	35,000
Non-audit fees		
• KPMG PLT	6,000	6,000
• Local affiliate of KPMG PLT	37,850	6,700

(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 Group 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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.asteelgroup.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, Group 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 46th AGM held on 23 June 2023 was conducted entirely through live streaming from the Broadcast Venue. 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.

In addition to various announcements made during FY2023, 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 23 June 2023. The Company has introduced proper processes and procedures to monitor, track and identify RRPT. ARC 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) Mr Toshihiro Tachibana resigned as Non-Independent Non-Executive Director with effect from 26 June 2023;
- (b) Mr Koichiro Nakazawa ceased as Alternate Director to Mr Toshihiro Tachibana with effect from 26 June 2023;
- (c) Mr Koichiro Nakazawa was appointed as Non-Independent Non-Executive Director effective 26 June 2023;
- (d) Mr Satoru Kojima was appointed as Alternate Director to Mr Koichiro Nakazawa effective 26 June 2023;
- (e) Mr Fong Yee Kow retired as a Member of Remuneration Committee and Nomination Committee effective 1 January 2024;
- (f) Mr Chong Jee Min retired as a Member and Chairman of Remuneration Committee effective 1 January 2024;
- (g) Datin Josephine Anak Hilary Dom @ Josephine John was appointed as a Member of Audit and Risk Committee and Chairlady of Remuneration Committee effective 1 January 2024;
- (h) Ms Wong Siew Si was appointed as a Member of Nomination Committee effective 1 January 2024; and
- (i) Ms Khor Hun Nee was appointed as a Member of Remuneration Committee effective 1 January 2024.

This statement is issued in accordance with a resolution of the Board of Directors dated 29 April 2024.

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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 ASTEEL Group Berhad ("ASTEEL")'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

ASTEEL 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.

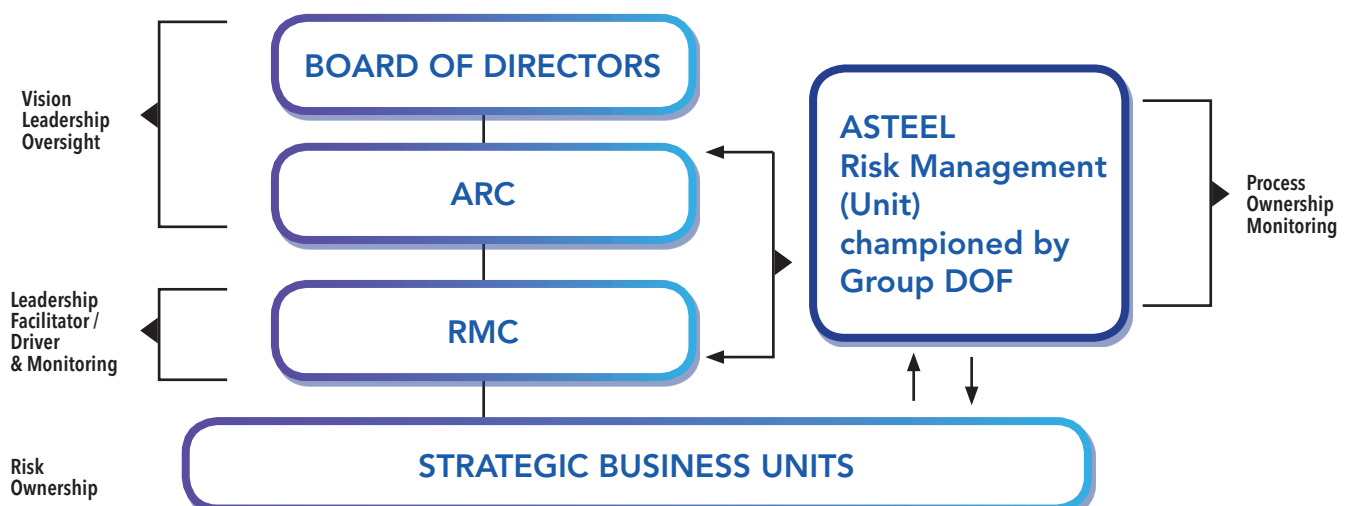
RISK MANAGEMENT

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 Group Director of Finance, and is made up of senior management personnel.

In 2023, ARC has received the four (4) reports from RMC and deliberated on the risks presented by the RMC. After perusal and input, if any by ARC, the reports were presented to the Board for information and record.

ASTEEL Group's Risk Management Structure is as below:



Role of ARC

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 to the Board;
- 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 2023, the RMC was headed by the Group Director of Finance ("GDoF") and comprises of senior management personnel from different business units and key divisional heads at head office. 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 2023, the Internal Audit Team ("Internal Auditors") has carried out 7 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 four (4) times in the year 2023.

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. An established 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, Group Director of Finance, Director of Commercial, Director of Operation, Executive Directors of subsidiary companies 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 2023, 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 2023, 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 29 April 2024.

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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 (“RC”), formed on 10 May 2016.

ARC assists the Board of Directors in fulfilling its responsibilities to ensure proper corporate governance, transparent financial reporting process, oversee the Group’s internal and external audit functions, internal control 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 2023 (“FY2023”) 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
Datin Josephine Anak Hilary Dom @ Josephine John (Appointed on 1 Jan 2024)	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 FY2023, 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

All ARC members attended all the 4 meetings held during the FY2023. The Executive Deputy Chairman, Group Managing Director and Group Director of Finance 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 12 May 2023, 9 August 2023, 3 November 2023 and 28 February 2024.
- b. Reviewed the Company's Audited Financial Statements ("AFS") for FY2021 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.

**REPORT OF AUDIT AND
RISK COMMITTEE****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

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 fourteen (14) 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 three (3) during the year and the cost of maintaining the function in 2023 amounted to RM195,068 (2022: RM153,483).

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 prioritization 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 29 April 2024.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

In response to the need to take urgent action against climate change and its impact alongside being a responsible consumer and producer, we are pleased to present the performance of our sustainability initiatives in our group's Sustainability Report. This report will provide an overview of the performance and outcome of the initiatives implemented from 1 January 2023 to 31 December 2023 in the areas of Environmental, Social and Governance. The performance and outcome of these initiatives will also present to the ASTEEL Group new opportunities to be explored as well as areas of improvements in the group's value creation and shareholders value.

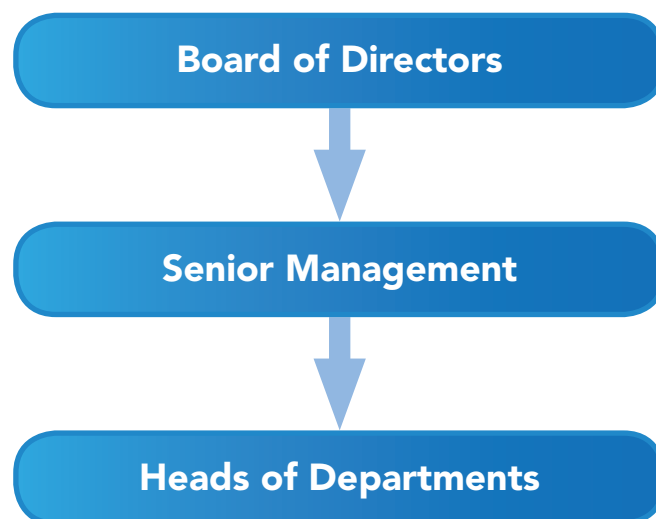
Apart from presenting new opportunities the performance and outcome of these sustainability initiatives will also support and strengthen the group's risk management. As we move towards decarbonisation of the group's operation, the measurement will present the impact of our sustainability initiatives to our stakeholders.

SUSTAINABILITY STATEMENT AND GOVERNANCE

ASTEEL Group firmly advocates sustainable business practices as the guiding principle and key to the group's long term growth and continuity. The group's sustainability initiatives are aligned with United Nation's Sustainability Goals (UN SDGs) and in particular will focus on Sustainability Development Goal (SDG) No.12 on Responsible Consumption and Production and the impact of the group's actions in combating climate change.

In ASTEEL, all matters on sustainability are governed and managed across various levels in the organisation. The Group's Sustainability Statement for 2023 covers the major activities in the group's operation which is the main revenue generator for the group. Our Board provides the oversight on our Group's sustainability and is assisted by the Senior Management of the Group who oversees the implementation of the Group's sustainability initiatives and measures.

Department Heads and members are the ones who implement the group's sustainability initiatives, integrating them to the operation of the group and the outcomes are reported accordingly. Performance and outcomes are reviewed by Senior Management team and reported to Board for further discussions on their impact to the business and stakeholders and decisions made accordingly.



We are also establishing and maintaining a culture of ethical behaviour and practices and are 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.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

Material Sustainability matters were identified to prioritise issues of utmost importance and concern which would have an impact on our stakeholders. 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. The material subjects are grouped under the three main sustainability pillars, namely, Economics, Environment and Social Pillars as illustrated below.

Pillar	Material Sustainability Matters
Economic	<ul style="list-style-type: none"> Ethics and Conduct Customer Focus, Product Quality and Delivery
Environment	<ul style="list-style-type: none"> Waste Management Compliance with law and regulations Energy Consumption Water Consumption
Social	<ul style="list-style-type: none"> Safety & Health Diversity Employees Recognition Training and Development Employee Benefits Community Engagement through CSR

STAKEHOLDER ENGAGEMENT

The Group acknowledges that responses from stakeholders are important in planning the roadmap and strategies to strengthen the ESG 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"> Profitability Dividend Corporate governance and ethical management 	<ul style="list-style-type: none"> Annual Report Annual General Meeting Company website , announcement Press release
Customers/ Suppliers	<ul style="list-style-type: none"> Product and service quality Timely delivery of products and services Payment terms and timeliness Product innovation 	<ul style="list-style-type: none"> Face-to-face meeting Events and site visits Receive feedback and products quality Customer satisfaction survey and supplier evaluation form
Regulators/Government Authorities	<ul style="list-style-type: none"> Compliance and certification exercises Certifications/awards Industry best practices and updates Safety and health regulations including prevention of COVID-19 	<ul style="list-style-type: none"> Periodic site visits and audits Company representation at initiatives/ technical working groups Industry- related initiatives and events
Employees	<ul style="list-style-type: none"> Business performance and direction Career development Learning opportunities Welfare and benefits Health and safety Working environment 	<ul style="list-style-type: none"> Departmental meeting Company intranet Performance evaluations Compensation and benefits
Local Community	<ul style="list-style-type: none"> Environment impact from operation Emission management 	<ul style="list-style-type: none"> Corporate website and social media platforms Community engagement programmes Corporate advertisements

1. ECONOMIC

Ethics and Conducts

The Group and its employees endeavour to conduct our 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.

- Training is conducted on existing employees and is also conducted for every new joiners to the group during their induction. Every employee is required to make a declaration against any form of corruption during the training and induction.
- The group has also implemented and conducted gift declaration where employees who receive gift from a third party is required to complete the Gift Declaration Form.
- Others include Third Party Declaration which has to be conducted on vendors, suppliers and service providers. Senior Management and managers are also required to Declare Their Conflict of Interest.

All these are done to uphold strong integrity and ethical conduct among employees.

Customer Focus, Product Quality, and Delivery

ASTEEL Group emphasizes on integrity, value and user value; devoting to the concept of safe, environmental-friendly and quality products. These enhances customers satisfaction and experience, which will also contribute towards creating a strong local brand. To keep pace with demand while nurturing 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 through training and coaching. This includes constantly conducting market intelligence to get the pulse on market trend, consumers demand, purchasing power of consumers, geopolitical events that may affect the supply and value chain and pricing.
- Our Sales team are regularly updated and trained on our product features and the benefits of these products in providing solutions to customers at any level and affordability.
- Continuous improvements through inputs from Customers Survey and also Voice of Customers should any complaint arises to stay ahead.
- Participating in product exhibition to share information on 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, Quality Management System for continuous improvement.

2. ENVIRONMENTAL

The Group understands the impact of their activities to the environment and climate and thus has taken measures to protect the environment where they operate. As a responsible corporate body, it is our duty to do our part to protect the environment against climate change and becoming a responsible consumer resources and producer of products through the implementation of the following initiatives and practices in our factories.

ASTEEL has implemented these initiatives to reduce waste and recycle materials as our contribution towards responsible consumption and to become environmentally friendly. ASTEEL continues to be committed to:

SUSTAINABILITY REPORT

- The Group ensures that the supplies of raw materials are from sustainable sources and obtained or produced with due environmental consideration and best practices. We review their sustainability practices and their impact to the environment especially climate change, energy and water consumption and communities as a requisite for continuous business.
- Constantly striving to promote the 3R systems (Reduce, Reuse and Recycle) in waste management. ASTEEL has established 5S committee as the committee are the drivers of 5S initiatives and improvements and the 3R.
- Energy-saving initiatives such as switching off non-essential electrical machinery, equipment and appliances when not in use. Energy saving initiative is not only for cost saving, but at the same time reduce our carbon footprint, the company has implemented the following:-
 - i. Gradually changing all the factory lighting to LED type with lower power consumption but higher illumination (brightness)
 - ii. Replace older air-conditioning units to inverter type
 - iii. New factory machines' motor are mostly inverter type
 - iv. Install translucence roofing to allow natural lighting and reduce the usage of high bay lighting during daytime

- Solar project

We are in the process of installing solar panels on our roof as another source of green renewable energy for our facilities. The implementation of solar panels will be another source of renewable energy for the group operation in the near future.

- Conversion of heating for our Colour Coating Line (CCL)

Started to use electrical heaters in CCL for the heating of chemical solutions since November 2022, as a replacement for steam generated from boiler. The application of direct heating is more cost effective compared to the former. The conversion has also provided the company with a monthly cost savings of about RM30,000, compared to using Diesel fuel for boiler before the conversion.






Converting energy source of production facilities from fossil fuel to clean electricity from the grid which is generated by hydro electricity dam in our decarbonization effort. However the conversion has reduced the consumption of fuel but has also shown an increase in electricity consumption. Other renewable source as mentioned earlier to generate power for our factory operations and manage electricity cost further.

- Waste Management

The company dispose waste to collector who can perform recovery service instead of direct landfill. For example, used oil & solvents from production are being processed, refined & recovered by vendors into recycled oils for other purposes, as well as for household usage.

Practicing schedule waste and water management for optimum usage and to minimise consumption and wastage.

Initiatives made in 2023 to minimise the impact on the environment are as follows:

		2021	2022	2023
 Recycling	Steel recycle per tonne of product	9.13 kg	7.38 kg	9.42 kg
 Schedule Waste	Output per tonne	0.47 kg	0.51 kg	0.55 kg
 Electricity Consumption	Consumption per tonne	71.81 KWH	67.65 KWH	79.25 KWH
 Water Consumption	Consumption per tonne	0.63 m ³	0.75 m ³	0.66 m ³
 Fuel Consumption	Consumption per tonne	40.73 L	40.14 L	42.28 L

The initiatives did not generate positive outcome due to lower production output and inconsistent production volume.

3. SOCIAL

ASTEEL 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 ASTEEL 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; The group has collaborated with a local university, UNIMAS with courses "Executive Master In Leadership Development Programme (ELDP)" for Managers and "Certificate in Manufacturing Technology (CMT)" for operators. The first group of eleven (11) managers had successfully completed and graduated from the Executive Master in Leadership programme. Candidates for the second group will be evaluated by both ASTEEL Group Head of Human Resources and the university concerned. This is an ongoing initiative aimed at upskilling and reskilling our employees with current and future skills and knowledge especially in management.
- A total of sixty (60) operators from three groups had completed their Certificate in Manufacturing Technology Programme and the Advanced Certificate in Manufacturing Technology (ACMT) Programme is currently being developed with UNIMAS and the first cohort of twenty (20) operators will be enrolled in the programme.
- The performance of these graduates will be measured, reported and impact to the group operation measured for continuous improvement.
- 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 have their meals in the canteen. Meal in the canteen is subsidised and this also saves them commuting time to the eateries outside for their meals.
- Morning assembly exercise to promote a healthy body and work punctuality.
- Converted a room into first aid room complete with basic amenities to provide a clean and comfortable place for our first aiders to provide first aid to those with minor injuries. It is also a place for those who are unwell to rest before going home or while waiting for ambulance.
- Education is very important in ASTEEL and each year the group give Children Education Assistance (CEA) to the children of employees and outstandings ones are also given awards. Through this effort the group aims to provide skilled workforce to Sarawak and the country.

**SUSTAINABILITY
REPORT**
CHILDREN EDUCATION ASSISTANCE 2021- 2023

Class	2021		2022		2023	
	Pax	RM	Pax	RM	Pax	RM
Primary	106	12,720	87	13,050	70	8,850
Secondary	71	12,780	67	16,750	78	16,750
Cert	2	600	1	350	1	350
Matri/Pre U	0	0	14	7,000	4	2,000
Diploma	8	4,000	9	7,200	9	7,200
Degree/Master	16	12,800	10	12,000	13	8,400
Award	4	800	3	1,050	0	0
Total	207	43,700	191	57,400	175	43,550

DATA ON EMPLOYEES 2021-2023 BY GENDER

Gender	Year		
	2021	2022	2023
Female	115	136	131
Male	335	364	348
Total	450	500	479

The group will continue to increase women's participant in the organisation in the effort to be gender balance whether in operation or administration.

ON SAFETY & HEALTH

- The group's emphasis on Safety First alongside the Safety & Health procedures implemented has kept the number of work place accident low.
- Also instilling the practice of Zero Tolerance on accident aimed at achieving Zero case of work place accident. Below is the number of accident over a period of three years.

NO. OF ACCIDENT CASES 2021- 2023

Year	No. of cases
2021	0
2022	1
2023	1
Total	2

COMMUNITY

ASTEEL continues to engage with the communities where the group operates through the various charity programmes. The Group supports various communities through advertising, sponsoring and supporting of events. We also run practical-training programmes with local technical Institutions to promote work-experience and employability of their students.

In the year 2023, we had reached out to various sectors of the community 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 - The Salvation Army Children Home, Habitat for Indigenous and Urban Program (HIDUP) Kuching, The Scouts Associations Malaysia, Kampung Mantung Mubuk, Serian, Keluarga PKK Kemas Kpg Muara Tebas B, Program Fiesta Raya and Pre Gawai, Kuching Life Care Society, PIBAKAT, House of Joy - Spread the wings of Aspiration 2023, Persatuan Divine Will Society Dialysis Centre, fire victims of Rumah Peter Igoh, Nanga Mujan, Skrang, Betong and sponsorship for Charity Runs namely, KMS Unity, Rotary, LEO, Red Crescent Kuching, Pink October and PERKIM.

The Sustainability Table originates from Bursa Malaysia ESG Reporting Platform which is outlined in the Main Market Listing Requirement and adhering to the stipulated enhanced sustainability reporting criteria

Bursa (Anti-corruption)

Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category

Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00

Bursa C1(b) Percentage of operations assessed for corruption-related risks

Percentage	100.00
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Bursa C1(c) Confirmed incidents of corruption and action taken

Number	0
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Bursa (Supply chain management)

Bursa C7(a) Proportion of spending on local suppliers

Percentage	51.00
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Bursa (Energy management)

Bursa C4(a) Total energy consumption

Megawatt	800
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Bursa (Water)

Bursa C9(a) Total volume of water used

Megalitres	6.60
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Bursa (Labour practices and standards)

Bursa C6(a) Total hours of training by employee category

Management	Hours	459
Executive	Hours	538
Non-executive/Technical Staff	Hours	513
General Workers	Hours	545

Bursa C6(b) Percentage of employees that are contractors or temporary staff

Percentage	0.00
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Bursa C6(c) Total number of employee turnover by employee category

Management	Number	7
Executive	Number	20
Non-executive/Technical Staff	Number	96
General Workers	Number	3

Bursa C6(d) Number of substantiated complaints concerning human rights violations

Number	0
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Bursa (Diversity)

Bursa C3(a) Percentage of employees by gender and age group, for each employee category

Age Group by Employee Category

Management Under 30	Percentage	5.00
Management Between 30-50	Percentage	74.00
Management Above 50	Percentage	21.00

**SUSTAINABILITY
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Executive Under 30	Percentage	26.00
Executive Between 30-50	Percentage	62.00
Executive Above 50	Percentage	12.00
Non-executive/Technical Staff Under 30	Percentage	50.00
Non-executive/Technical Staff Between 30-50	Percentage	39.00
Non-executive/Technical Staff Above 50	Percentage	10.00
General Workers Under 30	Percentage	31.00
General Workers Between 30-50	Percentage	31.00
General Workers Above 50	Percentage	38.00
Gender Group by Employee Category		
Management Male	Percentage	36.00
Management Female	Percentage	64.00
Executive Male	Percentage	53.00
Executive Female	Percentage	47.00
Non-executive/Technical Staff Male	Percentage	88.00
Non-executive/Technical Staff Female	Percentage	12.00
General Workers Male	Percentage	87.00
General Workers Female	Percentage	13.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Between 30-50	Percentage	40.00
Above 50	Percentage	60.00

Bursa (Data privacy and security)

Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
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Bursa (Health and safety)

Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	479

Bursa (Community/Society)

Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	54,043.15
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	21

ASTEEL GROUP CSR 2023



Courtesy Visit : Federation of Manufacturers Malaysia (FMM) - January 2023



Courtesy Visit : Malaysian Investment Development Authority (MIDA) - June 2023



MoA with UNIMAS for Certificate in Manufacturing Technology (CMT) - June 2023



ARCHIDEX 2023 - July 2023



Certificate in Manufacturing Technology Students (CMT) - July 2023



ASTEEL Group Bhd Directors Factory Visit - August 2023



Pink Charity Run - October 2023



MPC Badminton Friendly Match - October 2023



Premier of Sarawak Industry Excellence Awards (PSIEA) Dinner - October 2023



Courtesy Visit : Siem Cement Group Thailand - October 2023

ADDITIONAL COMPLIANCE INFORMATION

1. PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2023

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 Dec 2023	29	24,000
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 Revalued in Nov 2023	27	14,140
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 Nov 2023	17	12,002
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 May 2023	14	8,000
Investment Property No.34, Jalan Prima 6/7 Taman Nusantara Prima 79200 Iskandar Puteri Johor Darul Tazim	Freehold	145 M ²	3 Storey Shoplot	Acquired in May 2014 Revalued in Nov 2023	7	900
Parcel No. 2620-3-4 Lot 2620, Block 217 Kuching North Land District	Leasehold (60 years) expiring on 27 Aug 2058	54 M ²	Apartment	Acquired in Aug 2022	21	100
Property held for Sale 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 ²	Small office home office	Acquired in June 2018	7	360

2. MATERIAL CONTRACTS

Apart from the related party transactions as disclosed in Note 28 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

There was no new shares issued nor fund raised during the financial year under review.

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:-

OPTION	OFFER 1	OFFER 2	OFFER 3	OFFER 4	OFFER 5	TOTAL
Options Granted	36,350,000	2,400,000	4,750,000	25,650,000	1,925,000	71,075,000
Options Exercised	(2,626,600)	(110,000)	(60,000)	(9,370,500)	(153,000)	(12,320,100)
Options lapsed	(16,505,000)	(1,480,000)	(2,400,000)	(3,818,000)	(350,000)	(24,553,000)
Balance Exercisable	17,218,400	810,000	2,290,000	12,461,500	1,422,000	34,201,900

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:-

No.	Classification	1 Jan 2023	Granted	Exercised	Lapsed	31 Dec 2023	%
1	Executive Directors	4,200,000	-	-	-	4,200,000	12.28
2	Non Executive Directors	3,800,000	-	-	-	3,800,000	11.11
3	Senior Management	1,990,000	-	-	-	1,990,000	5.82
	Subtotal	9,990,000	-	-	-	9,990,000	29.21
4	Others	27,399,900	-	-	(3,188,000)	24,211,900	70.79
	Total	37,389,900	-	-	(3,188,000)	34,201,900	100.00

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:-

No.	Directors	Exercise Price	1 Jan 2023	Granted	Exercised	Lapsed	31 Dec 2023
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
	Total	-	3,800,000	-	-	-	3,800,000

**ADDITIONAL
COMPLIANCE INFORMATION**

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

The significant RRPTs entered into during the financial year ended 31 December 2023 are disclosed in Note 28 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 ASTEEL Group	Names of Related Party (ies)	Relationship of Related Party (ies) with ASTEEL Group	Actual value of RRPT as at 31 December 2023 (RM)
Purchase of ASTEEL Group Products from ASTEEL Group	Yung Kong Co Bhd ("YKC")	Major shareholder of ASTEEL	9,806,030
	Yung Kong Metal Works Co Bhd	Company connected to YKC and certain Directors	51,832
	Yunco Enterprise Sdn Bhd ("YESB")	Company connected to certain Directors	19,068,954
	Yunco Integrated Sdn Bhd ("YIS")	Company connected to certain Directors	53,503
	Yunco Building Systems Sdn Bhd ("YBS")	Company connected to certain Directors	2,823,857
	Chung Huat Industries Sdn Bhd ("CHI")	Company connected to certain Directors	5,263,180
	Milicorp Sdn Bhd	Company connected to certain Directors	2,967,919
	Yung Kong Construction Sdn Bhd	Company connected to certain Directors	11,668
	Continental Strength Sdn Bhd	Company connected to certain Directors	33,045
	Rich Baron Sdn Bhd	Company connected to certain Directors	44,555
	Total		40,124,543
Purchase of consumables by ASTEEL Group	YKC	Major shareholder of ASTEEL	67,346
	YIS	Company connected to certain Directors	127,728
	Yung Hup (M) Sdn Bhd	Company connected to certain Directors	108,000
	Continental Strength Sdn Bhd	Company connected to certain Directors	1,028,555
	Total		1,331,629

Nature of RRPT with ASTEEL Group	Names of Related Party (ies)	Relationship of Related Party (ies) with ASTEEL Group	Actual value of RRPT as at 31 December 2023 (RM)
Purchase of stock by ASTEEL Group	Aijya Safety Glass Sdn Bhd	Company connected to certain Directors	296,405
	ARI Utara Sdn Bhd	Company connected to certain Directors	540,546
	Asia Roofing Industries Sdn Bhd	Company connected to certain Directors	72,924
	Trans Paint Marketing Sdn Bhd	Company connected to YKC and certain Directors	269,906
	YESB	Company connected to certain Directors	1,314,497
	YBS	Company connected to certain Directors	1,646,842
	CHI	Company connected to certain Directors	40,670
	Yung Kong Versatile Fence Sdn Bhd	Company connected to YKC and certain Directors	350,814
	YKMW	Company connected to YKC and certain Directors	19,109
	YMC Mesh Sdn Bhd	Company connected to YKC and certain Directors	887,163
	Yung Kong Wire Industries Sdn Bhd	Company connected to YKC and certain Directors	2,411
	Marubeni Itochu (M) Sdn Bhd	Company connected to major shareholder of ASTEEL	1,349,303
	Total		6,790,590
Purchase of ASTEEL Group Products from ASTEEL Group	Rong Mah Builders Sdn Bhd	Company connected to major shareholder of ASTAR	1,101,654
	Rong Mah (J) Sdn Bhd	Company connected to major shareholder of ASTAR	137,598
	Total		1,239,252

CONTACTS OF ASTEEL GROUP OF COMPANIES

ASTEEL Group Berhad

(formerly known as YKGI Holdings Berhad)

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

Registered Address

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93050 Kuching Sarawak Malaysia
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Corporate Office

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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.asteelgroup.com>

E-mail: cosec@asteel.com.my

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 (Sarawak) Sdn Bhd

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

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)

ASTEEL Top-Mech Sdn Bhd

(Formerly known as 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

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 88 498 877

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 Adruce,
93200 Kuching, Sarawak.
Tel : +6016 7020 538

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

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

Subsidiaries (New Zealand)

ASTEEL (NZ) Private Limited

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

ASTEEL Unique Group Limited

9112292 (CNZBN : 9429051906566)
Unit 4, 243 Blenheim Road,
Kiccarton, Christchurch
8041 New Zealand

ASTEEL BUILDING STORES



Demak Laut

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

Chawan Road

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

Singai

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

Sibu

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

Mukah

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

Bintulu

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

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

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

Tawau

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

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

Sales Office - Likas

Lot 4, Ground Floor, Wisma KKM
Mile 5, Jalan Tuaran
88450 Sabah, Malaysia
Tel: +6011 3313 1668

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

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, IFRS Accounting Standards as issued by the International Accounting Standard Board 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 2023

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 2023.

Principal activities

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

Change of name

On 27 June 2023, the Company changed its name from YKGI Holdings Berhad to ASTEEL Group Berhad.

Subsidiaries

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

Results

Loss attributable to:

	Group RM	Company RM
Owners of the Company	(6,361,675)	(3,217,341)
Non-controlling interests	(934,673)	-
	<u>(7,296,348)</u>	<u>(3,217,341)</u>

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 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	-
Datin Josephine Anak Hilary Dom @ Josephine John	-
Khor Hun Nee	-
Wong Siew Si	-
Koichiro Nakazawa (appointed on 26 June 2023)	Satoru Kojima (appointed on 26 June 2023)
Toshihiro Tachibana (resigned on 26 June 2023)	Koichiro Nakazawa (ceased on 26 June 2023)

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

Directors' report for the year ended 31 December 2023 (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

Aw Chiew Lan

Ts. Fong Fui Yee

Goh Kwan Seng

Pang Kok Joon

Lim Kok Peng

Foo Ai Ting

Paul Wong Chiew Woen

Rose Wong Ngik Hwa

Henry Hii Lu Yiin

Chong Kon Yu

Koh Teck Hoe

Ts. Dennis Ng Tee Wui

Ng Wai Luen (appointed on 10 May 2023)

Lau Mei Ho (appointed on 10 May 2023)

Raymond Tan Chee Seong (resigned on 1 January 2024)

Chan Tai Wei (resigned on 10 May 2023)

Sim Chee Liang (resigned on 10 May 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 31.12.2023
	At 1.1.2023	Bought	Sold	
Direct interests in the Company:				
Tan Sri Soh Thian Lai	12,929,346	-	-	12,929,346
Dato' Sri Victor Hii Lu Thian	12,495,771	1,000,000	-	13,495,771
Christopher Hii Lu Ming	4,283,546	-	-	4,283,546
Fong Yoo Kaw @ Fong Yee Kow	100,000	-	-	100,000
Deemed interests in the Company:				
Tan Sri Soh Thian Lai	11,576,216	-	-	11,576,216
Dato' Sri Victor Hii Lu Thian	55,628,366	948,400	-	56,576,766
Christopher Hii Lu Ming	55,628,366	948,400	-	56,576,766

Directors' report for the year ended 31 December 2023 (continued)

Directors' interests in shares (continued)

	← Number of ESOS options over ordinary shares →				
	At 1.1.2023	Granted	Exercised	Lapsed	
Interests in the Company					
Tan Sri 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 2023 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 28 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 2023 are as follows:

	Group RM	Company RM
Directors of Company and subsidiaries		
Fees	347,750	347,750
Remuneration	5,480,769	411,460
	5,828,519	759,210

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

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 2023 (continued)

Options granted over unissued shares

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 1.1.2023	Granted	Exercised	Forfeited	At 31.12.2023
Date of Offer	Exercise Price					
9.5.2017	RM0.23	17,448,400	-	-	(230,000)	17,218,400
8.8.2017	RM0.20	1,060,000	-	-	(250,000)	810,000
7.8.2018	RM0.22	2,540,000	-	-	(250,000)	2,290,000
5.4.2021	RM0.19	14,644,500	-	-	(2,183,000)	12,461,500
6.7.2021	RM0.19	1,697,000	-	-	(275,000)	1,422,000
		37,389,900	-	-	(3,188,000)	34,201,900

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 RM23,097 (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 2023 (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 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

The auditors' remuneration of the Group and of the Company during the year are RM250,000 and RM35,000 respectively.

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

Tan Sri Soh Thian Lai
Director

Dato' Sri Victor Hii Lu Thian
Director

Klang,

Date: 9 April 2024

Statements of financial position as at 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Property, plant and equipment	3	63,335,968	56,769,987	162,126	223,857
Right-of-use assets	4	24,181,189	25,504,934	-	-
Investment properties	5	1,000,000	1,280,960	-	-
Investment in subsidiaries	6	-	-	42,054,111	44,054,111
Other investments	7	9,775	9,775	-	-
Trade and other receivables	8	-	-	5,000,000	5,000,000
Total non-current assets		<u>88,526,932</u>	<u>83,565,656</u>	<u>47,216,237</u>	<u>49,277,968</u>
Trade and other receivables	8	54,179,211	43,627,975	8,706,485	9,490,951
Inventories	9	60,496,845	71,388,794	-	-
Contract assets	10	7,304,771	8,911,457	-	-
Deposits and prepayments	11	1,991,932	1,834,909	27,661	31,874
Current tax assets		2,040,519	1,582,028	4,470	69,225
Other financial assets	12	25,420,624	18,922,480	-	-
Cash and cash equivalents	13	7,243,300	6,777,953	87,354	31,946
		<u>158,677,202</u>	<u>153,045,596</u>	<u>8,825,970</u>	<u>9,623,996</u>
Assets classified as held for sale	14	360,000	360,000	-	-
Total current assets		<u>159,037,202</u>	<u>153,405,596</u>	<u>8,825,970</u>	<u>9,623,996</u>
Total assets		<u>247,564,134</u>	<u>236,971,252</u>	<u>56,042,207</u>	<u>58,901,964</u>
Equity					
Share capital	15.1	53,826,579	53,826,579	53,826,579	53,826,579
Reserves	15.2	8,587,543	8,716,805	1,783,052	4,662,598
Equity attributable to owners of the Company		<u>62,414,122</u>	<u>62,543,384</u>	<u>55,609,631</u>	<u>58,489,177</u>
Non-controlling interests	6.3	18,198,207	18,784,936	-	-
Total equity		<u>80,612,329</u>	<u>81,328,320</u>	<u>55,609,631</u>	<u>58,489,177</u>
Liabilities					
Loans and borrowings	16	17,066,111	18,050,764	-	-
Lease liabilities	17	4,615,191	6,138,387	-	-
Deferred tax liabilities	18	5,526,000	4,196,000	-	-
Total non-current liabilities		<u>27,207,302</u>	<u>28,385,151</u>	<u>-</u>	<u>-</u>
Trade and other payables	19	33,249,284	44,776,704	432,576	412,787
Loans and borrowings	16	100,083,235	76,688,554	-	-
Lease liabilities	17	1,385,177	1,524,230	-	-
Current tax payables		24,410	365,145	-	-
Contract liabilities	10	5,002,397	3,903,148	-	-
Total current liabilities		<u>139,744,503</u>	<u>127,257,781</u>	<u>432,576</u>	<u>412,787</u>
Total liabilities		<u>166,951,805</u>	<u>155,642,932</u>	<u>432,576</u>	<u>412,787</u>
Total equity and liabilities		<u>247,564,134</u>	<u>236,971,252</u>	<u>56,042,207</u>	<u>58,901,964</u>

The notes on pages 71 to 125 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	20	253,306,057	276,698,374	-	-
Cost of sales		(220,808,274)	(242,224,033)	-	-
Gross profit		32,497,783	34,474,341	-	-
Other income		1,008,843	1,272,793	199,209	191,567
Selling and distribution expenses		(4,348,312)	(4,430,340)	-	-
Administrative expenses		(29,205,913)	(30,575,073)	(3,851,782)	(1,840,002)
Other operating expenses		(253,650)	(51,370)	-	-
Net (loss)/gain on impairment of financial instruments		(795,254)	(624,623)	34,473	134,108
Results from operating activities		(1,096,503)	65,728	(3,618,100)	(1,514,327)
Finance income	21	578,538	602,788	333,759	248,331
Finance costs	21	(7,073,958)	(5,250,868)	-	(1,541)
Net finance (costs)/ income		(6,495,420)	(4,648,080)	333,759	246,790
Loss before tax	22	(7,591,923)	(4,582,352)	(3,284,341)	(1,267,537)
Taxation	23	295,575	(635,402)	67,000	-
Loss for the year		(7,296,348)	(5,217,754)	(3,217,341)	(1,267,537)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment and right-of-use leasehold land		6,265,692	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		870	(191)	-	-
Total comprehensive expenses for the financial year		(1,029,786)	(5,217,945)	(3,217,341)	(1,267,537)
Loss attributable to:					
Owners of the Company		(6,361,675)	(5,913,935)	(3,217,341)	(1,267,537)
Non-controlling interests	6.3	(934,673)	696,181	-	-
Loss for the year		(7,296,348)	(5,217,754)	(3,217,341)	(1,267,537)
Total comprehensive expense attributable to:					
Owners of the Company		(416,657)	(5,914,126)	(3,217,341)	(1,267,537)
Non-controlling interests		(613,129)	696,181	-	-
Total comprehensive expense for the year		(1,029,786)	(5,217,945)	(3,217,341)	(1,267,537)
Basic/diluted loss per ordinary share (sen):	24	(1.3)	(1.3)		

The notes on pages 71 to 125 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2023

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
At 1 January 2022		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 differences for foreign operation		-	-	-	(191)	-	(191)	-	(191)
Total comprehensive (expenses)/ income for the year		-	(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		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)
Total transactions with owners of the Company		4,359,228	-	89,136	-	126,654	4,575,018	36,400	4,611,418
At 31 December 2022/ 1 January 2023		53,826,579	18,847,548	266,190	(771)	(10,396,162)	62,543,384	18,784,936	81,328,320

Consolidated statement of changes in equity for the year ended 31 December 2023 (continued)

Group (continued)	Attributable to owners of the Company							Total equity RM
	Share capital RM	Revaluation reserve RM	Share option reserve RM	Translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	
At 1 January 2023	53,826,579	18,847,548	266,190	(771)	(10,396,162)	62,543,384	18,784,936	81,328,320
Loss for the year	-	-	-	-	(6,361,675)	(6,361,675)	(934,673)	(7,296,348)
Revaluation gain	-	5,944,148	-	-	-	5,944,148	321,544	6,265,692
Realisation of revaluation gain	-	(858,000)	-	-	858,000	-	-	-
Foreign currency translation differences for foreign operation	-	-	-	870	-	870	-	870
Total comprehensive income/ (expenses) for the year	-	5,086,148	-	870	(5,503,675)	(416,657)	(613,129)	(1,029,786)
<i>Contributions by and distributions to owners of the company</i>								
- Share-based payment transactions	-	-	71,605	-	266,190	337,795	-	337,795
- Issuance of ordinary shares	-	-	-	-	-	-	60,000	60,000
- Issuance of shares by subsidiaries	-	-	-	-	(50,400)	(50,400)	(33,600)	(84,000)
- Dividend paid to minority shareholder	-	-	71,605	-	215,790	287,395	26,400	313,795
At 31 December 2023	53,826,579	23,933,696	337,795	99	(15,684,047)	62,414,122	18,198,207	80,612,329
	(Note 15.1)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 15.2)	(Note 6.3)	

Consolidated statement of changes in equity for the year ended 31 December 2023 (continued)

	Attributable to owners of the Company				
	Non-distributable				
	Share capital RM	Share option reserve RM	Retained earnings RM	Total RM	
At 1 January 2022	49,467,351	177,054	5,486,891	55,131,296	
Loss and total comprehensive expense for the year	-	-	(1,267,537)	(1,267,537)	
<i>Contributions by and distributions to owners of the Company</i>					
- Share-based payment transactions	-	89,136	177,054	266,190	
- Issuance of ordinary shares	4,359,228	-	-	4,359,228	
Total transactions with owners of the Company	4,359,228	89,136	177,054	4,625,418	
At 31 December 2022/1 January 2023	53,826,579	266,190	4,396,408	58,489,177	
Loss and total comprehensive expense for the year	-	-	(3,217,341)	(3,217,341)	
<i>Contributions by and distributions to owners of the Company</i>					
- Share-based payment transactions	-	71,605	266,190	337,795	
Total transactions with owners of the Company	-	71,605	266,190	337,795	
At 31 December 2023	53,826,579	337,795	1,445,257	55,609,631	
	(Note 15.1)	(Note 15.2)			

The notes on pages 71 to 125 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities					
Loss before tax		(7,591,923)	(4,582,352)	(3,284,341)	(1,267,537)
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	7,227,269	6,843,024	65,231	218,273
Depreciation of right-of-use assets	4	2,280,122	2,194,446	-	-
Amortisation of investment properties	5	27,312	27,314	-	-
Finance income	21	(578,538)	(602,788)	(333,759)	(248,331)
Finance costs	21	7,073,958	5,250,868	-	1,541
Gain on disposal of:					
- property, plant and equipment	22	(118,117)	(13,592)	-	-
- right-of-use assets	22	(136,448)	(18,309)	-	-
- investment properties		-	(22,000)	-	-
Impairment loss/(Reversal of impairment loss) on:					
- inventories		-	1,353,847	-	-
- trade and other receivables		795,254	624,623	(34,473)	(134,108)
- investment property	22	253,648	-	-	-
- investment in subsidiary		-	-	2,000,000	-
Property, plant and equipment written off	22	562	23,723	-	-
Equity settled share-based payment transactions	15.2	337,795	266,190	337,795	266,190
Operating profit/(loss) before changes in working capital		<u>9,570,894</u>	<u>11,344,994</u>	<u>(1,249,547)</u>	<u>(1,163,972)</u>
Change in inventories		10,891,949	(7,866,394)	-	-
Change in contract assets		1,606,686	(5,901,740)	-	-
Change in contract liabilities		1,099,249	(564,920)	-	-
Change in trade and other receivables, deposits and prepayments		(11,502,643)	1,161,666	823,152	(2,293,195)
Change in trade and other payables		(11,527,420)	17,517,401	19,789	(1,504,292)
Cash generated from/ (used in) operations		<u>138,715</u>	<u>15,691,007</u>	<u>(406,606)</u>	<u>(4,961,459)</u>
Net taxes (paid)/refund		(1,074,651)	(3,597,930)	131,755	(63,000)
Interest paid		(5,407,815)	(3,476,789)	-	(1,541)
Interest received		70,330	448,560	-	-
Net cash (used in)/generated from operating activities		<u>(6,273,421)</u>	<u>9,064,848</u>	<u>(274,851)</u>	<u>(5,026,000)</u>

Statements of cash flows for the year ended 31 December 2023 (continued)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment [Note (i)]		(3,676,193)	(5,403,877)	(3,500)	-
Proceeds from disposal of property, plant and equipment, right-of-use assets and investment properties [Note (ii)]		1,874,573	683,241	-	-
Interest received		508,208	154,228	333,759	248,331
Movement in pledged deposits placed with licensed banks		(6,498,144)	(8,155,271)	-	-
Net cash (used in)/from investing activities		<u>(7,791,556)</u>	<u>(12,721,679)</u>	<u>330,259</u>	<u>248,331</u>
Cash flows from financing activities					
Net drawdown of loan and borrowings		19,611,083	4,011,969	-	-
Interest paid		(1,666,143)	(1,774,079)	-	-
Payment of lease liabilities		(3,294,413)	(2,359,996)	-	-
Proceed from issuance of share to non-controlling interest by subsidiaries	6	60,000	70,000	-	-
Proceeds from issuance of shares, net of expenses	15.1	-	4,359,228	-	4,359,228
Dividend paid to non-controlling interest		(84,000)	(84,000)	-	-
Net cash from financing activities		<u>14,626,527</u>	<u>4,223,122</u>	<u>-</u>	<u>4,359,228</u>
Net increase/(decrease) in cash and cash equivalents		561,550	566,291	55,408	(418,441)
Cash and cash equivalents at beginning of year		<u>4,822,708</u>	<u>4,256,417</u>	<u>31,946</u>	<u>450,387</u>
Cash and cash equivalents at end of year [Note (iv)]		<u><u>5,384,258</u></u>	<u><u>4,822,708</u></u>	<u><u>87,354</u></u>	<u><u>31,946</u></u>

Statements of cash flows for the year ended 31 December 2023 (continued)

Notes

(i) Acquisition of property, plant and equipment

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Paid in cash		3,676,193	5,403,877	3,500	-
In the form of hire purchase facilities	(iii)	2,895,148	3,408,810	-	-
Total additions	3	<u>6,571,341</u>	<u>8,812,687</u>	<u>3,500</u>	<u>-</u>

(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:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	160,050	16,582	-	-
Right-of-use assets	1,714,523	186,659	-	-
Investment properties	-	480,000	-	-
Received in cash	<u>1,874,573</u>	<u>683,241</u>	<u>-</u>	<u>-</u>

Statements of cash flows for the year ended 31 December 2023 (continued)

Notes (continued)

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

Group	At 1 January 2022 RM	Net change from financing cash flows RM	Acquisition of hire purchase RM	Acquisition of new leases RM	Subtotal carried down At 31 December 2022/ 1 January 2023 RM
Term loans	17,162,516	(2,180,971)	-	-	14,981,545
- secured	400,000	500,000	-	-	900,000
- unsecured	17,562,516	(1,680,971)	-	-	15,881,545
Bankers' acceptance	55,241,340	(3,535,261)	-	-	51,706,079
- secured	5,860,390	(2,133,513)	3,408,810	-	7,135,687
Hire purchase facilities	6,699,048	11,361,714	-	-	18,060,762
- secured	6,662,200	(2,359,996)	-	3,360,413	7,662,617
Revolving credit	92,025,494	1,651,973	3,408,810	3,360,413	100,446,690
- secured					
Lease liabilities					
Total liabilities from financing activities					

Group	Subtotal carried forward At 31 December 2022/ 1 January 2023 RM	Net change from financing cash flows RM	Acquisition of hire purchase RM	Acquisition of new leases RM	At 31 December 2023 RM
Term loans	14,981,545	(2,183,717)	-	-	12,797,828
- secured	900,000	4,500,000	-	-	5,400,000
- unsecured	15,881,545	2,316,283	-	-	18,197,828
Bankers' acceptance	51,706,079	21,050,760	-	-	72,756,839
- secured	7,135,687	(1,964,082)	2,895,148	-	8,066,753
Hire purchase facilities	18,060,762	(1,791,878)	-	-	16,268,884
- secured	7,662,617	(3,294,413)	-	1,632,164	6,000,368
Revolving credit	100,446,690	16,316,670	2,895,148	1,632,164	121,290,672
- secured					
Lease liabilities					
Total liabilities from financing activities					

Statements of cash flows for the year ended 31 December 2023 (continued)

Notes (continued)

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash in hand and at banks (Note 13)	7,243,300	6,777,953	87,354	31,946
Less: Bank overdrafts (Note 16)	(1,859,042)	(1,955,245)	-	-
	<u>5,384,258</u>	<u>4,822,708</u>	<u>87,354</u>	<u>31,946</u>

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities				
Payment relating to short-term leases	116,200	83,130	-	-
Interest paid in relation to lease liabilities	418,079	416,317	-	-
Included in net cash from financing activities				
Payment of lease liabilities	3,294,413	2,359,996	-	-
Total cash outflows for leases	<u>3,828,692</u>	<u>2,859,443</u>	<u>-</u>	<u>-</u>

The notes on pages 71 to 125 are an integral part of these financial statements.

Notes to the financial statements

ASTEEL Group Berhad (formerly known as 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 2023 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 2023 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 9 April 2024.

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"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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:

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

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

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

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

The 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.

Notes to the financial statements (continued)

1. Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Other investment in quoted shares	Fair value
Lands and buildings	Revaluation model
Employee share option reserve	Black-Scholes model

(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;
- Note 6, impairment assessment of investment in subsidiaries;
- Notes 8.4 and 25.3(a), impairment assessment of trade receivables and measurement of expected credit loss ("ECL"); and
- Note 9, valuation of inventories.

2. Changes in material accounting policies

2.1 Material accounting policy information

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

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

Notes to the financial statements (continued)

3. Property, plant and equipment

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
Cost/Valuation							
At 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 2022/1 January 2023	3,465,000	38,238,571	66,780,098	7,780,754	11,402,146	1,606,389	129,272,958
Additions	-	942,833	2,056,916	456,690	982,090	2,132,812	6,571,341
Disposals	-	-	-	(2,905)	(155,000)	-	(157,905)
Written off	-	-	-	(29,415)	-	-	(29,415)
Reclassification	-	1,416,331	-	29,560	-	(1,445,891)	-
Reclassification from rights-of-use-assets	-	-	2,709,000	-	-	-	2,709,000
Revaluation adjustment (Note 3.4)	435,000	(1,358,735)	-	-	-	-	(923,735)
At 31 December 2023	3,900,000	39,239,000	71,546,014	8,234,684	12,229,236	2,293,310	137,442,244
Representing items at:							
Cost	-	3,539,000	71,546,014	8,234,684	12,229,236	2,293,310	97,842,244
Directors' valuation	3,900,000	35,700,000	-	-	-	-	39,600,000
	3,900,000	39,239,000	71,546,014	8,234,684	12,229,236	2,293,310	137,442,244

Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

Group (continued)	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	RM	RM	RM	RM	RM	RM	RM
Depreciation and impairment loss														
At 1 January 2022	-	3,300,820	49,864,664	5,198,059	6,844,957	-	65,208,500	-	-	-	-	-	-	65,208,500
Depreciation for the year	-	2,595,425	2,618,688	529,026	1,099,885	-	6,843,024	-	-	-	-	-	-	6,843,024
Disposals	-	-	-	(655)	(68,715)	-	(69,370)	-	-	-	-	-	-	(69,370)
Written off	-	-	(5,241)	(64,918)	-	(70,159)	-	-	-	-	-	-	-	(70,159)
Reclassification from rights-of-use-assets	-	-	590,976	-	-	590,976	-	-	-	-	-	-	-	590,976
Accumulated depreciation	-	5,896,245	46,831,046	5,661,512	7,876,127	-	66,264,930	-	-	-	-	-	-	66,264,930
Accumulated impairment loss	-	-	6,238,041	-	-	6,238,041	-	-	-	-	-	-	-	6,238,041
At 31 December 2022/1 January 2023	-	5,896,245	53,069,087	5,661,512	7,876,127	-	72,502,971	-	-	-	-	-	-	72,502,971
Depreciation for the year	-	2,802,692	2,798,896	487,355	1,138,326	-	7,227,269	-	-	-	-	-	-	7,227,269
Disposals	-	-	-	(2,905)	(113,067)	-	(115,972)	-	-	-	-	-	-	(115,972)
Written off	-	-	-	(28,853)	-	-	(28,853)	-	-	-	-	-	-	(28,853)
Reclassification from rights-of-use-assets	-	-	1,512,529	-	-	1,512,529	-	-	-	-	-	-	-	1,512,529
Revaluation adjustment (Note 3.4)	-	(6,991,668)	-	-	-	-	(6,991,668)	-	-	-	-	-	-	(6,991,668)
Accumulated depreciation	-	1,707,269	51,142,471	6,117,109	8,901,386	-	67,868,235	-	-	-	-	-	-	67,868,235
Accumulated impairment loss	-	-	6,238,041	-	-	6,238,041	-	-	-	-	-	-	-	6,238,041
At 31 December 2023	-	1,707,269	57,380,512	6,117,109	8,901,386	-	74,106,276	-	-	-	-	-	-	74,106,276
Carrying amounts														
At 31 December 2022/1 January 2023	3,465,000	32,342,326	13,711,011	2,119,242	3,526,019	1,606,389	56,769,987	-	-	-	-	-	-	56,769,987
At 31 December 2023	3,900,000	37,531,731	14,165,502	2,117,575	3,327,850	2,293,310	63,335,968	-	-	-	-	-	-	63,335,968

Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

<u>Company</u>	Plant and machinery RM	Office equipment, furniture and fittings, equipment and tools RM	Motor vehicles RM	Total RM
Cost/Valuation				
At 1 January 2022/ 31 December 2022/ 1 January 2023	10,580,252	1,129,842	1,287,936	12,998,030
Addition	-	3,500	-	3,500
At 31 December 2023	10,580,252	1,133,342	1,287,936	13,001,530
Representing items at:				
Cost	10,580,252	1,133,342	1,287,936	13,001,530
Depreciation and impairment loss				
At 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
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/ 1 January 2023	10,367,583	1,129,842	1,276,748	12,774,173
Depreciation for the year	53,168	875	11,188	65,231
Accumulated depreciation	4,182,710	1,130,717	1,287,936	6,601,363
Accumulated impairment loss	6,238,041	-	-	6,238,041
At 31 December 2023	10,420,751	1,130,717	1,287,936	12,839,404
Carrying amounts				
At 31 December 2022/ 1 January 2023	212,669	-	11,188	223,857
At 31 December 2023	159,501	2,625	-	162,126

Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

3.1 Impairment review of property, plant and equipment

In prior years, 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	
	2023 RM	2022 RM
Fixed legal charges		
Freehold land	3,900,000	3,465,000
Buildings	35,379,493	26,060,779
	<u>39,279,493</u>	<u>29,525,779</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	
	2023 RM	2022 RM
Plant and machinery	6,580,738	5,092,833
Motor vehicles	3,044,891	3,457,032
Total	<u>9,625,629</u>	<u>8,549,865</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

During the year, the Group has applied the revaluation model for the entire asset class on its freehold land and buildings. The revaluation was performed by independent professional valuers, Henry Butcher Malaysia and PA International Property Consultants using the comparison method. Following the exercise, revaluation surplus of RM4,647,454 (net of deferred tax liability) were taken up in the revaluation reserve accounts of the Group.

The freehold land and buildings of the Group are stated at revalued amount according to the Group's revaluation accounting policy (Note 3.5.1).

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:

Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

3.4 Property, plant and equipment under the revaluation model (continued)

	Group	
	2023 RM	2022 RM
<i>Carrying amounts</i>		
Buildings	8,746,762	9,324,895

3.5 Material accounting policy information

3.5.1 Recognition and measurement

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

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

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.

3.5.2 Depreciation

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

The estimated 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.

Notes to the financial statements (continued)

4. Right-of-use assets - Group

	Leasehold land RM	Buildings RM	Machinery RM	Total RM
Cost				
At 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/ 1 January 2023	18,165,040	12,440,645	2,709,000	33,314,685
Addition	-	1,632,164	-	1,632,164
Disposal	-	(2,443,658)	-	(2,443,658)
Revaluation	376,960	-	-	376,960
Reclassification to property, plant and equipment	-	-	(2,709,000)	(2,709,000)
At 31 December 2023	18,542,000	11,629,151	-	30,171,151
Representing items at:				
Cost	-	11,629,151	-	11,629,151
Directors' valuation	18,542,000	-	-	18,542,000
	18,542,000	11,629,151	-	30,171,151
Accumulated depreciation				
At 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 January 2023	1,137,690	5,430,433	1,241,628	7,809,751
Depreciation for the year	584,109	1,425,112	270,901	2,280,122
Disposal	-	(865,583)	-	(865,583)
Revaluation adjustment	(1,721,799)	-	-	(1,721,799)
Reclassification to property, plant and equipment	-	-	(1,512,529)	(1,512,529)
At 31 December 2023	-	5,989,962	-	5,989,962
Carrying amount				
At 31 December 2022/ 1 January 2023	17,027,350	7,010,212	1,467,372	25,504,934
At 31 December 2023	18,542,000	5,639,189	-	24,181,189

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.

During the financial year, the Group had revalued its leasehold lands. The revaluation was performed by independent professional valuers, Henry Butcher Malaysia and PA International Property Consultants using the comparison method. Following the exercise, revaluation surplus of RM1,618,238 (net of deferred tax liability) were taken up in the revaluation reserve accounts of the Group.

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:

	2023 RM	2022 RM
Carrying amounts		
Short-term leasehold land	6,367,849	6,579,605
Long-term leasehold land	3,397,773	3,452,535
	<u>9,765,622</u>	<u>10,032,140</u>

4.4 Security

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

	Carrying amounts	
Group	2023 RM	2022 RM
<u>Fixed legal charges</u>		
Leasehold land	<u>18,542,000</u>	<u>17,027,350</u>

4.5 Material accounting policy information

(a) Lease and non-lease components

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

Notes to the financial statements (continued)

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

4.5 Material accounting policy information (continued)

(b) Recognition exemption

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

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

5. Investment properties - Group

	Land and buildings RM
At cost	
At 1 January 2022	1,735,170
Addition	100,000
Disposal	(458,000)
At 31 December 2022/1 January 2023/31 December 2023	<u>1,377,170</u>
Accumulated amortisation	
At 1 January 2022	68,896
Charge for the year	27,314
At 31 December 2022/1 January 2023	<u>96,210</u>
Charge for the year	27,312
Impairment loss	253,648
At 31 December 2023	<u>377,170</u>
	Land and buildings RM
Carrying amount	
At 31 December 2022/1 January 2023	<u>1,280,960</u>
At 31 December 2023	<u>1,000,000</u>
Fair value	
At 31 December 2022/1 January 2023	<u>1,600,000</u>
At 31 December 2023	<u>1,000,000</u>

The Group has evaluated one of its investment properties comprising land and buildings. The recoverable amount was estimated with reference to the market value and as at 31 December 2023, the fair value of the lands and building is RM900,000. Following the assessment made, allowance of impairment loss amounting to RM253,648 has been provided for the affected land and buildings during the year.

Notes to the financial statements (continued)

5. Investment properties - Group (continued)

5.1 Nature of leasing activities

Investment properties comprise of a number of commercial properties that are vacant. Included in investment properties is a parcel of land together with a unit of apartment amounting to RM100,000 received from third party to set off the outstanding sum due to the Group in the previous years.

5.2 Restrictions on investment properties

Included in investment properties of the Group amounting to RM900,000 (2022: RM1,180,960) have been charged to secure banking facilities granted to the Group (see note 16).

5.3 Other expenses recognised in profit or loss in relation to investment property

The following are recognised in profit or loss in respect of investment property:

	2023 RM	2022 RM
Direct operating expenses:		
- non-income generating investment property	<u>17,615</u>	<u>22,100</u>

5.4 Fair value information

Fair value of investment properties is categorised as follows:

	2023 RM	Level 3 2022 RM
Buildings	<u>1,000,000</u>	<u>1,600,000</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.

	RM
At 1 January 2022	1,980,000
Addition	100,000
Disposal	(480,000)
At 31 December 2022/1 January 2023	<u>1,600,000</u>
Change in fair value	(600,000)
At 31 December 2023	<u>1,000,000</u>

5.5 Material accounting policy information

Investment properties are measured at cost less any accumulated amortisation.

Amortisation 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.

Notes to the financial statements (continued)

6. Investment in subsidiaries - Company

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	46,479,402	46,479,402
Less: Impairment loss	<u>(4,425,291)</u>	<u>(2,425,291)</u>
	<u>42,054,111</u>	<u>44,054,111</u>

For the financial year ended 31 December 2023

Subscription of existing indirect subsidiary

On 1 March 2023, 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 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.

6.1 Impairment loss

The Company recognised impairment loss of RM2 million in a subsidiary based on the estimated recoverable amount of the subsidiary.

Management has made estimates about the future results and key assumptions applied to cash flow projection of the subsidiary in determining its recoverable amount using the value-in-use model, entails a high degree of estimation uncertainty. These key assumptions include average selling price, sales volume and budgeted operation cost as well as determining an appropriate pre-tax discount rate.

Notes to the financial statements (continued)

6. Investment in subsidiaries - Company (continued)

6.2 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	
		2023 %	2022 %
<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.	Supply and install of steel products and trading of construction material and project management	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)

6.2 Details of the subsidiaries (continued)

Subsidiary	Principal activities	Effective ownership interest/Voting interest	
		2023 %	2022 %
<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, trading of hardware and building materials, and supply and construct of steel truss and roofing covering	100	100
ASTEEL (Sarawak) Sdn. Bhd. ("ASWK")	Manufacture and sale of metal roofing, coated steel products, trading of hardware and building materials, and supply and construct of steel truss and roofing covering	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	70
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)

6.3 Non-controlling interests in subsidiaries

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

	2023		
	ASTAR Steel Sdn. Bhd. RM	ASTEEL Resources Sdn. Bhd. and its subsidiaries RM	Total RM
NCI percentage of ownership interest and voting interest	48.59%	19.64%	
Carrying amount of NCI	3,958,159	14,240,048	18,198,207
Profit allocated to NCI	35,636	(970,309)	(934,673)

	2022		
	ASTAR Steel Sdn. Bhd. RM	ASTEEL Resources Sdn. Bhd. and its subsidiaries RM	Total RM
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

Summarised financial information before intra-group elimination

	2023	
	ASTAR Steel Sdn. Bhd. RM	ASTEEL Resources Sdn. Bhd. and its subsidiaries RM
As at 31 December		
Non-current assets	10,132,920	78,673,054
Current assets	14,698,872	128,021,952
Non-current liabilities	(3,780,295)	(23,977,020)
Current liabilities	(12,867,460)	(119,920,531)
Net assets	8,184,037	62,797,455
Revenue	26,828,921	206,431,238
Profit/(loss) for the financial year	73,341	(4,903,037)
Cash flows from/(used in) operating activities	1,912,668	(4,711,648)
Cash flows used in investing activities	(83,683)	(9,234,072)
Cash flows (used in)/from financing activities	(862,748)	13,404,328
Net increase/(decrease) in cash and cash equivalents	966,237	(541,392)

Notes to the financial statements (continued)

6. Investment in subsidiaries - Company (continued)

6.3 Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination (continued)

	2022	
	ASTAR Steel Sdn. Bhd. RM	ASTEEL Resources Sdn. Bhd. and its subsidiaries RM
As at 31 December		
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	<u>7,448,940</u>	<u>62,119,682</u>
Revenue	30,122,079	223,528,016
Profit for the financial year	<u>814,924</u>	<u>(212,969)</u>
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	<u>(164,528)</u>	<u>(4,774,130)</u>

6.4 Material accounting policy information

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

7. Other investments - Group

	Group	
	2023 RM	2022 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 2023, the fair value of the quoted investment is RM14,750 (2022: RM19,150).

Notes to the financial statements (continued)

8. Trade and other receivables

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current					
Non-trade					
Subsidiary	8.1	-	-	5,000,000	5,000,000
Current					
Trade					
Trade receivables from contracts with customers	8.2	58,752,492	47,354,847	38,658	73,131
Less: Allowance for impairment losses	8.4	(4,861,352)	(4,066,098)	(38,658)	(73,131)
		53,891,140	43,288,749	-	-
Non-trade					
Subsidiaries	8.3	-	-	8,666,382	9,451,963
Other receivables		1,907,735	1,958,890	1,559,767	1,558,652
Less: Allowance for impairment losses	8.4	(1,619,664)	(1,619,664)	(1,519,664)	(1,519,664)
		288,071	339,226	40,103	38,988
		288,071	339,226	8,706,485	9,490,951
Total		54,179,211	43,627,975	13,706,485	14,490,951

8.1 Advance to a subsidiary is interest-bearing at 3.5% (2022: 3.5%) per annum and due within 2 years (2022: 3 years).

8.2 Included in the trade receivables of the Group as at 31 December 2023 is amount due from seven (2022: eleven) related parties amounting to RM2,966,630 (2022: RM2,965,620), with credit term of 7 days to 60 days.

8.3 Included in the amount due from subsidiaries is an amount of RM4,270,000 (2022: RM5,030,000), bearing interest of 3.5% (2022: 3.5%) per annum and repayable on demand. 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	2023 RM	2022 RM
At cost			
Raw materials		23,546,829	24,752,674
Work-in-progress		9,844,856	11,206,416
Manufactured inventories		9,586,848	8,465,865
Trading products		13,706,794	17,474,912
Consumables		471,233	419,560
Subtotal		57,156,560	62,319,427
At net realisable value			
Raw materials		-	3,576,523
Manufactured inventories		184,973	3,802,632
Trading products		3,155,312	1,690,212
Subtotal	9.1	3,340,285	9,069,367
Total		60,496,845	71,388,794

Recognised in profit or loss:

	2023 RM	2022 RM
Inventories recognised as cost of sales	220,808,274	240,870,186
Write-down to net realisable value	-	1,353,847
Total recognised in profit or loss	220,808,274	242,224,033

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.

9.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

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.

Notes to the financial statements (continued)

10. Contract with customers - Group

	2023 RM	2022 RM
Contract assets	<u>7,304,771</u>	<u>8,911,457</u>
Contract liabilities	<u>5,002,397</u>	<u>3,903,148</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.

11. Deposits and prepayments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits	1,714,499	1,348,540	9,000	7,000
Prepayments	277,433	486,369	18,661	24,874
	<u>1,991,932</u>	<u>1,834,909</u>	<u>27,661</u>	<u>31,874</u>

12. Other financial assets - Group

	Group	
	2023 RM	2022 RM
Deposits placed with licensed banks	<u>25,420,624</u>	<u>18,922,480</u>

The fixed deposits were pledged to secure bank facilities granted for certain subsidiaries (see Note 16).

12.1 Material accounting policy information

The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

13. Cash and cash equivalents

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash in hand and at banks	<u>7,243,300</u>	<u>6,777,953</u>	<u>87,354</u>	<u>31,946</u>

Notes to the financial statements (continued)

14. Assets classified as held for sale - Group

	Group	
	2023 RM	2022 RM
Assets classified as held for sale		
Arising from a debt settlement arrangement	380,250	380,250
Less: impairment loss	(20,250)	(20,250)
	360,000	360,000

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.

15. Capital and reserves

15.1 Share capital

	Group and Company			
	Amount		Number of shares	
	2023 RM	2022 RM	2023	2022
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
Opening balances	40,994,648	36,635,420	484,869,516	440,794,516
Issued for cash under				
Private Placement	-	4,359,228	-	44,075,000
Closing balances	40,994,648	40,994,648	484,869,516	484,869,516
Redeemable convertible preference shares				
Opening balances and closing balances	12,831,931	12,831,931	21,726,100	21,726,100
Total	53,826,579	53,826,579	506,595,616	506,595,616

Notes to the financial statements (continued)

15. Capital and reserves (continued)

15.1 Share capital (continued)

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 previous year.

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.

Notes to the financial statements (continued)

15. Capital and reserves (continued)

15.1 Share capital (continued)

Redeemable convertible preference shares ("RCPS") (continued)

- 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.
- 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, leasehold land and buildings. The revaluation reserve has been reclassified to certain retained earnings following the disposal of the freehold land.

Employee share option reserve

	Group and Company	
	2023 RM	2022 RM
At 1 January	266,190	177,054
Recognition of share options reserve	71,605	89,136
At 31 December	<u>337,795</u>	<u>266,190</u>

The employee share option reserve represents the value of equity-settled share options granted to employees.

As at 31 December 2023, the remaining outstanding ESOS is 34,201,900 (2022: 37,389,900) (see Note 29).

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

	2023 RM	2022 RM
Non-current		
Term loans		
- secured	10,782,531	12,816,223
- unsecured	500,000	-
	11,282,531	12,816,223
Hire purchase facilities		
- secured	5,783,580	5,234,541
	17,066,111	18,050,764
Current		
Term loans		
- secured	2,015,297	2,165,322
- unsecured	4,900,000	900,000
	6,915,297	3,065,322
Hire purchase facilities - secured	2,283,173	1,901,146
Bankers' acceptances - secured	72,756,839	51,706,079
Revolving credits - secured	16,268,884	18,060,762
Bank overdrafts - secured	1,859,042	1,955,245
	100,083,235	76,688,554
Total	117,149,346	94,739,318

(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 3.2, 4.4 and 5.2).

Hire purchase facilities

Hire purchase facilities are secured on the assets (see Note 3.3). Hire purchase facilities of certain subsidiaries amounted to RM3,988,867 (2022: RM4,336,671) 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 4.4).

(ii) Significant covenants on loans and borrowings

The Group is required to maintain a gearing ratio not exceeding 1.50 times (2022: 2.00 times) respectively in respect of the banking facilities granted by a licensed bank to the Group. 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:

<u>Group</u>	Payment RM	Interest RM	Principal RM
2023			
Less than one year	2,777,125	493,952	2,283,173
Between one and five years	6,312,962	648,804	5,664,158
More than 5 years	125,125	5,703	119,422
	9,215,212	1,148,459	8,066,753
2022			
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
	8,212,469	1,076,782	7,135,687

17. Lease liabilities - Group

	Group	
	2023 RM	2022 RM
Non-current		
Lease liabilities	4,615,191	6,138,387
Current		
Lease liabilities	1,385,177	1,524,230
Total lease liabilities	6,000,368	7,662,617

Lease liabilities are relating to leases of buildings and machineries 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	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	-	-	(662,000)	(846,000)	(662,000)	(846,000)
Revaluation reserve	-	-	(7,348,000)	(5,716,000)	(7,348,000)	(5,716,000)
Provisions	2,484,000	2,366,000	-	-	2,484,000	2,366,000
Tax assets/(liabilities)	2,484,000	2,366,000	(8,010,000)	(6,562,000)	(5,526,000)	(4,196,000)
Set-off of tax	(2,484,000)	(2,366,000)	2,484,000	2,366,000	-	-
Net tax liabilities	-	-	(5,526,000)	(4,196,000)	(5,526,000)	(4,196,000)

Movements in deferred tax during the year are as follows:

Group	At 1.1.2022 RM	Recognised in profit or loss RM	At 31.12.2022/ 1.1.2023 RM	Revaluation of assets RM	Recognised in profit or loss RM	At 31.12.2023 RM
	Property, plant and equipment	(177,000)	(669,000)	(846,000)	-	184,000
Revaluation reserve	(5,986,000)	270,000	(5,716,000)	(1,901,000)	269,000	(7,348,000)
Provisions	857,600	1,508,400	2,366,000	-	118,000	2,484,000
	(5,305,400)	1,109,400	(4,196,000)	(1,901,000)	571,000	(5,526,000)

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Capital allowances carried forward	(20,779,000)	(20,844,000)	103,000	161,000
Tax losses carried forward	(55,385,000)	(52,227,000)	(36,855,000)	(35,971,000)
Provisions	(421,000)	(257,000)	-	-
Reinvestment allowances carried forward	(16,152,000)	(16,152,000)	-	-
	<u>(92,737,000)</u>	<u>(89,480,000)</u>	<u>(36,752,000)</u>	<u>(35,810,000)</u>
Deferred tax assets	<u>(22,257,000)</u>	<u>(21,475,000)</u>	<u>(8,821,000)</u>	<u>(8,595,000)</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. 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.

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. Capital allowance carried forward do not expire under the current tax legislation.

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
Reinvestment allowances carried forward		
2025	<u>16,152,000</u>	<u>-</u>
Tax losses carried forward		
2028	11,088,000	-
2029	31,784,000	31,297,000
2030	4,476,000	4,331,000
2031	896,000	-
2032	3,769,000	-
2033	3,372,000	1,227,000
Total	<u>55,385,000</u>	<u>36,855,000</u>

Notes to the financial statements (continued)

19. Trade and other payables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade				
Trade payables	22,619,272	32,049,197	7,846	9,430
Non-trade				
Other payables	7,317,915	7,419,340	-	28,136
Accrued expenses	3,212,487	5,215,234	424,730	375,221
SST payable	99,610	92,933	-	-
Sub-total	10,630,012	12,727,507	424,730	403,357
Total	33,249,284	44,776,704	432,576	412,787

Included in the other payables of the Group is an amount of RM4,200,000 (2022: 3,200,000) to a related party of the Group, bearing interest of 12% (2022: 12%) per annum and repayable on demand.

20. Revenue

	2023 RM	2022 RM
Group		
Revenue from contracts with customers		
<i>At point in time</i>		
- Sale of coil related products	78,244,359	86,528,402
- Slitting and shearing services	174,136	144,254
- Sale of roll-formed product	89,424,917	95,041,153
- Hardware, building material and roll-formed trading	37,149,234	42,383,384
- Roofing supply and installation	8,581,078	10,834,293
<i>Over time</i>		
- Roofing supply and installation	19,818,742	32,478,752
- Construction	19,913,591	9,288,136
	253,306,057	276,698,374

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:

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.
Construction	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
2023			
- Roofing supply and installation	6,939,956	107,048	7,047,004
- Construction	7,148,312	-	7,148,312
	<u>14,088,268</u>	<u>107,048</u>	<u>14,195,316</u>
2022			
- Roofing supply and installation	7,062,785	-	7,062,785
- Construction	20,971,565	-	20,971,565
	<u>28,034,350</u>	<u>-</u>	<u>28,034,350</u>

21. Finance income and costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Finance income				
Interest income of financial assets calculated using effective interest method that are at amortised cost	<u>578,538</u>	<u>602,788</u>	<u>333,759</u>	<u>248,331</u>
Finance costs				
Interest expenses of financial liabilities that are not at fair value through profit or loss				
- term loans	786,962	858,769	-	-
- bank overdrafts	220,555	124,510	-	-
- bankers' acceptances	4,506,898	2,870,431	-	-
- hire purchase facilities	461,102	498,993	-	-
- lease liabilities	418,079	416,317	-	-
- other finance costs	680,362	481,848	-	1,541
	<u>7,073,958</u>	<u>5,250,868</u>	<u>-</u>	<u>1,541</u>

Notes to the financial statements (continued)

22. Loss before tax

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax is arrived at after charging:					
Auditors' remunerations:					
Audit fees					
KPMG PLT					
- Statutory audit		250,000	226,000	35,000	32,000
Non-audit fees					
- KPMG PLT		6,000	6,000	6,000	6,000
- Local affiliates of KPMG PLT		37,850	37,450	6,700	5,000
- Others		24,800	15,100	-	-
Material expenses/(income)					
Amortisation of investment properties					
	5	27,312	27,314	-	-
Depreciation of property, plant and equipment					
	3	7,227,269	6,843,024	65,231	218,273
Depreciation of right-of-use assets					
	4	2,280,122	2,194,446	-	-
Foreign exchange loss realised					
		161,341	101,674	-	21,263
Impairment loss on investment property					
	5	253,648	-	-	-
Property, plant and equipment written off					
	3	562	23,723	-	-
Impairment loss on investment in a subsidiary					
	6	-	-	2,000,000	-
Inventories written down					
	9	-	1,353,847	-	-
Personnel expenses (including key management personnel):					
- contributions to state plans		2,857,940	2,811,665	47,120	73,171
- wages, salaries and others		24,039,394	24,290,314	738,190	737,438
Gain on disposal of:					
- property, plant and equipment		(118,117)	(13,592)	-	-
- right-of-use assets		(136,448)	(18,309)	-	-
- investment property		-	(22,000)	-	-
Expenses/(income) arising from leases					
Expenses relating to short-term leases					
		116,200	83,130	-	-
Income from subleasing right-of-use assets					
		(290,140)	(78,040)	-	-
Net loss/(gain) on impairment of financial instruments					
Financial assets at amortised cost					
		795,254	624,623	(34,473)	(134,108)

Notes to the financial statements (continued)

23. Taxation

Recognised in profit or loss

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current taxation				
Malaysian - current year	480,261	1,577,266	-	-
- prior years	(204,836)	167,536	(67,000)	-
	275,425	1,744,802	(67,000)	-
Deferred taxation (Note 18)				
- Over provision in prior year	(1,041,000)	(998,400)	-	-
- Origination and reversal of temporary difference	470,000	(111,000)	-	-
Total deferred tax recognised in profit or loss	(571,000)	(1,109,400)	-	-
Taxation	(295,575)	635,402	(67,000)	-
Reconciliation of taxation				
Loss for the year	(7,296,348)	(5,217,754)	(3,217,341)	(1,267,537)
Taxation	(295,575)	635,402	(67,000)	-
Loss excluding tax	(7,591,923)	(4,582,352)	(3,284,341)	(1,267,537)
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	(1,822,000)	(1,098,000)	(788,000)	(304,000)
Non-deductible expenses	829,227	721,850	562,000	25,000
Non-taxable income	(81,000)	(98,000)	-	-
Effect of deferred tax assets not recognised (Note 18)	782,000	1,323,000	226,000	279,000
Realisation of revaluation reserve	(269,000)	(270,000)	-	-
	(560,773)	578,850	-	-
Under/(Over) provision in prior years	265,164	56,536	(67,000)	-
Effect of tax rates in foreign jurisdictions	34	16	-	-
Taxation	(295,575)	635,402	(67,000)	-

Notes to the financial statements (continued)

24. Loss per ordinary share - Group

Basic and diluted loss per ordinary share

The calculation of basic and diluted loss per ordinary share at 31 December 2023 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 RM	2022 RM
Loss for the year attributable to ordinary shareholders	(6,361,675)	(5,913,935)
Weighted average number of ordinary shares	484,869,516	450,390,349
	2023 Sen	2022 Sen
Basic and diluted loss per ordinary share	(1.3)	(1.3)

25. Financial instruments

25.1 *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>	Carrying amount RM	AC RM	FVTPL RM
2023			
Group			
Other investments	9,775	-	9,775
Trade and other receivables	54,179,211	54,179,211	-
Deposits	1,714,499	1,714,499	-
Other financial assets	25,420,624	25,420,624	-
Cash and cash equivalents	7,243,300	7,243,300	-
Loans and borrowings	(117,149,346)	(117,149,346)	-
Trade and other payables*	(33,149,674)	(33,149,674)	-
Company			
Trade and other receivables	13,706,485	13,706,485	-
Deposits	9,000	9,000	-
Cash and cash equivalents	87,354	87,354	-
Trade and other payables	(432,576)	(432,576)	-

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

<i>Financial assets/(liabilities)</i>	Carrying amount RM	AC RM	FVTPL RM
2022			
Group			
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>
Company			
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>

* Excluding amount payables from Royal Malaysian Custom Department.

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net (losses)/gains on:				
Financial assets at amortised cost	(216,715)	(21,835)	368,232	382,439
Financial liabilities at amortised cost	<u>(6,817,220)</u>	<u>(4,936,225)</u>	<u>-</u>	<u>(22,804)</u>
	<u>(7,033,935)</u>	<u>(4,958,060)</u>	<u>368,232</u>	<u>359,635</u>

25.3 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.

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.3 *Financial risk management* (continued)

(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.

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.

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.3 Financial risk management (continued)

(a) Credit risk (continued)

Trade receivables (continued)

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)

25. Financial instruments (continued)

25.3 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
2023			
Current (not past due)	30,247,014	-	30,247,014
0-30 days past due	9,992,033	-	9,992,033
31-60 days past due	4,691,312	-	4,691,312
61-90 days past due	3,137,652	-	3,137,652
Credit impaired			
More than 90 days past due	5,523,429	(1,384,096)	4,139,333
Individually impaired	5,161,052	(3,477,256)	1,683,796
Trade receivables	58,752,492	(4,861,352)	53,891,140
Contract assets	7,304,771	-	7,304,771
	<u>66,057,263</u>	<u>(4,861,352)</u>	<u>61,195,911</u>
2022			
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
Credit impaired			
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
Trade receivables	47,354,847	(4,066,098)	43,288,749
Contract assets	8,911,457	-	8,911,457
	<u>56,266,304</u>	<u>(4,066,098)</u>	<u>52,200,206</u>
Company			
2023			
Credit impaired			
Individually impaired	<u>38,658</u>	<u>(38,658)</u>	<u>-</u>
2022			
Credit impaired			
Individually impaired	<u>73,131</u>	<u>(73,131)</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)

25. Financial instruments (continued)

25.3 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
Balances at 1 January 2022	866,941	2,674,534	3,541,475
Net remeasurement of loss allowance	762,001	(237,378)	524,623
Balances at 31 December 2022/ 1 January 2023	1,628,942	2,437,156	4,066,098
Net remeasurement of loss allowance	(244,846)	1,040,100	795,254
Balances at 31 December 2023	<u>1,384,096</u>	<u>3,477,256</u>	<u>4,861,352</u>
 <u>Company</u>			Credit impaired RM
Balances at 1 January 2022			207,239
Net remeasurement of loss allowance			(134,108)
Balances at 31 December 2022/1 January 2023			73,131
Net remeasurement of loss allowance			(34,473)
Balances at 31 December 2023			<u>38,658</u>

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Recognition and measurement of impairment loss

Generally, the Company 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)

25. Financial instruments (continued)

25.3 Financial risk management (continued)

(a) Credit risk (continued)

Recognition and measurement of impairment loss (continued)

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its repayment to financial institution when demanded; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company 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
Group	
Balances at 1 January 2022	1,519,664
Net remeasurement of loss allowance	100,000
Balances at 31 December 2022/ 1 January 2023/ 31 December 2023	<u>1,619,664</u>
Company	
Balances at 1 January 2022/ 31 December 2022/ 1 January 2023/31 December 2023	<u>1,519,664</u>

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.3 Financial risk management (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company 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 RM101,579,076 (2022: RM84,847,512), 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)

25. Financial instruments (continued)

25.3 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:

<u>Group</u>	<u>Carrying amount</u> <u>RM</u>	<u>Contractual interest rate</u> <u>%</u>	<u>Contractual cash flows</u> <u>RM</u>	<u>Under 1 year</u> <u>RM</u>	<u>1 - 2 years</u> <u>RM</u>	<u>2 - 5 years</u> <u>RM</u>	<u>More than 5 years</u> <u>RM</u>
2023							
Trade and other payables	28,949,674	-	28,949,674	28,949,674	-	-	-
Other payables	4,200,000	12.00	4,200,000	4,200,000	-	-	-
Loans and borrowings							
- hire purchase facilities	8,066,753	4.09 - 11.54	9,215,212	2,777,125	2,467,388	3,845,574	125,125
- bankers' acceptances	72,756,839	3.56 - 7.65	72,756,839	72,756,839	-	-	-
- revolving credits	16,268,884	3.90 - 5.00	16,268,884	16,268,884	-	-	-
- term loans - secured	12,797,828	4.78 - 5.45	16,170,766	2,559,803	3,850,665	3,162,050	6,598,248
- term loans - unsecured	5,400,000	9.64 - 12.00	5,400,000	4,900,000	500,000	-	-
- bank overdrafts	1,859,042	5.60 - 8.32	1,859,042	1,859,042	-	-	-
Lease liabilities	6,000,368	6.00	7,062,835	1,707,004	1,558,722	2,429,909	1,367,200
	<u>156,299,388</u>		<u>161,883,252</u>	<u>135,978,371</u>	<u>8,376,775</u>	<u>9,437,533</u>	<u>8,090,573</u>

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.3 Financial risk management (continued)

(b) Liquidity risk (continued)

Maturity analysis (continued)

Group (continued)	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
2022							
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	4.09 - 11.54	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 - secured	14,981,545	4.78 - 5.05	19,194,483	2,848,881	2,706,947	6,263,635	7,375,020
- term loans - 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
	<u>147,085,706</u>		<u>154,002,710</u>	<u>124,427,637</u>	<u>6,446,359</u>	<u>12,971,670</u>	<u>10,157,044</u>

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.3 Financial risk management (continued)

(b) Liquidity risk (continued)

Maturity analysis (continued)

Company	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
2023							
Trade and other payables	432,576	-	432,576	432,576	-	-	-
Financial guarantees*	-	-	101,579,076	101,579,076	-	-	-
	432,576		102,011,652	102,011,652	-	-	-
2022							
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	-	-	-

* 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)

25. Financial instruments (continued)

25.3 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 currency giving rise to this risk is primarily U.S. Dollar ("USD").

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:

	Group and Company	
	2023 RM	2022 RM
Denominated in USD		
Balances recognised in the statement of financial position		
Trade payables	90,648	2,071,913

Currency risk sensitivity analysis

A 10% (2022: 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.

	Profit or loss	
	2023 RM	2022 RM
In USD		
Group and Company	6,889	157,465

A 10% (2022: 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)

25. Financial instruments (continued)

25.3 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed rate instruments				
Financial assets	25,420,624	18,922,480	5,000,000	5,000,000
Financial liabilities	(117,668,046)	(94,352,825)	-	-
	<u>(92,247,422)</u>	<u>(75,430,345)</u>	<u>5,000,000</u>	<u>5,000,000</u>
Floating rate instruments				
Financial liabilities	(9,681,668)	(11,249,110)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do 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)

25. Financial instruments (continued)

25.3 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		
- 2023	(74,000)	74,000
- 2022	(85,000)	85,000

(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 (2022: 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.

25.4 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)

25. Financial instruments (continued)

25.4 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.

2023	Fair value of financial instruments carried _____ at fair value _____			Total RM	Fair value of financial instrument not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		Level 3 RM	Level 3 RM			
Group									
Financial assets									
Quoted shares	14,750	-	-	14,750	-	-	-	14,750	9,775
Financial liabilities									
Secured term loans - secured	-	-	-	-	16,170,766	-	-	16,170,766	12,797,828
Hire purchase facilities - secured	-	-	-	-	9,215,212	-	-	9,215,212	8,066,753
	-	-	-	-	25,385,978	-	-	25,385,978	20,864,581
2022									
Group									
Financial assets									
Quoted shares	19,150	-	-	19,150	-	-	-	19,150	9,775
Financial liabilities									
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

Notes to the financial statements (continued)

25. Financial instruments (continued)

25.4 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 (2022: 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)

26. 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 1.50 times (2022: 2.00 times) respectively in respect of the banking facilities granted by a licensed bank to the Group. The Group has complied with this requirement as at the end of the financial year.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total loans and borrowings	117,149,346	94,739,318	-	-
Total equity	80,612,329	81,328,320	55,609,631	58,489,177
Debt-to-equity ratio	1.45	1.16	-	-

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.

27. Capital expenditure commitments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment				
Contracted but not provided for	522,490	1,245,264	-	-

28. 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)

28. Related parties (continued)

Significant related party transactions (continued)

Transactions with subsidiaries

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Nature of transactions</u>				
Interest received	-	-	(333,759)	(246,668)
Internal audit fee received	-	-	(160,000)	(180,000)

Transactions with substantial shareholders of the Company

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Nature of transactions</u>				
Purchase of consumables	67,346	187,406	-	-
Freight and handling charges	68,956	66,380	-	-
Sale of galvanised and other steel products	(9,806,030)	(9,170,159)	-	-

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Nature of transactions</u>				
Insurance premium paid	1,078,662	848,478	27,080	30,091
Purchase of stocks	8,054,873	11,531,598	-	-
Sale of galvanised and other steel products	(31,559,385)	(39,966,861)	-	-
Purchase of property, plant and equipment	1,700	60,000	-	-
Purchase of packing, material and services	206,541	892,473	-	-
Rental of premises and land	316,000	241,450	-	-
Income from rental of premises	(33,000)	(33,000)	-	-
Repayment of hire purchase facilities for acquisition of property, plant and equipment	1,359,547	1,746,510	-	-
Lease payment of property, plant and equipment	275,320	1,279,156	-	-
Transportation fee received	(7,884)	-	-	-
Endorsement fee paid	28,800	28,400	-	-
Hire purchase facilities	4,077,125	1,857,000	-	-
Advances interest paid	478,422	134,137	-	-

Notes to the financial statements (continued)

28. Related parties (continued)

Significant related party transactions (continued)

Transactions with key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Nature of transactions</u>				
Compensations to key management personnel:				
Directors of the Company :				
- Director fee	347,750	268,500	347,750	224,000
- Contribution to state plans	245,120	457,405	43,520	52,621
- Wages, salaries and others	1,673,870	1,797,381	367,940	423,875
	<u>2,266,740</u>	<u>2,523,286</u>	<u>759,210</u>	<u>700,496</u>
Directors of subsidiaries :				
- Director fee	-	76,500	-	-
- Contribution to state plans	464,092	328,813	-	-
- Wages, salaries and others	3,097,687	3,406,447	-	-
	<u>3,561,779</u>	<u>3,811,760</u>	<u>-</u>	<u>-</u>
Other key management personnel :				
- Contribution to state plans	43,400	105,312	3,600	20,550
- Wages, salaries and others	311,424	643,508	22,500	114,505
	<u>354,824</u>	<u>748,820</u>	<u>26,100</u>	<u>135,055</u>
Total	<u>6,183,343</u>	<u>7,083,866</u>	<u>785,310</u>	<u>835,551</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 29).

Notes to the financial statements (continued)

28. Related parties (continued)

Significant related party transactions (continued)

Transactions with key management personnel (continued)

The amount due/(to) from subsidiaries is disclosed in Notes 8 and 19 to the financial statements. The outstanding balances with other related parties are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amount due from	3,459,656	2,965,620	-	-
Amount due to	(12,266,732)	(10,719,417)	-	-

29. 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 Directors and employees under its existing ESOS. 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:

	2023 RM	2022 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)

29. Employee benefits (continued)

Employee Share Options Scheme ("ESOS") (continued)

The expected life of the options is based on historical data 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 (WAEP) of, and movements in, share options during the year.

	Outstanding 1 January	Granted	Movements during the year			Outstanding 31 December	Exercisable 31 December
			Exercised	Forfeited and other adjustments	Expired		
2023							
2023 options	37,389,900	-	-	(3,188,000)	-	34,201,900	34,201,900
WAEP (RM)	0.211	-	-	0.196	-	0.229	0.229
2022							
2022 options	40,439,900	-	-	(3,050,000)	-	37,389,900	37,389,900
WAEP (RM)	0.211	-	-	0.212	-	0.211	0.211

Notes to the financial statements (continued)

29. Employee benefits (continued)

Details of share options outstanding at the end of the year:

Grant date	WAEP RM	Exercise period
9 May 2017	0.23	09.05.2017 - 08.11.2026
8 August 2017	0.20	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

30. 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:

- ARSB:
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 are two (2022: one) major customers contributing to more than 10% of the Group's revenue with total sales amount of RM28,874,984 (2022: RM26,087,788).

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)

30. Operating segments (continued)

2023	ARSB RM	STARSHINE RM	Inter-segment RM	Total RM
Revenue				
External customers	203,027,797	50,278,260	-	253,306,057
Inter-segment	3,403,441	6,376,379	(9,779,820)	-
	206,431,238	56,654,639	(9,779,820)	253,306,057
Segment profit/(loss)	(5,500,600)	(806,982)	-	(6,307,582)
Unallocated expenses:				
- Corporate expenses				(1,284,341)
Taxation (Note 23)				295,575
Loss for the year				(7,296,348)
Non-controlling interests				934,673
Total comprehensive expense attributable to owners of the Company				(6,361,675)
Included in the measure of segment loss are:				
Depreciation and amortisation	(8,902,900)	(631,803)	-	(9,534,703)
Finance costs	(6,161,150)	(1,250,765)	337,957	(7,073,958)
Finance income	653,446	263,049	(337,957)	578,538
Net (loss)/gain on impairment of financial instruments	(1,002,932)	207,678	-	(795,254)
Property, plant and equipment written off	(562)	-	-	(562)
Realised foreign exchange loss	(161,341)	-	-	(161,341)

Notes to the financial statements (continued)

30. Operating segments (continued)

2022	ARSB RM	STARSHINE RM	Inter-segment RM	Total RM
Revenue				
External customers	221,165,672	55,532,702	-	276,698,374
Inter-segment	2,362,344	283,184	(2,645,528)	-
	223,528,016	55,815,886	(2,645,528)	276,698,374
Segment profit/(loss)	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				(5,217,754)
Non-controlling interests				(696,181)
Total comprehensive expense attributable to owners of the Company				(5,913,935)
Included in the measure of segment loss are:				
Depreciation and amortisation	(8,405,802)	(658,982)	-	(9,064,784)
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)

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 61 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Soh Thian Lai
Director

Dato' Sri Victor Hii Lu Thian
Director

Klang,
Date: 9 April 2024

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 ASTEEL Group Berhad, (formerly known as YKGI Holdings Berhad) do solemnly and sincerely declare that the financial statements set out on pages 61 to 125 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 9 April 2024.

Aw Chiew Lan

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTEEL GROUP BERHAD

(formerly known as 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 ASTEEL Group Berhad (formerly known as YKGI Holdings Berhad), which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 61 to 125.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. 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 ASTEEL GROUP BERHAD (continued)

Key Audit Matters (continued)

1. Revenue recognition. Refer to Note 20 Revenue.

Key Audit Matters	How the matter was addressed in our audit
<p>The Group's businesses are mainly from sale of coated coil products, roll-formed products, hardware, building materials, slitting and shearing services, roofing supply and installation as well as construction business, with two active reporting segments categorised by geographic criteria, namely West and East Malaysia. For the year ended 31 December 2023, the Group recorded revenue of RM253.3 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"> • We evaluated the sales and order management control process and tested the design and effectiveness of those controls; • We inspected new significant contracts entered with customers during the year to assess appropriateness of revenue recognition either at a point in time or overtime in accordance with MFRS 15, <i>Revenue from Contracts with Customers</i>; • We verified the sales invoices selected on a sampling basis to the underlying supporting documents; • We obtained direct confirmations from the customers based on sampling basis and performed alternative test on non-replies by inspecting underlying source documents; • 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 appropriate financial year; • We verified journal entries for revenue and revenue related accounts based on specific high risk criteria set to ascertain whether there are any unusual, unauthorised or unsupported entries made against revenue; • We performed cash to revenue predictive analysis; and • We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15, <i>Revenue from Contracts with Customers</i>.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTEEL GROUP BERHAD (continued)

Key Audit Matters (continued)

2. Impairment of manufactured and trading inventories. *Refer to Note 9 Inventories.*

Key Audit Matters	How the matter was addressed in our audit
<p>The Group holds significant inventories balance of RM60.5 million, representing 24% of total assets as at 31 December 2023.</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"> We challenged the management's assumptions 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; We attended the annual physical stock count to identify any slow moving and obsolete inventory, or alternatively, to observe the stock count remotely in real time using technology or using photographic evidence; 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 We 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 alternatively, verifying to the latest sales transaction during the year and the actual selling prices with the cost to sell.

3. Recoverability of trade receivables. *Refer to Note 8 Trade and other receivables.*

Key Audit Matters	How the matter was addressed in our audit
<p>As at 31 December 2023, the trade receivables of the Group stood at RM53.9 million, representing 22% of the 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"> We evaluated the processes for trade receivables and credit control, including the allowance for impairment losses and cash receipts; We checked the accuracy of trade receivables ageing selected on a sampling basis and verified the past payment patterns, credit history, existence of collaterals and disputes with customers; We assessed the adequacy of expected credit loss ("ECL") computed by the management and challenged the assumptions made by the Group with reference to the profile of aged debts at the reporting date and post year-end payment records; 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 We assessed the completeness, accuracy and relevance of the transition disclosures as required by MFRS 9, <i>Financial Instruments</i>.

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either 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 ASTEEL GROUP 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: 9 April 2024

Tai Yoon Foo
Approval Number: 02948/05/2024 J
Chartered Accountant

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ADDITIONAL INVESTOR INFORMATION

Analysis of Shareholdings as at 31 March 2024

Class of Shares : (1) Ordinary Share
 (2) Redeemable Convertible Preference Share ("RCPS")

Voting rights is one (1) vote per ordinary share.
 Total number of ordinary shareholders is 3,278.
 There is only one (1) RCPS holder.

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	110	3.36	5,105	0.00
100 - 1,000	332	10.13	123,953	0.03
1,001 - 10,000	1,179	35.97	7,116,015	1.47
10,001 - 100,000	1,322	40.33	47,989,843	9.90
100,001 - 24,243,474 (*)	332	10.13	266,459,097	54.95
24,243,475 AND ABOVE (**)	3	0.09	163,175,503	33.65
Total	3,278	100.00	484,869,516	100.00

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	Victor Hii Lu Thian	12,641,141	2.61
6	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh Thian Lai	12,584,678	2.60
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh TL Holdings Sdn Bhd (MX3613)	11,039,616	2.28
8	Kenanga Nominees (Tempatan) Sdn Bhd Andrew Yap Hoong Yee (021)"	9,150,000	1.89
9	Lee Kim Keok	7,600,000	1.57
10	Alam Mantap Development Sdn Bhd	7,005,836	1.44
11	Mt Sungai Sdn Bhd	6,800,005	1.40
12	Hu Ik Ming @ Rose Hii Ik Ming	6,640,205	1.37
13	Wong Toh Sing	6,110,400	1.26
14	Hii Ngo Sing	5,540,000	1.14
15	Ting Kee Wei	4,371,500	0.90
16	Alexander Hii Lu Kwong	4,271,636	0.88
17	Chan Duan Kee @ Chan Kheng Kee	4,179,400	0.86
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	3,321,809	0.69
23	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Siew Ing	3,000,000	0.62
24	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Teh Shiou Cherng	2,704,400	0.56
25	Sim Chay Nging	2,556,010	0.53
26	Michael Hii Ee Sing	2,418,587	0.50
27	Lee Wen Siong	1,900,000	0.39
28	Ong Chee Kean	1,700,000	0.35
29	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jong Kiam Ngee (6000431)	1,600,000	0.33
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koh Ching Sing (E-JBU/MSG)	1,570,000	0.32
	Total	318,588,307	65.71

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 2024 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	55,560,766 ⁽¹⁾	11.46%
4	Datuk Seri Dr Hii Wi Sing	31,500,342	6.50	56,576,766 ⁽²⁾	11.67%
5	Arthur Hii Lu Choon	3,853,036	0.79	56,576,766 ⁽²⁾	11.67%
6	Datuk Ir Michael Hii Ee Sing	3,118,587	0.64	63,505,371 ⁽³⁾	13.10%
7	Dato' Sri Victor Hii Lu Thian	13,495,771 ⁽⁴⁾	2.78	56,576,766 ⁽²⁾	11.67%
8	Francis Hii Lu Sheng	-	-	55,560,766 ⁽¹⁾	11.46%
9	Alexander Hii Lu Kwong	5,123,036 ⁽⁵⁾	1.06	56,576,766 ⁽²⁾	11.67%
10	Christopher Hii Lu Ming	4,283,546 ⁽⁶⁾	0.88	56,576,766 ⁽²⁾	11.67%
11	Tan Sri Soh Thian Lai	12,929,346 ⁽⁷⁾	2.67	11,039,616 ⁽⁸⁾	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 2024 are as follows:

In The Company

		No. of Ordinary Shares			
		Direct	%	Indirect	%
1	Tan Sri Soh Thian Lai	12,929,346 ⁽⁵⁾	2.67	11,876,216 ⁽¹⁾	2.45
2	Dato' Sri Victor Hii Lu Thian	13,495,771 ⁽³⁾	2.78	91,986,967 ⁽²⁾	18.97
3	Christopher Hii Lu Ming	4,283,546 ⁽⁴⁾	0.88	91,986,967 ⁽²⁾	18.97
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 47TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting ("47th AGM") of ASTEEL Group Berhad ("ASTEEL" or "the Company") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 26 June 2024 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 2023 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 12)**
2. To approve the payment of Directors' fees of RM347,750.00 for the Non-Executive Directors for the financial year ended 31 December 2023. **Resolution 1**
3. To approve other benefits payable to the Non-Executive Directors up to RM110,000.00 for the period from 27 June 2024 until the conclusion of the next Annual General Meeting of the Company. **Resolution 2**
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) Mr Liew Jee Min @ Chong Jee Min; **Resolution 3**
 - ii) Mr Christopher Hii Lu Ming; and **Resolution 4**
 - iii) Ms Yan Ying Chieh. **Resolution 5**
5. To re-elect Mr Koichiro Nakazawa, who retires in accordance with Article 128 of the Company's Constitution and, being eligible, offers himself for re-election. **Resolution 6**
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. **Resolution 7**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Ordinary Resolution:
 - **Continuation in office as Independent Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021** **Resolution 8**
 "THAT, 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:
 - **Continuation in office as Independent Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021** **Resolution 9**
 "THAT, subject to the passing of Resolution 3, 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:
 - **Authority to issue shares pursuant to Section 76 of the Companies Act 2016** **Resolution 10**
 "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
47TH ANNUAL GENERAL MEETING****NOTICE OF 47TH 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 above authority.”

10. To consider and, if thought fit, pass the following Ordinary Resolution:

▪ **Proposed renewal of existing shareholder mandate for recurrent related party transactions of a revenue or trading nature**

“THAT, approval be and is hereby given to ASTEEL 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 2024, 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 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: 29 April 2024

Resolution 11

NOTICE OF 47TH 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 47th AGM. Members will NOT be physically present at the Broadcast Venue on the day of the 47th 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 47th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH 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 47th AGM via RPV may appoint not more than two (2) proxies to attend and vote instead of the Member at the 47th 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 47th AGM via RPV shall have the same rights as the Member to speak at the 47th 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 TIH Online website at <https://tjih.online> not less than 48 hours before the time set for holding the 47th AGM or any adjournment thereof;
10. A Member who has appointed a proxy or authorised representative to attend, participate, speak and vote at the 47th AGM via RPV must request his/her proxy or authorized representative to register himself/herself for RPV at TIH 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 13 June 2024 shall be regarded as a Member of the Company entitled to attend the 47th 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 Director as referred to in Resolution 4 who is also a Member of the Company will abstain from voting on the resolution in respect of his re-election at the 47th AGM;
14. For the proposed Resolutions 3 to 6, 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 47th AGM;

**NOTICE OF
47TH ANNUAL GENERAL MEETING****NOTICE OF 47TH ANNUAL GENERAL MEETING (continued)****NOTES (cont'd):**

15. The proposed Resolutions 8 and 9 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 46th AGM held on 23 June 2023, 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 notice, the previous mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The proposed Resolution 10, 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 ASTEEL, having considered the current economic climate and future financial needs of ASTEEL Group, was of the opinion that this 10% general mandate is in the best interests of the Company and its shareholders; and

17. The proposed Resolution 11 in respect of the Proposed Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is intended to facilitate transactions in the ordinary course of business of ASTEEL 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 29 April 2024 for further details.

STATEMENT ACCOMPANYING NOTICE OF 47TH 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 47th AGM.

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ASTEEL GROUP

ASTEEL GROUP BERHAD

(formerly known as YKGI Holdings Berhad)
[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 ASTEEL GROUP 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 47th Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 26 June 2024 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
RESOLUTION 1	To approve the payment of Directors' fees of RM347,750 for the Non-Executive Directors for the financial year ended 31 December 2023		
RESOLUTION 2	To approve other benefits payable to the Non-Executive Directors up to RM110,000 for the period from 27 June 2024 until the conclusion of the next Annual General Meeting of the Company		
RESOLUTION 3	To re-elect Mr Liew Jee Min @ Chong Jee Min as Director		
RESOLUTION 4	To re-elect Mr Christopher Hii Lu Ming as Director		
RESOLUTION 5	To re-elect Ms Yan Ying Chieh as Director		
RESOLUTION 6	To re-elect Mr Koichiro Nakazawa as Director		
RESOLUTION 7	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		
RESOLUTION 8	To retain Mr Fong Yoo Kaw @ Fong Yee Kow as Independent Director		
RESOLUTION 9	To retain Mr Liew Jee Min @ Chong Jee Min as Independent Director		
RESOLUTION 10	Authority for Directors to issue shares pursuant to Section 76 of the Companies Act 2016		
RESOLUTION 11	Proposed renewal of existing shareholder mandate for recurrent related party transactions of a revenue or trading nature		

*Strike out whichever is not applicable.

The proportions of *my/our holdings to be represented by *my/our proxy are as follows:

Proxy 1	
Proxy 2	

Dated this _____ day of _____ 2024

.....
Signature/common seal of shareholder(s)

Fold this flap for sealing

Then fold here

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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ASTEEL GROUP BERHAD

(formerly known as YKGI Holdings Berhad)
[197701001682 (032939-U)]
(Incorporated in Malaysia)

FORM OF PROXY (cont'd)

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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 : cosec@asteel.com.my

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