ANNUAL REPORT 2022

CSC STEEL

CSC STEEL HOLDINGS BERHAD

REGISTRATION NO. 200401001854 (640357-X)

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CSC STEEL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Group Managing Director
Chiu, Ping-Tung

Executive Director
Chen, Yi-Chien

Non-Independent Non-Executive Directors
Huang, Chen-Jung
(Appointed on 14 January 2022)
Liu, Min-Hsiung
Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud

Independent Non-Executive Directors
Phong Hon Wai
Lim Lay Ching (f)
Siti Haliza Binti Md Taib (f)
(Appointed on 1 July 2022)

AUDIT COMMITTEE/NOMINATING COMMITTEE

Phong Hon Wai (Chairman)
Lim Lay Ching (f)
Siti Haliza Binti Md Taib (f)

COMPANY SECRETARIES

Yong May Li (LS 0000295)
(SSM PC: 202008000285)
Wong Chee Yin (MAICSA 7023530)
(SSM PC: 202008001953)

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel: (6) 03 – 2783 9299
Fax: (6) 03 – 2783 9222

CORPORATE WEBSITE

www.cscmalaysia.com

BUSINESS ADDRESS

180 Kawasan Industri Ayer Keroh
Ayer Keroh, 75450 Melaka
Tel: (6) 06 – 231 0169
Fax: (6) 06 – 231 0167
E-mail: info@cscmalaysia.com

REGISTERED OFFICE

Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau, 80300 Johor Bahru,
Johor.
Tel: (6) 07 – 332 2088
Fax: (6) 07 – 332 8096

SOLICITORS

Messrs. Koh Kim Leng & Co.
No. 106 Bangunan Bintang 51
Jalan Bendahara, 75100 Melaka

AUDITORS

Deloitte PLT
(LLP0010145-LCA)
(Audit Firm No. 0080)
Level 16, Menara LGB,
1 Jalan Wan Kadir,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.

PRINCIPAL BANKERS

Ambank (M) Berhad
Hong Leong Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Incorporated on 20 January 2004 as a public company limited by shares Listed on Main Market of Bursa Malaysia Securities Berhad on 30 December 2004
Stock Name: CSCSTEL
Stock Code: 5094

WHISTLEBLOWER HOT LINES

Phong Hon Wai
Tel: (6) 03 – 4041 8606
Email: wbac1@cscmalaysia.com

Lim Lay Ching (f)
Tel: (6) 06 – 283 2323
Email: wbac2@cscmalaysia.com

Pang Nam Ming
Tel: (6) 019 – 629 1128
Email: wbia@cscmalaysia.com

GROUP CORPORATE STRUCTURE

CSC STEEL

CSC STEEL HOLDINGS BERHAD
200401001854 (640357 - X)

Date of Incorporation	:	20 January 2004
Principal Activities	:	Investment Holding

100%

CSC Steel Sdn. Bhd.
199101018588 (228899 - P)

Date of Incorporation	:	14 November 1991
Principal Activities	:	Manufacturing and marketing of pickled and oiled steel, cold rolled steel, hot dipped galvanized steel commonly known as GI and prepainted galvanized steel commonly known as PPGI or colour coated steel.

100%

Constant Mode Sdn. Bhd.
201001038592 (922516 - W)

Date of Incorporation	:	19 November 2010
Principal Activities	:	Investment Holding

100%

Group Steel Corporation (M) Sdn. Bhd.
199401042050 (327738 - P) (In Member's Voluntary Winding Up)

Date of Incorporation	:	19 December 1994
Principal Activities	:	Manufacturing of other basic iron and steel products
Current Status	:	Dissolved on 2 December 2022

VISION AND OPERATING POLICY

VISION

Pursuing value innovation, energy efficiency, environmentally friendly and commitment on social responsibility to become a trustworthy and excellent steel company in Malaysia as well as Southeast Asia.

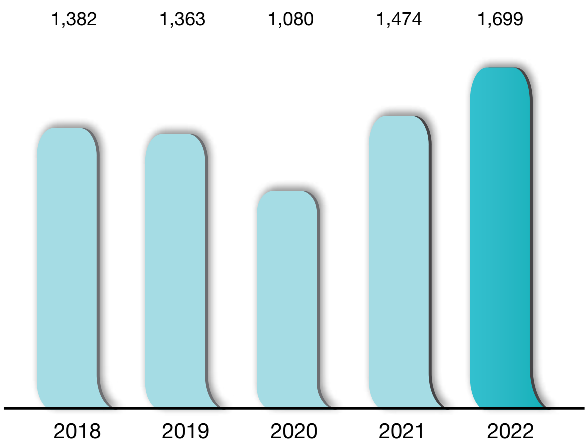
OPERATING POLICY

- Sales and production advancement by implementing industrial upgrading.
- Technical marketing for solidifying sales channels.
- Talent cultivation for enhancing experience inheritance.
- Social well-being by placing great importance on environment protection and public welfare.

FINANCIAL HIGHLIGHTS OF THE PAST FIVE YEARS

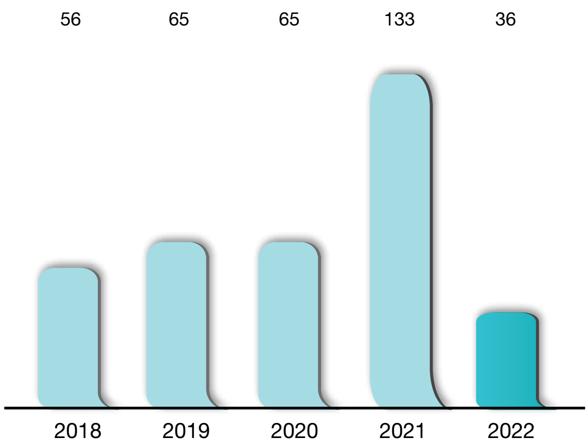
REVENUE

(RM'million)



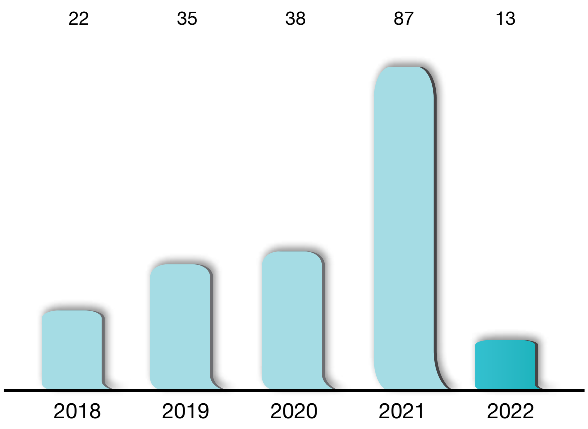
EBITDA

(RM'million)



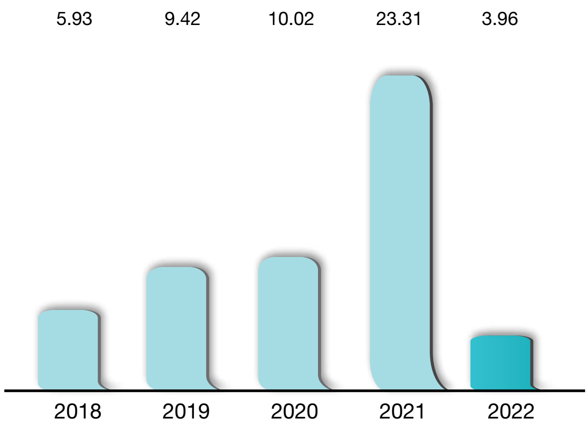
PROFIT AFTER TAX

(RM'million)



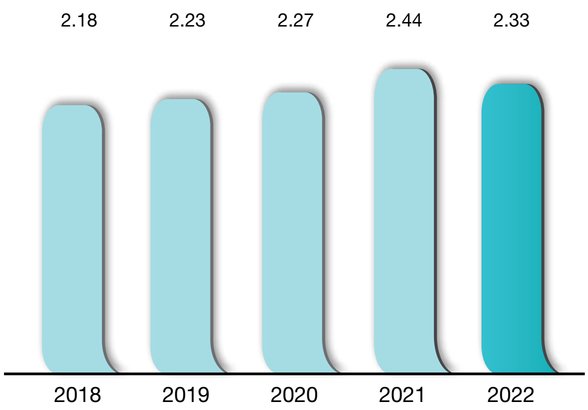
EARNINGS PER SHARE

(sen/share)



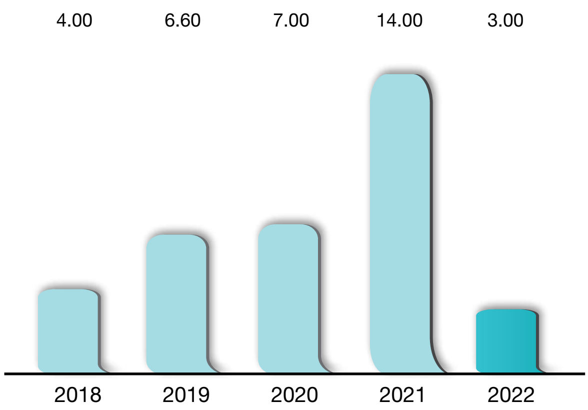
NET ASSETS PER SHARE

(RM/share)



DIVIDEND

(sen/share)



PROFILE OF DIRECTORS

CHIU, PING-TUNG

NATIONALITY	Taiwanese
AGE	62
GENDER	Male
POSITION	Group Managing Director

Chiu, Ping-Tung was appointed to the CHB Board on 1 June 2021 as the Group Managing Director. He graduated from the Pohang University of Science and Technology, South Korea with Master of Science.

Mr. Chiu has over thirty-five (35) years' experience in the steel manufacturing industries. He joined China Steel Corporation (CSC) since 1985 and prior to his appointment to the Board of CSC Steel Holdings Berhad, he was Special Assistant of Managing Director of CSC Steel Holdings Berhad.

Mr. Chiu had attended a seminar on Crisis and Opportunity in Entrepreneurship & Difference and Novelty in Blue Ocean Strategy.

Mr. Chiu clocked full attendance at all five (5) Board Meetings held during the financial year ended 31 December 2022.

HUANG, CHEN-JUNG

NATIONALITY	Taiwanese
AGE	62
GENDER	Male
POSITION	Non-Independent Non-Executive Director

Huang, Chen-Jung was appointed to the CHB Board on 14 January 2022 as a Non-Independent Non-Executive Director. He graduated from Bachelor of Industrial Design at Tatung University, Taiwan.

Mr. Huang has over thirty-five (35) years' experience in the steel manufacturing industry. He joined China Steel Corporation Group ("CSC Group") since 1985 and his current position prior to his appointment to the Board of CSC Steel Holdings Berhad is President of China Steel Global Trading Corporation.

Mr. Huang had attended the Mandatory Accreditation Programme conducted by Institute of Corporate Directors Malaysia from 12 to 14 April 2022 pursuant to Practice Note 5 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

Training had attended by Mr. Huang during the financial year are as follows:-
- "New Media Literacy and Crisis Management" by Big Data Co., Ltd.;
- "Understanding Media & how to deal with it and Ways to Get Media Coverage for Your Corporate Philosophy and Values" by Big Data Co., Ltd.; and
- "Corporate Governance: Criminal Liability of Directors and Case Study" by DTT Attorneys-at-Law.

Mr. Huang clocked full attendance at all five (5) Board Meetings held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS
(CONT'D)

LIU, MIN-HSIUNG

NATIONALITY	Taiwanese
AGE	63
GENDER	Male
POSITION	Non-Independent Non-Executive Director

Liu, Min-Hsiung was appointed to the CHB Board on 1 November 2019 as a Non-Independent Non-Executive Director. He graduated from Bachelor of Business Administration at Cheng Kung University, Taiwan.

Mr. Liu has over thirty-five (35) years' experience in the steel manufacturing industries. He joined CSC Group since 1985 and his current position prior to his appointment to the Board of CSC Steel Holdings Berhad is Vice President of Commercial Division, China Steel Corporation.

Mr. Liu clocked full attendance at all five (5) Board Meetings held during the financial year ended 31 December 2022.

Training had attended by Mr. Liu during the financial year are as follows:-

- "Leadership, Credibility and Execution – From Tao Te Ching's Perspective" by National Sun Yat-sen University;
- "Latest Trend in Protecting Trade Secret" by Intellectual Property Branch, Taiwan High Prosecutors Office;
- "Corporate Governance: Corporate Sustainable Risks and Opportunities" by Ernst & Young;
- "The Innovation in Traditional Industry" by Taiwan Hopax Chemicals;
- "The Role of Artificial Intelligence (AI) in Digital Transformation" by FaceHeart Corporation;
- "Understanding Media & How to Deal with It and Ways to Get Media Coverage for Your Corporate Philosophy and Values" by Big Data Co., Ltd.;
- "ASUS's Digital Transformation" by Taiwan Web Service; and
- "Corporate Governance: Criminal Liability of Directors and Case Study" by DTT Attorneys-at-Law.

CHEN, YI-CHIEN

NATIONALITY	Taiwanese
AGE	41
GENDER	Male
POSITION	Executive Director

Chen, Yi-Chien was appointed to the CHB Board on 1 January 2021 as an Executive Director. He graduated from the Masters in Accountancy at National Cheng Kung University, Taiwan.

Mr. Chen has over ten (10) years' experience in the steel manufacturing industries. He joined CSC Group since 2010. He was seconded in China Steel Corporation India Pvt. Ltd. for 3 years as the General Manager of Management Division, Finance and Information Department.

Prior to his appointment to the Board of CSC Steel Holdings Berhad, he worked in Product Cost Analysis Section, Cost Department of China Steel Corporation.

Mr. Chen clocked full attendance at all five (5) Board Meetings held during the financial year ended 31 December 2022.

Trainings attended by Mr. Chen during the financial year are as follows:-

- "Insurance Business Experiences and Future Trends" in-house training by China Steel Corporation;
- "2022 Q2 Economic Overview and Outlook" by The Taiwan Institute of Economic Research;
- "Steel Industry Overview and Prospect" by The Taiwan Institute of Economic Research;
- "Sustainability Development Roadmap for Listed Companies in Taiwan" in-house training by China Steel Corporation;
- "The Influences of Annealing Parameters on Microstructures in Low Carbon Steels, SESSION 7C" by South East Asia Iron & Steel Institute (SEAISI); and
- "The Improvement of Residual Stress for Laser Cutting Coil" by South East Asia Iron & Steel Institute (SEAISI).

PROFILE OF DIRECTORS
(CONT'D)

PHONG HON WAI

NATIONALITY	Malaysian
AGE	60
GENDER	Male
POSITION	Senior Independent Non-Executive Director Chairman of Audit Committee and Nominating Committee

Phong Hon Wai was appointed to the CHB Board on 2 March 2015 as an Independent Non-Executive Director. He was re-designated from member to Chairman of the CHB's Audit Committee and Nominating Committee on 2 June 2016.

Mr. Phong graduated from the University of Southern Queensland, Australia with a Bachelor of Business.

Mr. Phong has over twenty (20) years' experience in public accounting practices and is presently the principal partner of Messrs. MW. Phong, Messrs. MW (partnership) and Messrs. HWTP Tax Sdn. Bhd., Messrs. HP Tax Services Sdn. Bhd., respectively audit firms and taxation firms.

Mr. Phong clocked full attendance at all five (5) Board and Audit Committee Meetings and a Nominating Committee Meeting held during the financial year ended 31 December 2022.

Trainings attended by Mr. Phong during the financial year are as follows:-
- "Case Study-Based MFRS Webinar: COVID-19 - Going Concern and Impairment" by Malaysian Institute of Accountants;
- "ISAs for Audit Planning: ISA 300, 315 (REVISED), 320 & 450" by Malaysian Institute of Accountants; and
- "Managing Income Tax Audit Challenges Effectively - a practical approach with case studies" by Malaysian Institute of Accountants.

BRIG. GEN. (R) DATO' MOHD ZAABA @ NIK ZAABA BIN NIK DAUD

NATIONALITY	Malaysian
AGE	74
GENDER	Male
POSITION	Non-Independent Non-Executive Director Member of Nominating Committee

Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud was appointed to the CHB Board on 23 August 2006 as a Non-Independent Non-Executive Director. He is a member of the Audit Committee and the Nominating Committee of CHB.

Dato' Nik graduated from University Kebangsaan Malaysia, with a degree in Strategic and Defence Security Studies.

Dato' Nik was with the Malaysian Armed Forces for thirty-seven (37) years and senior posts held by him prior to his retirement from the Armed Forces in May 2004 were the 1st Infantry Brigade Commander, Armed Forces Provost Marshall and Army Inspector General with the rank of Brigadier General.

Dato' Nik is presently a member of the Malaysian Armed Forces Veteran Trust Fund Committee which is under the purview of the Ministry of Defence with the objective of looking after the welfare of the country's veterans and their families.

Dato' Nik attendance at all five (5) Board and four (4) Audit Committee Meetings and a Nominating Committee Meeting held during the financial year ended 31 December 2022.

Dato Nik had attended a training on "Sustainability and International Trade for Export-Oriented Companies" by Asia School of Business.

LIM LAY CHING

NATIONALITY	Malaysian
AGE	56
GENDER	Female
POSITION	Independent Non-Executive Director Member of Audit Committee and Nominating Committee

Lim Lay Ching was appointed to the CHB Board on 2 March 2015 as an Independent Non-Executive Director. She was also appointed as a member of the Audit Committee and the Nominating Committee of CHB on 7 May 2016.

Ms. Lim holds a Bachelor of Laws from the University of Malaya and was called to the Malaysian Bar in 1993.

She has over twenty (20) years' related working experience in the legal sector and since August 2008, has been practising as an advocate and solicitor at Messrs. Koh Kim Leng & Co., a legal firm in Melaka. Ms Lim is presently a partner of Messrs. Koh Kim Leng & Co.

Ms Lim attended all five (5) of the Board and Audit Committee Meetings and a Nominating Committee Meeting held during the financial year ended 31 December 2022.

Trainings attended by Ms. Lim during the financial year are as follows:-

- "Company Law – What's Trending" by Kuala Lumpur Bar Committee;
- "CPD Live - Shariah Non-Compliance (SNC) in Islamic Finance" by Bar Council Malaysia;
- "CPD Live & Conveyancing Pocket Series Part 4 - Revisiting the Concept of Vacant Possession" by Bar Council Malaysia;
- "CCLC Conference Session 3 - Companies Legislation and Companies Commission of Malaysia - Company Law and Practice - Perspectives" by Bar Council Malaysia;
- "CCLC Conference Session 4 - Insolvency Law - Restructuring: What You Need to Know" by Bar Council Malaysia;
- "CCLC Conference Session 5: Cryptocurrency, Digital Assets and NFTs - Investment Fraud in Malaysia & Singapore: Digital Assets & Investment Schemes" by Bar Council Malaysia; and
- "CCLC Conference Session 8: Competition Law - Updates on Merger Control and the Coming Sea Change" by Bar Council Malaysia.

SITI HALIZA BINTI MD TAIB

NATIONALITY	Malaysian
AGE	51
GENDER	Female
POSITION	Independent Non-Executive Director Member of Audit Committee

Siti Haliza Binti Md Taib was appointed to the CHB Board on 1 July 2022 as an Independent Non-Executive Director. She was also appointed as a member of the Audit Committee of CHB on 1 November 2022.

Ms. Siti holds a Bachelor (Hons) of Accountancy from the University Utara Malaysia and she is a member of Malaysian Institute of Accountants since 2000, Chartered Accountant, licensed auditor, licensed tax agent and licensed Auditor for Koperasi under Suruhanjaya Koperasi Malaysia.

She has over fifteen (15) years' related working experience in accounting, auditing, taxation and ten (10) years' experience in liquidation. She is presently the owner of Messrs. Siti Haliza & Co. PLT.

Ms. Siti had attended two (2) of the Board, two (2) Audit Committee Meetings as invitee that was held before and after her appointment and held during the financial year ended 31 December 2022.

Ms. Siti had attended the Mandatory Accreditation Programme conducted by Institute of Corporate Directors Malaysia from 12 to 14 July 2022 pursuant to Practice Note 5 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

Notes:

1. **Directorship in Public Companies**
   Save for Mr. Phong Hon Wai sits on the board of Redplanet Berhad, none of the Directors hold any directorship in any other public companies incorporated in Malaysia.

2. **Family Relationship**
   None of the Directors are related to each other nor has any family relationship with the major shareholders of the Company.

3. Directors' Shareholdings Details of Directors' shareholdings in the Company can be found in the "Analysis of Shareholdings" section on page 117 to 118 of this Annual Report.

4. **Non-Conviction of Offences**
   None of the Directors has been convicted of any offences (traffic offences not included) within the past five (5) years.

5. **No Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.

KEY SENIOR MANAGEMENT

The management team is headed by the Group Managing Director, Mr. Chiu, Ping-Tung and assisted by the Executive Director cum Vice President of Finance Division, Mr. Chen, Yi-Chien and their profiles could be found under the Profile of Directors on pages 006 to 009. The profiles of other key senior management are as follows:-

KOH KANG GUAN

Vice President, Production Division

Nationality:	Malaysian
Age / Gender:	55 / Male
Date of appointment:	1 December 2020
Qualification(s):	Degree in Mechanical Engineering, National Taiwan University, Taiwan.
Experience:	Has more than twenty-five (25) years' experience in steel manufacturing industry.

TEN LING PIEW

Vice President, Commercial Division

Nationality:	Malaysian
Age / Gender:	52 / Male
Date of appointment:	1 July 2012
Qualification(s):	Degree in Business Administration, National Chung Hsing University, Taiwan.
Experience:	Has more than twenty-five (25) years' experience in steel marketing activities.

KOK LIANG HUA

Assistant Vice President, Production Division

Nationality:	Malaysian
Age / Gender:	52 / Male
Date of appointment:	1 December 2020
Qualification(s):	Degree in Mechanical Engineering, Universiti Sains Malaysia.
Experience:	Has more than twenty-five (25) years' experience in steel manufacturing industry.

CHOONG ZIN HAO

Assistant Vice President, Production Division

Nationality:	Malaysian
Age / Gender:	48 / Male
Date of appointment:	1 June 2022
Qualification(s):	Degree in Chemical Engineering, National Cheng Kung University.
Experience:	Has more than twenty (20) years' experience in steel manufacturing industry.

Notes:
Save as disclosed above, none of the key senior management has:
1. any directorship in other public or listed companies;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company; or
4. any criminal conviction or offences (other than traffic offences) within the past five (5) years or under any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board, I am pleased to present the Annual Report of CSC Steel Holdings Berhad and its group of companies for the financial year ended 31 December 2022.

Managing Director's Statement

The on-going armed conflict in the Ukraine has triggered a global price fluctuation for commodities as well as the energy crisis in Europe, coupled with the on-going Covid-19 pandemic, geopolitical tensions, rising interest rates, and volatility of currency exchanges, all these unfavorable events are likely to further dampen the global security and economic uncertainties, which certainly had affected the financial performance of the Group in 2022.

The Group had not been exempted from the abovementioned negative impacts, especially in the second half of year 2022. However, we still managed to achieve a positive result in such a turbulence time, all thanks to the dedication and team spirit shown by all levels of employees that enabled the Group to ride on the upward trend for steel businesses in the first half of year 2022, which the Group had recorded profit in the first 6-month of 2022.

On behalf of the Board, I warmly welcome Ms. SIti Haliza Md Taib, who was appointed as an Independent Non-Executive Director of the Company in July 2022 and I look forward to her support and contributions.

Lastly, I would like to express my sincere appreciation to the Board of Directors, our management team and all our employees for their commitment, contribution and dedication to the Group, not forgetting also our valued customers, financiers, business associates, bankers, suppliers, shareholders and the relevant government authorities for their continuous support.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

- **Overview of the Group's Business and Operations**

  The Group's core business is primarily engaged in the manufacturing and marketing of steel coils, namely pickled and oiled steel ("PO"), cold rolled steel ("CR"), hot-dipped galvanised steel ("GI") and pre-painted galvanised steel ("PPGI"). On top of that, the coated steel related products are marketed under the brand names of 'Realzinc' (GI products) and 'Realcolor" (PPGI products). The details of the Group's business and other information, such as company overview, manufacturing process, product specification and application could be obtained from the Group's website at www.cscmalaysia.com.

  The Group's main sources of income are from its sole subsidiary, CSC Steel Sdn. Bhd. ("CSCM") and its raw material, hot rolled steel coil ("HRC") is mainly supplied by integrated steel mills, i.e. China Steel Corporation ("CSC"). The Group's main focus market is domestic market, approximately 93% and the rest is mainly exporting to Southeast Asia region. As for domestic business, the customer bases of the Group are well spread throughout Malaysia, and majority of the sales are in West Malaysia.

  To further strengthen the Group's competitiveness, the Management continues identifying the areas that could be improved such as quality and productivity, operation efficiency and cost reduction. The Group will continue to consolidate the domestic market as well as to promote the development of high-grade and high-value steel products. The Group always works closely with the customers to supply value added products and provides solutions to further enhance the strengths of Malaysia's manufacturing industries.

- **Review of Financial Results and Financial Condition**

  For Financial Year 2022, despite the volatility of global issues, the Group had achieved higher revenue of RM1.699 billion (Year 2021: RM1.474 billion). However, a much lower profit before tax of RM 17.89 million was recorded compared to RM 114.28 million that achieved in Financial Year 2021.

  The main reason for the lower profit was because the sharp decline of steel demand and weakening market sentiment in the second half of year 2022, which had resulted the increased cost of the Group could not be fully reflected in selling prices.

- **The Group's Financial Position as at 31 December 2022**

  The Group's net tangible assets as at 31 December 2022 had decreased compared to end of last financial year. The net tangible assets as of 31 December 2022 were RM2.33 per share compared to 31 December 2021, which was RM2.44 per share. The total equity stood at RM861 million (2021: RM900 million) while the current ratio stood at 12.96 times (2021: 6.18 times). Cash and cash equivalent were RM275 million (2021: RM234 million).

  In order to ensure the Group's production capability is in good shape, we always evaluate the performance of the machineries and equipment periodically as to identify the needs for revamping of machineries. Likewise, during Financial Year 2022, CSCM had spent about RM3.2 million in capital expenditure.

  Other details of the financial information could be obtained from the Group's audited financial statements with its explanatory notes from pages 046 to 116.

- **Dividend**

  In line with the Group's policy of paying at least 50% of the Group's profit after tax as dividend to its shareholders, the Board of Directors has recommended a final single tier dividend of 3 sen per share for the financial year ended 31 December 2022.

  The recommendation of final dividend was announced on 17 February 2023 and it will be tabled for the shareholders' approval at the Company's forthcoming 19th Annual General Meeting scheduled on 1 June 2023 and if approved, will be paid on 6 July 2023.

- **Anticipated or Known Risks or Events Which Have Significant Impact on Operation**

  After going through a bumpy year of 2022, the steel market sentiment is expected to recover slowly. The inflationary pressures, the geopolitical tensions and political instability in Malaysia are expected to ease, all these positive developments are giving a better start in early 2023.

  However, the worldwide high-interest rates and persistent inflation, as well as China's sluggish property sector may not progress positively as the market hopes, and it definitely will affect both international and domestic steel demand.

  Nevertheless, the fluctuation of Ringgit Malaysia ("RM") also affects the Group's overall performance as our raw materials are imported.

  Given the uncertain market circumstances, the Group will continue to boost its cost reduction efforts and adjust its sales strategy in line with the market change in year 2023.

- **Prospects and Outlook for the Financial Year 2023**

  As mentioned earlier, there are some positive signs of the steel market recovering in the early of year 2023. The boarder reopening of China although has uplifted the steel market sentiment, however, the Group will remain precaution on the short-term recovery of steel demand as the global economics are not fully back on track yet.

  As for domestic steel market outlook, the Group expects that the newly formed government will introduce stimulus measures to spur the activities of Malaysia economy, though it may take time to see the effect of it. Nonetheless, the Group remains optimistic on the outlook of steel business in year 2023. The Group will continue adopting caution business strategy as to achieve positive result amid the uncertainties in year 2023.

Acknowledgement and Appreciation

We credit the success of the Group to the dedicated and diligent management team and the inimitable and united team spirit of our workforce.

We also owe our success to the tenacity and unwavering support of our valued customers, suppliers and other stakeholders who have shown understanding and given us their undivided backing and commitment.

Our parent company, China Steel Corporation in Taiwan, continues to be our mainframe and backbone from which stems our competitive edge, advances in technology and innovative products to generate our revenue.

I together with my fellow Board members take this opportunity to extend our gratefulness, our heartfelt thanks and our sincere appreciation to all the above parties and we look forward to the continued strong working relationship in the years to come.

I wish to thank my fellow Board of Directors for their cooperation and invaluable contribution to the Company and the Group.

Lastly, I wish to record the Group's appreciation to the Melaka State Government, the Government of Malaysia and the various regulatory authorities for their support and assistance.

Chiu, Ping-Tung
Group Managing Director

CG OVERVIEW STATEMENTS

The Board and Management of CHB adopt high standards of professionalism and integrity and practices good corporate governance principles in fulfilling their fiduciary duties and in the activities undertaken by the Group and the Board endeavours to comply with the best practices of the principles of good corporate governance as set out in the revised Malaysian Code on Corporate Governance 2021 (the "MCCG 2021") issued by the Securities Commission Malaysia and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Mindful of the trust and expectations placed upon their shoulders by the shareholders and stakeholders, it is the intention that through this common value system, shareholder value will not just be safeguarded but the performance of the Group is always being enhanced and improved upon.

The Board is pleased to present this statement to provide its shareholders with an insight into the corporate governance practices of the Company under the leadership of the Board during the financial year just ended. The Company has also completed the Corporate Governance Report 2022 ("CG Report") which is available on the Company's website at www.cscmalaysia.com.

1. BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Leadership

a. Board's Responsibilities

The Board is entrusted with and is responsible for the Group's overall strategy, growth and direction including its business and financial performance. The Board provides direction and guidance to management and has effective control of the Group. It maintains control of the Group's activities through the matrix of authority filtered down to the various components of the Group and the Group Managing Director ("Group MD"), assisted by the management team, is responsible for ensuring the Board's effectiveness in conducting its business and in fulfilling its responsibilities to stakeholders.

The Group MD oversees the day-to-day operations and implementation of the Group's business plan, corporate and operational policies and strategies.

Matters reserved for the Board as disclosed in the Board Charter of the Company, the text of which is found on the Company's website at *www.cscmalaysia.com*, include approval of the interim and annual results; reviewing the adequacy and integrity of the management information, risk management and internal controls system of the Group; evaluating and approving major capital expenditure, including significant acquisitions and disposals and all major corporate transactions; long term planning and direction of the Group among others.

The Board conducted a quarterly review and evaluation of the Group's performance and the progress of the new projects as well as approving the quarterly results within the stipulated timeframe. Management staff was invited to attend Board meetings to brief the Board on the financial and non-financial information and the achievement of the business performance as well as the progress of the key initiatives. The Board ensures that the performance reporting process linked objectives, principles and practices to its needs.

The Board ensures that the statutory accounts of the Company and the Group are fairly stated and otherwise conformed to the relevant regulations, including acceptable accounting policies that result in balanced and understandable financial statements.

All Board decisions are collectively arrived at, after due discussion and consultation, and no individual director or group of directors has undue influence or dominance of the Board's decision-making process.

The Board also plays a critical role in ensuring the management identified, managed and monitored its principal risks and to focus more time and resources on how these principal risks are effectively managed. The Board shall ensure a sound system of risk management and internal control are in place and appropriate actions were taken to mitigate any risks.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

a. Board's Responsibilities (Cont'd)

In the discharge of duties, certain responsibilities of the Board are delegated to the Audit Committee and Nominating Committee, which operate within clearly defined parameters as spelt out in the respective Committees' Terms of Reference, each of the Terms of Reference could also be found in the Company's website at *www.cscmalaysia.com*. The Chairman of the Audit Committee and Nominating Committee reports to the Board subsequent to their respective committee meetings. The ultimate responsibility of decision making, however lies with the Board.

The setting up of the two (2) Board committees is to enable a more effective management of the delegated tasks and for an added degree of independence and objectivity when discussing or debating matters falling within the ambit of the respective committees.

b. Ethical Leadership by the Board

Standard Ethical Codes of Conduct for Directors

The Board acknowledges the importance of establishing a healthy corporate culture and has formalised in writing a Standard Ethical Codes of Conduct for Directors on its Board Charter, which have been uploaded on the Company's website at *www.cscmalaysia.com*, sets out the standards of good behaviour by underscoring the core ethical values that are vital for their business decisions.

Other than the standard Ethical Codes stated in the Board Charter, there is a standard code, namely 'Standards of Ethical Code and Conduct for Directors of CSC Steel Holdings Berhad and its Subsidiary Companies' issued by the Company for the good practice of directors.

Anti-Bribery & Corruption and Whistle-blowing Policy

The Group's Whistleblowing Procedure provides an avenue for a whistle-blower to raise concerns about fraud, malpractices, illegal acts, improper conduct and other acts or omission which is against the interest of the Group. Concerns will be addressed according to procedures and feedback channels as determined in the procedure.

Contacts of the Whistleblowing Committee ("WBC") are available on the Company's official website (*www.cscmalaysia.com*), homepage of the Company's ERP system (access restricted only to Company employees) and on the signboards that being placed at the punch card points of factory premise and security office. Whistleblowers can contact any of the WBC members through phone or email to make a complaint.

The contacts of WBC members are listed under "Whistleblower Hot lines" appearing on page 002 of this Annual Report.

c. The Role of Chairman and Group Managing Director ("Group MD")

Under the practices of good corporate governance, the role of Executive Chairman and Group MD of the Company is distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

However, for CSC Steel Holdings Berhad ("CHB"), the Board does not have a Chairman on its Board and the Chairman of the Board meeting is elected among the board members appointed to chair the meeting on every Board of Directors' Meeting. CHB has yet to comply with the Practice 1.3 of MCCG on the position of Chairman of the Board and Group MD is to be held by different individuals as this will come to practice when it is deemed necessary.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

c. The Role of Chairman and Group Managing Director ("Group MD") (Cont'd)

The Group MD together with the top management is responsible for implementing policies and decisions of the Board and together, manages the day-to-day operations as well as oversee the overall development and implementation of the Group's business and corporate strategies. They ensure the strategic objectives and plans of the Group are met. They are assisted and supported by a capable management team comprising heads of various divisions and departments. The Board is kept abreast of the Group's latest operational and business developments through updates reported at its quarterly meetings and also additional meeting will be called when necessary.

d. Strategies Promoting Sustainability

The Group acknowledges that sustainability is an important aspect of its business and continuously undertakes responsible practices that impact the society and the environment in a positive manner and to inculcate a culture of responsibility in all aspects of our business. It therefore adopts a business approach to create shareholder value by embracing opportunities and managing risks arising from economic, environmental and social developments.

The Board ensures that its long-term financial viability, loyalty of key stakeholders and preservation of the environment is achieved. The details of the sustainability activities are set out in the Sustainability Statement on pages 030 to 034 of the Annual Report.

e. Role of Company Secretary in supporting the Board and Board Committees

The Company Secretaries of CHB are members of professional bodies and are qualified to act as company secretary pursuant to Section 235(2) of the Companies Act 2016 (the "Act").

The Company Secretaries are responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Securities' MMLR as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

The Board has recorded their satisfaction with the performance and support rendered by the Company Secretaries to the Board in discharging their functions for the financial year ended 31 December 2022.

f. Directors' Training

Each member of the Board of CHB is encouraged to regularly undergo suitable training programs to keep themselves abreast of the latest changes and to update their knowledge and each of them is aware of the need to continually undergo training appropriate to their needs in line with Paragraph 15.08(3) of Bursa Securities' MMLR.

The Board members are given the liberty to determine on their own the appropriate type of trainings needed for their personal development, they are highly encouraged to attend the talks and seminars organised by Bursa Securities which are highly relevant to directors and management of the Group.

The Company Secretaries regularly update the relevant guidelines on statutory and regulatory requirements for the Board's reference and briefed the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

f. Directors' Training (Cont'd)

The Nominating Committee of the Board assesses the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the Nominating Committee is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties. The trainings attended by each Director during the financial year are set out in their respective profile on pages 006 to 009 of this Annual Report.

Induction program will be arranged for any new appointment such as site visits and meetings with senior management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

g. Board Charter

The Board Charter of the Company adopted by the Board in early 2014 (last review in early of year 2022), sets out the principal functions and ethical standards, authority and composition of the CHB Board and the roles and responsibilities of the Group MD, a copy of which is available on the Company's website at *www.cscmalaysia.com*.

The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time to keep relevant and be abreast of the latest changes.

1.2 Board Dynamics

a. Board Composition

The Board of CHB comprises members with diverse expertise ranging from finance, accountancy, legal, management and engineering. All members of the Board hold senior management positions in their respective corporations and both the Independent Directors are professionals and entrepreneurs while a majority of the Non-Independent Directors have vast and invaluable experience in the steel industry.

Together, they contribute a rich pot-pourri of experience and management skills by the coming together of their invaluable ideas, wisdom, knowledge and experience that contributes to and is essential for the effective running of the CHB Group.

There are eight (8) directors on the Board of CHB where three (3) members are Independent Directors. Of the five (5) Non-Independent Directors, two (2) members with executive roles are the Group MD and the Executive Director while the other three (3) are Non-Independent Non-Executive Directors. A list of the entire CHB Board and their profiles are respectively set out on pages 006 to 009 of this Annual Report.

b. Board Meetings

The Board meets at least once in three months upon finalisation of the results of each financial quarter to facilitate the review and approval of that quarter's financial results. The role of the Chairman of the Board is to ensure that each agenda item is adequately reviewed and deliberated upon within a reasonable timeframe.

Dates of each Board and Board committee meetings in 2022 were unanimously agreed upon by the Directors three (3) months in advance. However, dates of all Board and Board committee meetings for 2022 were unanimously decided prior to the start of the calendar year 2022. This is to enable the Directors to achieve full attendance at all meetings of the Company and to comply with the MMLR of Bursa Securities which provides that the office of a director will become vacant if the director is absent from more than 50% of the total board of directors' meetings held during a financial year.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Board Dynamics (Cont'd)

b. Board Meetings (Cont'd)

Besides listing the meeting dates, information of the closed periods for dealing in the quoted securities of CHB by Directors based on the targeted dates of announcements of the Group's quarterly results are set out in the calendar. Notwithstanding the yearly pre-set meeting dates, additional ad-hoc meetings may be called should the need arise.

Board meetings are conducted in accordance with a structured, formal agenda prepared by the Company Secretaries in consultation with the management. The notice and agenda for a Board meeting is transmitted to each Board member at least seven (7) days in advance of the meeting followed by the soft copies of the relevant Board Papers, containing information pertinent to the matters to be deliberated at the forthcoming meeting and any other information the Directors may additionally require on the agenda items, to reach the Directors before the scheduled meeting.

Meeting agendas while not exhaustive, include review and updates of the Group's latest developments, quarterly financial performance, business plans, strategic decisions, major investments, findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board, including deliberations on any principal risks that may have a significant impact on the Group's business or its financial position and the mitigating factors when assessing the viability of business propositions and corporate proposals.

The Directors have a duty to, immediately declare to the Board should they have any direct or indirect interest in transactions to be entered into by the Company or the Group. The interested Directors would serve notice to the Board and thereupon, abstain from deliberations and decisions of the Board on the transaction concerned. They would be encouraged to excuse themselves from the meeting to facilitate a more thorough discussion.

During the financial year ended 31 December 2022, a total of five (5) Board meetings were held and the attendance of each Director is set out herein below:-

Directors	Attendance
Chiu, Ping-Tung	5/5
Huang, Chen-Jung *(appointed on 14 January 2022)*	5/5
Liu, Min-Hsiung	5/5
Chen, Yi-Chien	5/5
Phong Hon Wai	5/5
Lim Lay Ching	5/5
Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud	5/5
Siti Haliza Binti Md Taib *(appointed on 1 July 2022)*	2/2

Besides the Company Secretaries, Heads of the Finance Division, Production Division, Commercial Division and Corporate Planning Department of the Company attends each Board meeting, as well as every Audit Committee meeting, on the standing invitation of the Board during the financial year ended 31 December 2022. Other senior staff may be invited to attend certain meetings if so required.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Board Dynamics (Cont'd)

c. Independent Directors

The composition of Independent Directors on the Board of CHB complies with the requirement of Bursa Securities' MMLR which stipulates that at least two (2) members or one-third (1/3) of the board of directors of a listed issuer, whichever is the higher, must be independent directors.

The annual appraisal of the contribution of the Board, Board Committees and individual directors was conducted via the Company's pre-set appraisal form and consideration was also given to that directors' ability to commit sufficient time and energy to perform his roles and responsibilities and his ability to satisfy the test of independence taking into account his character, integrity and professionalism.

At the annual assessment carried out in February 2023, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and it will continue to conduct independence assessment annually with the assistance of the Committee to ensure that the independent Directors are able to exercise independent judgement and act in the best interests of the Group.

d. Tenure of Independent Directors

The tenure of an Independent Director does not exceed a cumulative term limit of nine years since his/her appointment as an Independent Directors as recommended by Practice 5.3 of MCCG. Upon completion of the nine years, an Independent Director may continue to serve as the board beyond nine years tenure provided that the Independent Director is re-designated as Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval annually through a two-tier voting process.

The Company has adopted 9 years and after 12th year policies for Independent Non-Executive Director of the Company and taking into account the need for progressive refreshing of the Board as recommended by Practice 5.3 of MCCG. Currently, the Company does not have independent directors who served for more than 9 years.

1.3 Nominating Committee

The Nominating Committee of CHB consists of three (3) members, two Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Committee is chaired by Mr. Phong Hon Wai, a Senior Independent Non-Executive Director, in line with Practice 5.8 of MCCG.

Full attendance of the members was recorded for a meeting held during the financial year ended 31 December 2022 as follows:-

Members	Attendance
Phong Hon Wai *(Chairman/ Senior Independent Non-Executive Director)*	1/1
Lim Lay Ching (f) *(Member/Independent Non-Executive Director)*	1/1
Brig. Gen. (R) Dato' Nik Zaaba Bin Nik Daud *(Member/Non-Independent Non-Executive Director)*	1/1

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

The roles and responsibilities of the Nominating Committee are governed by its Terms of Reference (last review in early of year 2022) and the Board Charter of the Company, a copy each could be found at the Company's website at *www.cscmalaysia.com*.

The key role of the Nominating Committee is to ensure 1). A formal and transparent procedure for the selection and assessment of candidates for Board appointments; 2). Assessment of the effectiveness of the Board and its sub-committees as a whole and the contribution of the individual directors on an annual basis; and 3). Contribute towards ensuring the board composition meets the needs of the Company.

Pursuant to its Terms of Reference, the Nominating Committee of the Company shall be appointed amongst the Board members and shall comprise no fewer than two (2) members who shall be exclusively non-executive directors of the Company where a majority of whom must be independent and the term of a Nominating Committee member shall automatically terminate when he ceases to be a director of the Company.

In fulfilling its roles, the Nominating Committee reviews and assesses candidates proposed for appointment to the Board and Board Committees of the Company as well as the directors standing for re-election at the Annual General Meeting ("AGM") of the Company after which their recommendations are forwarded for decision by the Board.

The Nominating Committee also assesses the effectiveness of the Board as a whole and the contribution of each Board Committee as well as each individual director on an annual basis and to ensure that the Board and its respective Board Committees has the appropriate balance of expertise and ability.

The Nominating Committee adopts the peer evaluation method to evaluate the performance of the directors of the Company. An annual review is conducted to assess the required mix of skills, experience and other qualities, including core competencies which the executive and non-executive directors of the Company should bring to the Board, identify areas for improvement and review the succession plan for senior management in the Group.

For the financial year ended 31 December 2022, the activities of the Nominating Committee include the following:-

(i) reviewed the size and composition of the Board of Directors of CHB and its board balance;
(ii) reviewed the required mix of skills and experience and other qualities, including core competencies of the non-executive directors and executive directors of the Company should have;
(iii) reviewed the effectiveness of the Board as a whole, contribution of each individual director and committees of the board;
(iv) reviewed the performance of the Vice President of Finance Division, Mr. Chen, Yi-Chien in discharging his role as Chief Financial Officer of the Company in 2022;
(v) reviewed the performance and support rendered by the Company Secretaries to the Board in discharging their functions;
(vi) reviewed the term of office and performance of Audit Committee members to determine whether its members have carried out their duties in accordance with the terms of reference;
(vii) assessed the training programs attended by the Directors as well as the training needs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;
(viii) assessed the independence of the Independent Directors of the Company; and
(ix) assessed the Directors who shall be retiring by rotation and standing for re-election by the shareholders at the forthcoming AGM.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

The Board at its meeting on 16 February 2023 was unanimous with and accepted each of the above recommendations of its Nominating Committee and summarized as follows:-

(i) The Committee was overall satisfied with the size and composition of the Board of Directors, the Company is in compliance with the MMLR of Bursa Securities;
(ii) The mix of skills, experience and other qualities, including core competencies of the non-executive and executive directors of the Company together with the effectiveness of the Board as a whole, contribution of each individual Director and committees of the Board were satisfactory;
(iii) The Committee indicated that the Vice President of Finance Division, Mr. Chen, Yi-Chien, had performed commendably and to their satisfaction in discharging his role as "Chief Financial Officer" of the Company and the Group based on the timely quarterly reports received, feedback from the external auditors and the comprehensive and timely reporting of the financial performance to the Board.;
(iv) The Committee discussed and was satisfied that the Directors had attended adequate trainings as required by the Company during the financial year under review and that each Board member shall continue to identify suitable trainings appropriate to their respective needs;
(v) The Committee was satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions;
(vi) The Committee was satisfied with the independence of the independent non-executive directors of the Company; and
(vii) The Committee discussed and had recommended the directors who have given their intention to seek for re-election, be put forward for re-election by the shareholders at the coming 19th AGM.

a. Diversity of Board and Senior Management

The Board acknowledges the importance of gender diversity in Board and it had appointed Ms. Lim Lay Ching, a legal practitioner, and Siti Haliza Binti Md Taib, an accountant as its Independent Director to the Board in March 2015 and in July 2022 respectively.

However, the Board has yet to adopt any formal gender diversity policy in the selection of new Board members and in the coming financial year, the Board will adopt the gender diversity policy and fulfil the requirement within the timeframe. The Board evaluates a candidate of new Board member/new Senior Management by considering various factors, including skill and expertise, personal qualities, age, educational qualification and capability to discharge duty effectively.

The Group will continue to identify suitable candidates for appointment to the Board as and when vacancies arise.

b. Appointment to the Board

The proposed appointment of a new member to the Board will be deliberated on by the full Board based upon the recommendation of the Nominating Committee. The Board had established the Directors' Fit and Proper Policy in June 2022, as a guide for the Nominating Committee to evaluate the candidates for filling the Board's vacancy.

Before any recommendation made to the Board, the Nominating Committee will evaluate a candidate by considering the following:-

- skills, knowledge, expertise and experience;
- character, integrity, professionalism;
- competence and time to effectively discharge his role; and
- in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability and commitment to discharge such responsibilities/functions as expected from independent non-executive directors.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

b. Appointment to the Board (Cont'd)

On 14 January 2022, Mr. Huang, Chen-Jung had been appointed as Non-Independent Non-Executive Director of the Company to fill the vacancy in the position following the resignation of Mr. Kuo, Yi-Jen as Non- Independent Non- Executive Director of the Company on 31 December 2021. On 1 July 2022, Ms. Siti Haliza Binti Md Taib had been appointed as Independent Non- Executive Director of the Company.

As such, Ms. Siti Haliza Binti Md Taib will be subjected to retirement at this forthcoming Annual General Meeting.

c. Re-election of Directors

In accordance with the Company's Constitution, all directors, including the Group MD, shall retire from office at least once every three (3) years and all retiring directors shall be eligible for re-election at the AGM in which they retire. A retiring director shall remain in office until the close of the meeting at which he retires.

The Constitution further provides that directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election by the shareholders at the AGM of the Company to be held following the new directors' appointment.

On 16 February 2023, the Nominating Committee had reviewed and recommended that the following Directors will retire by rotation, and being eligible had offered themselves for re-election at the forthcoming AGM:-

- Mr. Chen, Yi-Chien pursuant to Clause 77(2)
- Mr. Phong Hon Wai pursuant to Clause 77(2)
- Ms. Siti Haliza Binti Md Taib pursuant to Clause 79

d. Succession Planning

Succession planning for executive directors and key senior positions of the Group is closely planned and aligned to the policy of its major and biggest shareholder, China Steel Corporation of Taiwan ("CSC").

Candidates will be screened and assessed by CSC in accordance with its pre-set policy in Taiwan. The criteria assessed include experience, profession and familiarity with the steel industry.

Candidates for Board positions will be subjected to assessment by the Nominating Committee of the Company before a recommendation is tabled to the Board for decision.

The second liners for all key senior management posts in the Group's organization chart have been identified, but these eligible candidates would not be revealed until such time there is a need to do so.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.4 Remuneration Committee

The Board has not established a Remuneration Committee. The remuneration packages of Group MD and key senior management team of the Company generally follow the Executive Compensation Package of the Group and to a certain extent, is dictated by market competitiveness and is tailored to retain and motivate the talents needed by the Group to effectively manage and operate the business of the CHB Group and to align the interests of the directors with those of the shareholders.

The contribution, responsibilities and performance of each Executive Director are taken into account when determining their respective remuneration packages. As for the Non-Executive Director, periodical review will be conducted by the Board. All these are to attract, retain and motivate qualified Directors to serve on the Board. The remuneration packages of the Executive and Non-Executive Directors of the Company for the financial year ended 31 December 2022 are as follows:-

Category	Fees (RM)	Salaries & Bonuses (RM)	Other Emoluments (RM)	Benefits-in-Kind (RM)	Total (RM)
Executive Directors	–	311,349	60,737	49,440	421,526
Non-Executive Directors	180,000	–	–	–	180,000
Total	**180,000**	**311,349**	**60,737**	**49,440**	**601,526**

* *The Benefits-in-Kind are given due to their office as Executive/Management position of the Company shall not seek for shareholders' approval.*

Directors' remuneration for the year ended 31 December 2022 falls within the following bands:-

Range of Remuneration	Executive	Non-Executive
Nil	Nil	2
Below RM50,000	Nil	3
RM50,001-RM100,000	Nil	1
RM100,001-RM150,000	Nil	Nil
RM150,001-RM200,000	1	Nil
RM200,001-RM250,000	Nil	NIl
RM250,001-RM300,000	1	Nil

Note:
- *The fees of the Non-Executive Directors shall be determined by the Board as a whole where each individual Director abstaining from discussion pertaining to his own fees.*
- *The Directors' Fees for an amount not exceeding RM230,000 for the financial year ended 31 December 2022 had been approved by the shareholders at the 18th AGM held on 26 May 2022.*
- *The proposed Directors' Fees for financial year ending 31 December 2023 will be subject to the shareholders' approval at the Company's forthcoming AGM.*

The details of Top Senior Management's remuneration are not shown, as the Board considers the information of the said remuneration being sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's effort in retaining executive talents.

The total remuneration paid to each senior management reflects the time and effort devoted to fulfill his or her responsibilities on the Board and linked to the Group's performance.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 Establishment and Effectiveness of the Audit Committee

a. Audit Committee

The Audit Committee of CHB consists of three (3) members, two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Committee is chaired by Mr. Phong Hon Wai, a Senior Independent Non-Executive Director, in line with Practice 9.1 of MCCG.

The main purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to the internal controls, accounting and reporting practices of the Group.

The report of the Audit Committee, its salient terms of reference, the list of committee members and its activities during the financial year are set out on pages 035 to 038 of this Annual Report.

The copy of term of reference of the Audit Committee (last review in early of year 2023) is available on the Company's website at *www.cscmalaysia.com*.

2.2 Roles and Responsibilities of the Audit Committee

a. Oversight of Financial Reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, including its position and future prospects through the issuance of the Annual Audited Financial Statements and quarterly financial reports, and through corporate announcements on significant developments affecting the Company in accordance with the MMLR.

Chairman of Audit Committee, Mr. Phong has over twenty (20) years' experience in public accounting practices and is presently the principal partner of Messrs. MW. Phong, Messrs. MW (partnership) and Messrs. HWTP Tax Sdn. Bhd., Messrs. HP Tax Services Sdn. Bhd., respectively audit firms and taxation firms together with his other two (2) fellow Audit Committee members. He reviews the Company's financial statements in the presence of the Vice Presidents of Finance Division and Commercial Division at hand to clarify and address any queries the Audit Committee may have, prior to recommending the financials for approval and issuance to the stakeholders.

As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the Vice President of Finance Division provides assurance to the Audit Committee on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Condensed Consolidated Financial Statements ("CCFS") and Annual Financial Statements ("AFS") was appropriate and that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRS"); that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS, International Financial Reporting Standards and MMLR; and that the CCFS and AFS did not contain a material misstatement and gave a true and fair view of the financial position of the Group and the respective companies within the Group in 2022. In addition, the outsourced Internal Audit Function of the Company undertakes independent assessments of the internal control systems of the Group and reports its findings to the Audit Committee on a quarterly basis. Throughout the financial year ended 31 December 2022, the outsourced Internal Auditors had in their quarterly reports stated that no material unaddressed issue or major unaddressed deficiencies had been noted which would pose a high risk to the overall system of internal controls under review and that all recommendations made was accepted and acted upon by management.

For the financial year ended 31 December 2022, two (2) internal audit reports and two (2) follow up reports had been tabled and reviewed.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.2 Roles and Responsibilities of the Audit Committee (Cont'd)

a. Oversight of Financial Reporting (Cont'd)

Premised on the above, the Board considers that it has provided a fair, balanced and a representative assessment of the Company's and the Group's business in its quarterly results and annual financial statements.

The financial statements of the Company and the Group for the financial year ended 31 December 2022 are set out on pages 046 to 116 of this Annual Report and a statement by the Board of its responsibilities in preparing the financial statements is on page 116.

b. Related Party Transactions

An internal compliance framework exists to ensure the Group meets its obligations relating to the related party transactions under the MMLR. The Board, through the Audit Committee, reviews all material related party transactions involved.

In the event a corporate proposal is required to be approved by shareholders, the interested Directors and person connected to them are required to abstain from voting in respect of their shareholdings relating to that corporate proposal.

The Circular to Shareholders dated 28 April 2023 as well as the notes to the financial statements herein provides further details on these related party transactions.

c. Risk Management and Internal Control

The Board has overall responsibility for maintaining a sound system of risk management and internal controls, internal procedures and guidelines that together, serve to provide a reasonable assurance of an effective and efficient operation to safeguard shareholders' investments and protect the Company's assets and to comply with the relevant laws and regulations. A key component in carrying out this responsibility is to ensure that risks are appropriately and adequately managed within the Group.

It must however be noted that such a system is designed to manage the Group's risks within an acceptable risk profile rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Such controls by their nature can only serve to mitigate and provide a reasonable assurance against risks but are not an absolute assurance that risks will not occur or against any material misstatements, loss or fraud.

An overview of the risk management and internal controls within the Group is set out in the Statement on Risk Management and Internal Control on pages 039 to 044 of this Annual Report.

d. Internal Audit Control

An Independent internal audit function was set up to assist and report directly to the Audit Committee in respect of the adequacy of the Group's internal control and risk management systems. A summary of activities conducted by the internal audit function as well as the costs incurred in carrying out the function in respect of the financial year under review was set out in the Audit Committee Report on pages 035 to 038 of this Annual Report.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.2 Roles and Responsibilities of the Audit Committee (Cont'd)

e. Assessment on Suitability and Independence of External Auditors

The Audit Committee performs a yearly assessment of the suitability and the independence of the External Auditors before making recommendations to the Board for the appointment or re-appointment of the External Auditors.

The Audit Committee takes the following into consideration:-
- The adequacy of the experience and resources of the External Auditors;
- The nature of the non-audit services and the fees payable for such services; and,
- The level of independence of the External Auditors.

The External Auditors have conformed to the Audit Committee that they have continuously complied with the relevant ethical requirements regarding independence throughout the conduct of the audit engagement, in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standard) and Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice).

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

3.1 Encourage Engagement with Shareholders and other Stakeholders

The Company is committed to maintaining good communication with its shareholders and stakeholders alike. In this respect, information on the Group's financial performance and/or major developments are disseminated to the public as soon as practicable via appropriate channels of communication, chief of which is the Bursa LINK provided by Bursa Securities as well as the Company's website at *www.cscmalaysia.com*.

Another key source of information on the CHB Group is its Annual Reports and relevant circulars, press releases and press conferences, if so applicable, the quarterly financial results and the various disclosures and announcements to Bursa Securities issued in compliance with the MMLR.

The AGM of the Company is the principal forum for interaction between the management and its private and institutional investors. The Extraordinary General Meeting ("EGM") would also serve as such a forum but the Company has not convened any EGMs since its quotation on the local stock exchange sixteen years ago.

The Group MD together with other Board members and relevant management staff are personally present at each AGM of the Company to engage directly with the shareholders and to account for their stewardship of the Company. Questions from the shareholders are addressed by key management staff and the external auditors of the Company during the yearly AGM.

The physical AGM held on 26 May 2022 was well attended by the shareholders and proxies.

Status of all resolutions proposed at its AGM would be released to Bursa Securities on that day itself, as had been the Company's practice for the past seventeen years.

3.2 Corporate Reporting

The details of governance structure in place to manage the economic, environmental and social risks and opportunities were set out in the Sustainability Statement on pages 030 to 034 of this Annual Report.

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP (CONT'D)

3.3 Annual General Meeting

Each item of special business set out in the notice of AGM is accompanied with an explanatory statement in respect of the resolutions proposed and the Circular to Shareholders setting out the relevant information, would be submitted to the shareholders at least twenty-one (21) days prior to the meeting in compliance with Paragraph 7.15 of Bursa Securities' MMLR and Clause 53(1) of Company's Constitution.

In compliance with this requirement, CHB's Annual Report 2022 will be issued on 28 April 2023 which is also the date of dispatch of the notice of its 19th AGM. The coming 19th AGM, scheduled on 1 June 2023 (Thursday) at its business premises in Melaka, would provide the Company's shareholders with an avenue to raise any queries that they may have on the Company and the Group.

The Notice provides information to the shareholders regarding details of the AGM such as their entitlement to attend the AGM, their right to appoint proxy(ies) and information as to who may count as a proxy. The Company allows a member to appoint a proxy who may but need not be a member of the Company.

If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. In addition, the Constitution of the Company entitles a member to vote in person or by corporate representative, proxy or attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll if they were a member of the Company.

In accordance with the MMLR, the Board will put all resolutions to vote by way of poll at general meetings.

The Board appreciates feedback from their valued stakeholders and in this regard, stakeholders may raise their concerns via telephone, facsimile, or electronic mail as stated in the Company's website at *www.cscmalaysia.com*.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

COMPLIANCE STATEMENT

Based on the above, the Board considers that as far as possible, it has taken steps to comply with the Practices of the MCCG for the financial year ended 31 December 2022.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposals during the financial year ended 31 December 2022.

AUDIT FEES AND NON-AUDIT FEES

During the financial year ended 31 December 2022, the amount of audit and non-audit fees paid/payable by the Company and by the Group to the External Auditors and its affiliated company were as follows:-

	Company		Group	
	FYE 2022 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2021 RM**
Statutory audit fees paid /payable to:				
Deloitte	38,000	29,000	187,000	143,000
O.L.Yeo	Nil	Nil	2,000	1,800
Total (a)	**38,000**	**29,000**	**189,000**	**144,800**
Non-audit fees paid/payable to:				
Deloitte	3,000	3,000	3,000	3,000
O.L.Yeo	Nil	Nil	2,000	2,000
CPL Taxation	Nil	Nil	1,000	1,000
Affiliates of Deloitte	8,600	8,600	65,200	61,600
Total (b)	**11,600**	**11,600**	**71,200**	**67,600**
% of non-audit fees (b/a)	**31%**	**40%**	**38%**	**47%**

* *The amount of non-audit fee incurred for the services rendered to the Group and the Company by Deloitte Tax Services Sdn. Bhd. during the financial year ended 31 December 2022.*

** *The amount of non-audit fee incurred for the services rendered to the Group and the Company by Deloitte Tax Services Sdn. Bhd. mainly for services rendered in relation to tax compliance, tax allowances and transfer pricing.*

MATERIAL CONTRACTS

There were no material contract entered into by the Company and/or its subsidiary which involved Directors' and/or substantial shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2022 or, if not then subsisting, entered into since the end of the previous year.

STATEMENT PERTAINING TO THE ALLOCATION OF SHARES UNDER EMPLOYEES SHARE SCHEME

To date, the Company has not established any employees share scheme ("ESS"). In the event the Company establishes such ESS, the Audit Committee would shoulder the responsibility of reviewing all allocations granted to eligible employees to ensure compliance with the criteria as would have been spelt out in the by-laws of the Company's proposed ESS.

RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

The details of the related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Further information on the proposed renewal of the shareholder mandate for the recurrent related party transactions to be tabled at the forthcoming Annual General Meeting are set out in the Circular to Shareholders dated 28 April 2023.

SUSTAINABILITY STATEMENT

The Group has adopted a set of sustainable business practices that is in line with the philosophy of parent company, China Steel Corporation ("CSC") in Taiwan and the scope of 2022 Sustainability Statement covers the subsidiaries of CHB, namely CSC Steel Sdn. Bhd., and Constant Mode Sdn. Bhd (a subsidiary of CSC Steel Sdn. Bhd.). The statement covers the period from 1 January 2022 to 31 December 2022. Sustainable business practices have formed an integral part of the Group's day-to-day operation and it is one of the keys to ensure the Group's long-term goals and continuity are achievable.

The Group has adopted a functional organization structure for planning, organising and executing the business operations to ensure its objectives are met. The duties are carried out with the core values of CSC Group in mind, namely Teamwork, Pursuit of Innovation, Down-to-Earthness and Entrepreneurial Approach. The key elements of these core values are as follows:

Teamwork

Replace internal rivalries with coordination and cooperation with a common goal in mind - the corporate objectives.

Pursuit of Innovation

Managing people and processes through research and development that turn new ideas into profit. Being innovative keeps the company abreast of the latest industry development.

Entrepreneurial Approach

Stressing efficiency for the day-to-day operation to preserve growth. Has a responsibility to provide superior products and services to its customers and an environment for its employees to grow professionally and intellectually as well as satisfying return on shareholders' investment.

Down-to-Earthness

The state of being practical and realistic as well as making sensitive decisions as to deal with problems effectively.

SUSTAINABLE PRINCIPLES

Apart from adopting the core values of CSC Group, the Group is also committed to complying with laws, respect the culture and to have a positive impact to the communities where we conduct our business. There are four (4) sustainable principles embedded into our culture, namely sustainable economic principles, sustainable environment principles, sustainable community principles and sustainable workplace principles. The Group is determined to deliver sustainable value through various aspects such as policies, objectives and strategies to all stakeholders and such strategies are led by the Board of Directors.

STAKEHOLDERS IDENTIFIED

As to achieve a more comprehensive engagement, the Group has identified certain stakeholders relevant to our daily operations as below.

Stakeholders	Mode of Engagement	Frequency	Sustainability Issues
Shareholders & Investors	Annual General Meeting	Annually	- Profitability - Business Strategy - Industry Environment - Timely updates in Bursa Malaysia through announcements made as and when required.
Government & Regulators	Regulatory Requirements / Audits by the following bodies such as International Organization for Standardization ("ISO"), Department of Environment ("DOE"), Department of Occupational Safety & Health ("DOSH")	Periodically	- Environmental Issues - Occupational Safety & Health - Labour Practices
Customers	Customer Feedback, Compliments Customers Satisfaction and Complaints	As needed	- Product Quality - Delivery - Technical Services
Employees	- Management Meetings - Employee's Performance Appraisal - Employees Discussion	- Weekly - Half Yearly - Half Yearly	- Learning & Development - Occupational Safety & Health - Welfare
Community	CSR programme	As needed	- Social & Environmental Issues

As the Group's business is classified as heavy industry, we are always concerned about the health and safety of our employees as well as protecting the environment. We are committed as a company and as individuals to comply with the laws, respect the cultures and to have a positive impact in the communities where we conduct our business.

During the year under review, the activities undertaken by the Group which relate to sustainability aspects i.e. marketplace, environment, workplace and community, though not exhaustive, were as follow:-

THE KEY SUSTAINABILITY INITIATIVES

- **Anti-Bribery and Corruption**

  The Group has in place "Anti-Bribery, Corruption and Whistleblowing Policy ("the Policy") to manage improper conduct among all employees including directors and senior management since December 2020. The Group, led by the Board applies zero tolerance on all forms of bribery and corruption regardless of public or private sectors and strives to be in full compliance with laws and regulations. Reporting in good faith on bribery and corruption is encouraged by the Board and should be done via the Whistleblowing channel, in which the whistleblower can contact any member of the Whistleblowing Committee through phone or email.

  The Policy had been circulated to its suppliers, contractors, customers and business associates, as to stress on the important of adhering to the principles of anti-bribery and corruption adopted by the Group. The internal audit team has been tasked to check on the compliance of anti-bribery and corruption within the Group periodically.

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- **Products and Services**

  In order to meet the standards set by the relevant industries as well as national standards, the Group has successfully maintained the continuation of several product certifications, such as Malaysian Standard, MS 2660:2020, MS 2383:2020; Indonesian National Standard, SNI 07-3567-2006, SNI 07-2053-2006 and Perakuan Permatuhan Standard (Bahan Binaan) developed by Construction Industry Development Board, CIDB. Apart from that, certain coated steel products of the Group have obtained green product status, such My Hijau and Sirim Eco-label.

  In addition, the Group is committed to providing technical services to its customers. as and when required. Besides, the Group also takes part in seminars or webinars so as to share the latest information on steel products with the targeted audience such as architects, developers, etc.

- **Monitoring Program and Compliance**

  The Group is committed to maintaining a sound Environmental Management System and the ISO 14001:2007 has been adopted since 2009. Subsequently, the Group had migrated to the new ISO version (14001:2015) in the year 2018.

  Apart from the adoption of management system, the Group had complied with the applicable laws and regulations. The Group has in build the necessary mechanisms to monitor the compliance. An environmental report is prepared on a quarterly basis by a competent party appointed by the Group. The report will then be submitted to the Department of Environment, Melaka for their acknowledgement.

- **Energy Management**

  As energy is one of the important resources and has impacts on the environment, the Group is committed to enhancing its energy management by addressing the issues relating to energy conservation, energy usage and energy efficiency. We have adopted a variety of energy management practices to ensure resources are used efficiently. One of the efforts is maintaining a sound energy efficiency management system, by adopting the principles and concepts of ISO: 50001:2018. Internally, we have a dedicated team that meets regularly to discuss and solve the issues on energy.

  The Group had been chosen as the winner for Category I: Energy Management, sub-category under Energy Management in Large Industry. Subsequently, the Company was qualified to participate in the ASEAN Energy Awards (AEA) 2022, and emerged as the winner for the Energy Management in Large Industry category, which was organized by the ASEAN Centre for Energy (ACE).

  On the other hand, one of the Group's effort in electricity usage reduction was by replacing traditional roofing with solar panel where solar energy is pollution-free and produces no greenhouse gases. In year 2022, the Group had successfully reduced approximately RM235,000 of electricity cost upon installing solar panel.

- **Waste Management**

  The Group always treats its waste carefully, for instance, recycling the use of its metal hydroxide sludge as cement additive rather than disposing it by way of solidification, engaging only service providers approved by the Department of Environment ("DOE") to dispose the scheduled waste and domestic waste.

  Besides that, recyclable wastes such as paper, carton boxes, etc, are collected and sorted before selling it to waste collectors. All income generated from this disposal of recyclable items is channelled towards employees' welfare as well as funding for charitable activities. For the financial year ended 31 December 2022, an amount of RM18,000 was generated arising from the aforesaid disposal of recyclable items.

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- **Green Environment and Emission**

  As part of the effort in creating an environmentally friendly working place, the Group had planted additional trees in the surrounding of the factory area. The benefits from trees planting not only could beautify the premises with a fresh "green" look, but also helps in reducing carbon footprint.

  Quarterly Stack Monitoring is also carried out by third party accredited laboratory to ensure that all controlled parameters are within limits specified under the Environment Quality (Clean Air) Regulations, 2014. The ambient concentrations for all parameters are monitored in three surrounding residential areas so that they do not exceed the limits of the Malaysian Recommended Air Quality Standards. The areas under close monitoring are situated at Taman Pelangi (Point A1), Kampung Tun Razak (Point A2), and Taman Muzaffar Shah (Point A3).

- **Caring of Community**

  The Group cares about the well-being of the public, especially underprivileged group. Other than monetary support, the Group had donated food and daily necessities to non-profit organisations in year 2022. On the other hand, the Group also provided financial assistance for the event of non-profit organisations, such as National Cancer Society Malaysia.

  As we believe education plays a vital role for the nation to prosper progressively, we continued providing assistance to several schools in Melaka for year 2022, Apart from that, refurbished personal computers were donated to primary schools as to help the students to gain knowledge relating to information technology. The Group also provided the required resources for the schools to participate in national or international events that helped the students to gain valuable exposure.

  The Group had contributed approximately RM 80,000 to the community, both non-profit organisations and schools for the financial year ended 31 December 2022.

- **Safe Working Place**

  The Group has adopted the Occupational Health and Safety Assessment Series, OHSAS 18001 since year 2016 and subsequently migrated to ISO 45001:2018 (Occupational Health and Safety Management System) to further enhance its workplace health and safety. A Safety and Health Committee has been formed to improve the health and safety management system of the Group and to ensure the well-being of all levels of employees are taken care of.

  Apart from that, the Group also concerns about the safety of contract transporters during the deliveries within the factory premises. Several safety procedures have been set to safeguard the safety of all parties involved.

  There are no compromises for safety in our culture and we have set a high standard for us to achieve the goals.

- **Labour Practices**

  The Group practices fair and equal employment regardless of race, nationality, or religion and sees its employees as one of its most valuable assets. The Group continues to enhance its employees' welfare and fringe benefits by providing a series of initiatives such as health screening and free nutritious meals. Furthermore, the Group provides training for up-skilling and re-skilling its employees.

  The Group encourages its employees to participate in various activities to maintain a healthy work-life balance. To Further strengthen the bond among the employees, the Employee Activity Committee (EAC) comprises members nominated by the employees themselves. The EAC plans and organises activities including, but not limited to, annual dinners, weekly sport activities, and sport tournaments with the objective of creating a sense of belonging among the employees.

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- **Job Opportunities and Diversity**

The Group has created approximately 700 job opportunities since its establishment. The classification of employees within the Group by level and nationality as at 31 December 2022 is as follows:

Nationality	Executive		Non-Executive		Total	
	No.	%	No.	%	No.	%
Local	216	31.91	421	62.19	637	94.09
Foreigners	2	0.29	38	5.61	40	5.91
Total	218	32.20	459	67.80	677	100

The Group recruits its employee based on the suitability of an individual employee's skills and expertise, educational qualification and capability to match to the position requirements. The Group embraces diversity within its workforce, which comprises a mix of employees from different genders, age groups and ethnicity. We believe in practicing non-discrimination regardless of race, national origin and marital status.






AUDIT COMMITTEE REPORT

The Board of Directors of CHB presents the Audit Committee ("AC") Report which provides insights into the manner in which the AC discharges its functions for the Group during the financial year ended 31 December 2022.

1. MEMBERS AND MEETING ATTENDANCE

The AC comprised of three (3) members, three (3) Independent Non-Executive Directors. The current composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities"). No alternate director had been appointed as a member of the Audit Committee.

Five (5) AC Meetings were held during the financial year ended 31 December 2022 and the details of the attendance of the committee members were as follows:-

Committee Members	Attendance
Phong Hon Wai *(Chairman/Senior Independent Non-Executive Director)*	5/5
Lim Lay Ching *(Member/Independent Non-Executive Director)*	5/5
Brig. Gen. ® Dato Mohd Zaaba @ Nik Zaaba Bin Nik Daud *(Resigned on 1 November 2022)* *(Member/Non-Independent Non-Executive Director)*	4/4
Siti Haliza Binti Md Taib (Appointed on 1 November 2022) *(Member/Independent Non-Executive Director)*	1/1

One of the members of Audit Committee fulfil requirement under paragraph 15.09(1)(c)(i) of MMLR. The AC meetings of the Company were convened with proper notices and agenda and these were distributed to all members of the AC about seven (7) days before meeting. The minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and tabled at the Board meeting for the Directors' notation.

Besides the Company Secretaries, Heads of the Finance Division, Production Division, Commercial Division and Corporate Planning Department of the Company, the external auditors and the outsourced internal auditors attends Committee meeting on the standing invitation of the Committee Chairman during the financial year ended 31 December 2022.

Other senior staff may be invited to attend certain AC meetings if so required, requested or invited by the Chairman of the Committee. Conversely, the external auditors and internal auditors may also respectively request a meeting with the AC if they consider it necessary.

2. RIGHTS, AUTHORITIES AND TERMS OF REFERENCE

The rights, authorities and terms of reference of the AC can be viewed on the Company's website at www.cscmalaysia.com.

3. PROCEDURE OF COMMITTEE MEETING

Chairman

The Chairman shall be elected by the Committee from among their members who shall be an independent director. The AC Chairman shall not be the Chairman of the Board.

If at any meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present shall choose one of their members, to act as Chairman of the meeting.

Quorum

The majority of members who must be the independent directors present at the meeting shall be a quorum.

AUDIT COMMITTEE REPORT
(CONT'D)

3. PROCEDURE OF COMMITTEE MEETING (CONT'D)

Attendance

The Head of Finance, the representatives from the internal and external auditors shall normally attend the meeting. Other directors and employees attend any particular AC meeting only at the Committee's invitation, specific to the relevant meeting. The Committee may invite any person to be in attendance to assist in its deliberations.

The Company Secretary shall act as the secretary of the Committee during her term of appointment.

Calling

Any member may at any time and the Head of the Finance and the Company Secretaries shall on the requisition of any of the members or the external auditors summon a meeting.

The meetings may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person of such meeting.

Frequency of Meetings

Meetings shall be held at least four (4) times a year to review the quarterly results and year-end financial statements.

Resolution in Writing

A resolution in writing signed by all members of the Audit Committee for the time being entitled to receive notice of an Audit Committee meeting, shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

Any resolution coming within the provisions of this Regulation may consist of several documents in like form, each signed by one or more member of the Audit Committee.

Any such document may be accepted as sufficiently signed by a member if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature of the member.

Notice

Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to any member either personally or sending it by facsimile transmission or email transmission or through the post or courier to such member to his/her registered address as appearing in the Register of Directors, as the case may be.

The notice and agenda shall be distributed to all members at least seven (7) days before the meeting.

Voting and Proceedings

A resolution put to the vote of the meeting shall be decided on a show of hands. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote.

Keeping of Minutes

The minutes shall be signed by the Chairman of the meeting, which the proceedings were held or by the Chairman of the next succeeding meeting and shall be circulated to the Committee and the Board of Directors.

Custody, Production and Inspection of such Minutes

The minutes shall be kept by the Company at the Registered Office or the principal place of business in Malaysia of the Company, and shall be opened to the inspection of any member of the Committee without charge.

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

A brief summary to provide an overall view of the activities of the AC in discharging its duties and responsibilities during the financial year ended 31 December 2022 is as follow:-

a. Financial Reporting

- Reviewed and recommended each of the quarterly financial results of the Group for approval by the Board of Directors prior to its release to Bursa Securities.
- Reviewed and recommended the audited financial statement of the Group for approval by the Board of Directors prior to its release to Bursa Securities.

b. With Internal Auditors

- Conducted private sessions with the Internal Auditors without the presence of the executive board members and staff of the Company.
- Reviewed the Internal Audit follow-up progress report and Internal Audit plan for the financial year ending 31 December 2022 and 31 December 2023;
- Reviewed and approved the Internal Audit report on goods delivery management, inventory management, maintenance management and recurrent related party transaction;
- Reviewed the Internal Audit follow up progress report; and
- Reviewed the appraisal or assessment of the performance of the Internal Audit ("IA") function and performance of the Head of IA, who is appointed to be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group, and submit the outcome of performance assessment of the Head of IA to the Nominating Committee for determination of reward allocation.

c. With External Auditors

- Reviewed the External Auditors' scope of work and audit plan for the year. The audit plan was presented by representatives from the External Auditors;
- Reviewed the External Auditors' management letter and management's response thereto;
- Reviewed the Audit Planning Memorandum ("APM") from the External Auditors of the company, Messrs. Deloitte PLT, in respect of the financial year ending 31 December 2022;
- Appraised the performance and evaluated the independence and objectivity of the external auditors in providing their services, including areas of audit emphasis for the financial year and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosures on Key Audit Matters;
- Conducted the annual performance assessment, including their suitability and independence; and
- Considered and recommended to the Board the appointment of the external auditors and their audit fees after taking into consideration the independence of the external auditors.

d. Others

- Reviewed recurrent related party transactions ("RRPTs") that mandated by the shareholders in AGM, including any transaction to ensure that the transactions were on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
- Reviewed on a quarterly basis the actual transacted value of RRPTs matching them against the mandate from shareholders to ensure compliance with the MMLR of Bursa Securities and to monitor for the required action, such as an immediate announcement, in the event the actual value of a mandated RRPT exceeds the estimated value of the RRPT disclosed in the previous year's RRPT Circular to Shareholders, which shareholder has approved, by 10% or more; and
- Reviewed the "Statement on Risk Management and Internal Control" and "Audit Committee Report" prior to their inclusion into the Annual Report 2022 after approved by the Board of Directors;

All the requirements under the terms of reference were complied with and AC did not see any matters in breach of the MMLR of Bursa Securities that warrant reporting to Bursa Securities.

AUDIT COMMITTEE REPORT
(CONT'D)

5. INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2022, representatives from Needsbridge Advisory Sdn. Bhd., the outsourced Internal Auditors, led the role of the internal audit functions of the Group (referred to as the "IA Team") with the primary function to assist AC in discharging their duties and responsibilities more effectively. AC has full access to the outsourced Internal Auditors and reviews reports from them on all internal audits performed.

The main role of the internal audit function is to carry out independent assessments of the adequacy and effectiveness of the Group's internal control systems in anticipation of any potential risk areas within key business processes of the Group.

During the financial year ended 31 December 2022, internal audit activities have been carried out in accordance with the pre-approved internal audit plan. The IA had conducted two (2) audits during the financial year ended 31 December 2022.

The IA Team conducts its internal audit visits based on the approved Internal Audit Plan ("IA Plan") for two (2) financial years which will be reviewed on an annual basis and revised subsequent to the completion of the first year audit, if necessary, to reflect the changes in the Group's operating environment. Any significant changes to the IA Plan will be referred to AC for approval prior to the commencement of the internal audit.

The summary of works that had been undertaken by the Internal Auditors during the financial year ended 31 December 2022 and the date of this Annual Report included the following:-

(a) Goods Delivery Management and Inventory Management
(b) Maintenance Management and Related Party Transactions

The internal audits performed had met their objectives of highlighting to AC on their audit findings which required follow- up action by the Management, and any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal audit control system. It ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The total costs incurred for the internal audit function in respect of the financial year ended 31 December 2022 was RM78,197.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of CSC Steel Holdings Berhad ("the Company") acknowledges the importance of maintaining a sound risk management and internal control system in the Company and its subsidiaries ("the Group") and is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2022. This statement was prepared by taking into account of the Statement on Risk Management and Internal Control: Guidelines for Directors and Listed Issuers ("The Guidelines") pursuant to Paragraph 15.26(b) and Practice Note 9 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities") and the Malaysian Code on Corporate Governance. The scope of this Statement includes the Company and its operating subsidiary.

BOARD RESPONSIBILITIES

The Board is committed and acknowledges its overall responsibility for maintaining a sound risk management and internal control system and for reviewing its adequacy and effectiveness continually so as to safeguard all the Group's stakeholders' interests and protect the Group's assets as well as to establish risk appetite of the Group. The Board has delegated tasks to the management of the Group to identify, evaluate as well as to manage significant risks. The Board has also delegated the review of adequacy and effectiveness of the risk management and internal control systems to the Audit Committee ("AC"). Through AC, the Board is kept informed of all significant control issues brought to the attention of AC by the management, the internal audit function and also the external auditors. The Board is working closely with AC in reviewing and improving the internal controls as well as addressing the potential risks of the Group from time to time.

In view of the limitations that are inherent in any system of internal control, the system of risk management and internal control is designed to manage and to minimise, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of risk management and internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud. However, in order to strengthen the internal controls within the Group, AC is communicating with the internal and external auditors regularly, looking for areas that could be further improved to ensure the sustainability of the Group in this challenging steel business.

RISK MANAGEMENT

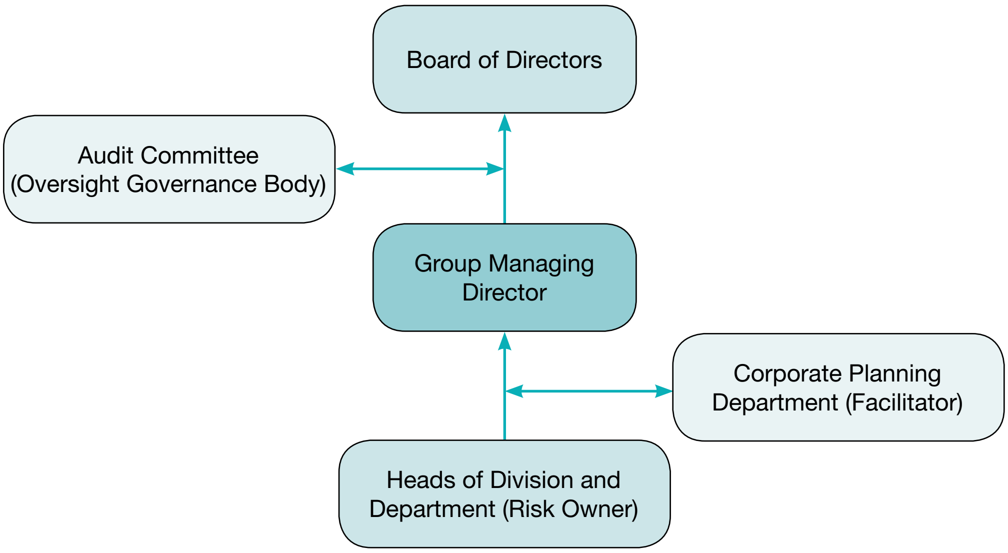
The Board recognises that an important element of a sound system of risk management and internal control is having a sound risk management system for identifying, evaluating and managing significant risks faced by the Group. The duties for the identification, evaluation and management of the key business risks are delegated by the Board to the Group Managing Director and the Senior Management. On a strategic level, strategic business strategies are formulated by the Management and presented to the Board for review to ensure proposed strategies are in line with the Group's risk appetite. Subsequently, an update on the implementation progress of the approved strategies will be presented by the Management to the Board.

The respective head of departments are responsible for managing the risks of their department. Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding internal controls are discussed during management meetings held on a weekly basis, any material and significant changes to the risk profile will be reported to the Board. Apart from that, the Group had established a risk management framework in May 2021, guided by the Committee of Sponsoring Organizations (COSO) and ISO 31000 in material aspects, in which shall serve to manage the anticipated risks with action plans/ control measures in a systematic manner with universal risk parameters representing the Group's risk appetite approved by the Board. The diagram below illustrates the oversight of risk management and reporting structure, with each governance function carries out their responsibilities respectively as to ensure that appropriate risk responses are being taken.

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

RISK MANAGEMENT (CONT'D)

Oversight of risk management and reporting structure



The Board continually reviews the key risk profiles of the Group and internal risk management practice in order to ensure that adequate and effective systematic mechanisms is put in place for managing the significant business risks.

INTERNAL AUDIT FUNCTION

On top of maintaining a good corporate governance practice, the Group has set up a reliable internal audit mechanism to provide the required level of assurance that its internal control (including governance, risk and control structure and processes) is operating adequately and effectively in order to provide reasonable assurance that the business objectives of the Group are achievable. The internal audit function of the Group is outsourced to a professional service firm, namely NeedsBridge Advisory Sdn Bhd ("NeedsBridge"). Besides that, the ultimate holding company, China Steel Corporation ("CSC"), also performs internal audit on its Group of Companies, including the Group, once a year in accordance to its internal audit plan and in relation to its compliance with relevant listing rules of Taiwan Stock Exchange Corporation that it is subjected to.

NeedsBridge reports to AC directly and the engagement director is a Certified Internal Auditor and received Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are mainly carried out by NeedsBridge, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global.

The oversight of NeedsBridge by AC is through review of the internal audit engagement of NeedsBridge governed by the engagement letter of two years tenure with key terms including the purpose and scope of works, accountability, independence, outsourced internal audit function's responsibilities, management's responsibilities, the authority accorded to NeedsBridge, limitation(s) of scope of work, confidentiality, proposed fees and engagement team.

The risk-based internal audit plan is designed and proposed by NeedsBridge based on the key risk profile of the Group and their professional judgement on those areas with potential risks existence after taking into consideration previous internal audits carried out and inputs obtained from the Management. Such internal audit plan will be reviewed to reflect significant changes in the Group's operating environment and/or key risks and as and when deemed necessary by NeedsBridge. This will then be proposed to AC for approval. Any significant change(s) to the plan will be referred to AC for approval prior to the commencement of the internal audit.

INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year under review, internal audit reviews on Production Management, Human Resource Management and Related Party Transactions, and Governance Management for all audit cycle were performed based on the internal audit plan approved and, upon the completion of the internal audit works, which are conducted twice a year, internal audit reports were submitted to AC for review and deliberation, in the presence of the internal audit function. An update on the status of management action plans as identified in the previous internal audit reports were also presented to AC during the financial year under review and the action plans were satisfactorily addressed progressively.

As for the internal audit conducted by CSC, internal audit plan is designed according to CSC's policy which covers significant risk areas that require attention. The management of the Group formulates action plan(s) for each audit finding and reports to CSC on its progress of implementation from time to time. All improvement required to further enhance the Group's internal controls and risk management are implemented in a timely manner.

As a third line of defence, the internal control review procedures performed by NeedsBridge are designed to understand, to document and to evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations based on root cause(s) for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) director, assisted by one (1) senior consultant and one (1) consultant per one(1) engagement with oversight performed by the senior director. None of the internal audit personnel has any conflict of interest with the Group nor has any family relationship with the major shareholder and key management of the Group.

The Audit Committee is of the opinion that the performance of Internal Audit Function is adequate to meet the objective of enhancing the operations of the Group.

The total cost incurred in maintaining the outsourced internal audit function performed by NeedsBridge for the financial year ended 31 December 2022 amounted to RM 78,197. There was no professional fee imposed on the Group for the internal audit works performed by CSC.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

- **Board of Directors/Board Committees**

  The role, functions, composition, operation and processes of the Board are guided by a formal board charter whereby roles and responsibilities of the Board, the Senior Independent Director, the Group Managing Director and individual directors are specified to preserve the independence of the Board from the Management.

  Audit Committee and Nominating Committee are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference. The terms of reference for both Audit Committee and Nominating Committee will be reviewed and revised whenever it is deemed necessary by the Board and/or once every three years and the last review was performed on 18 February 2022.

  Meetings of Board of Directors and the Committees are carried out on scheduled basis to review the performance of the Group, from financial to operational perspective. Business strategies are proposed by the management for the Board's review and approval, after taking into consideration of the related risks and responses.

INTERNAL CONTROL SYSTEM (CONT'D)

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in the Board Charter established and adopted by the Board in early 2014. The last review of Board Charter was performed on 18 February 2022. This formal code forms the foundation of integrity and ethical value of the Group. Besides, an Anti-Bribery and Corruption and Whistleblowing Policy had been established in year 2020 that defines the principles to be adhered to by the Group's employees when executing day-to-day operation.

  Integrity and ethical value expected from the employees are incorporated in the human resources management system whereby the ethical behaviours expected with the customers, suppliers, employees, society and environment are stated. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and documented. Specifically, the Code of Ethics and Conduct are monitored via control activity monitoring mechanism implemented with non-compliances are timely detected and investigated with appropriate corrective action, including but not limited to disciplinary actions, taken to rectify non-compliance.

- **Organisation Structure, Accountability and Authorisation Procedures**

  The Group has a formal organisational structure in place for planning, organising and executing the business operations of the Group to ensure its objectives are met. The Group put in place recruitment process to ensure suitably qualified staffs are employed so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly. The establishment and communication of job responsibilities and accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

  The authorisation procedures for key processes are stated in the Group's policies and procedures, which includes areas covering procurement, sales and related party transactions.

- **Risk Assessment and Control Activities**

  Risk assessment is performed by head of departments at scheduled intervals or when there is change in internal and/or business context in accordance with risk management framework. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board.

  The Group has documented policies and procedures that are regularly reviewed and updated to ensure its relevance to support the Group's business activities and to achieve the Group's business objectives.

- **Annual Budget**

  Financial budget for the operating subsidiary is prepared and presented to the Board of such operating subsidiary on an annual basis for approval. Such budget is applied to every key division of such operating subsidiary for financial performance measurement. The actual performance is monitored against budget to identify significant variances for prompt actions to be taken. Capital expenditure budget is compiled and approved annually prior to its execution in the following financial year.

- **Human Resource**

  Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience, in order to carry out their duties and responsibilities assigned effectively and efficiently. Performance evaluations are carried out annually for all levels of staff to identify performance gaps and training needs of employees are identified annually so that relevant trainings are provided to such employees for upgrading their knowledge and skill sets.

INTERNAL CONTROL SYSTEM (CONT'D)

- **Information and Communication**

  At operational level, clear reporting lines are established across the Group and operation. Management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that required the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

  The Group puts in place effective and efficient information and communication infrastructures and channels,i.e. computerised enterprise resource planning system, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders. Apart from that, relevant financial and management reports are generated for different level of the organisational structure for review and decision making. Management and board meetings are held for effective two-way communication of information at different level of management and the Board.

  On top of that, the communication of policies and procedures of the Group are conducted via written format, internal information system, electronic mail system and in-house trainings by respective risk or control owners.

- **External Bodies Certification**

  The operating subsidiary is certified and in compliance with the ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 50001:2018 (Energy Management System) and ISO 45001:2018 (Occupational Health and Safety Management System) for management systems. Besides that, products relating to certification such as SIRIM Eco-label as well as Malaysian Standard (MS 2660 and MS 2383) are also obtained by the operating subsidiary to further improve its operation and product quality.

- **Monitoring and Review Activities**

  - Key performance indicators (the "KPIs") are formulated to monitor the performance of key divisions/departments against targets established with information on actual performance against the KPIs established being compiled on a quarterly basis. Half-yearly management review meeting is held to discuss and review the performance of key divisions/departments of the Group based on the KPIs established.
  - Weekly management meetings are held to review operational and financial performance of key divisions/departments within the Group.
  - Monthly review of the management accounts of the Company and its operating subsidiary by the Senior Management.
  - Quarterly unaudited group financial reports reviewed by AC together with the Senior Management, and subsequently reported to the Board.
  - Internal audit on key risk areas identified is conducted and the results are reported directly to the AC. The internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific critical control processes and highlights significant risks impacting the Group to AC as well as recommending improvements to various processes to minimise the risks.

  The monitoring of compliance with relevant laws and regulations is further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group.

ASSURANCE PROVIDED BY GROUP MANAGING DIRECTOR AND EXECUTIVE DIRECTOR PRIMARILY RESPONSIBLE FOR THE MANAGEMENT OF THE FINANCIAL AFFAIRS

In line with the Guidelines, the Board has received assurance from Group Managing Director and Executive Director primarily responsible for the management of the financial affairs on the adequacy and effectiveness of risk management and internal control systems of the Group, in all material aspects, during the financial year under review based on the risk management and internal control systems of the Group.

Board's Opinion and Conclusion

In the meetings of Board of Directors during the financial year under review, the performance of the Group was reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control systems of the Group to address potential business risks identified by the Board during such reviews and deliberation. Through such reviews by the Board with Group Managing Director and Senior Management of the Group coupled with the assurance provided by the Group Managing Director and Executive Director primarily responsible for the management of the financial affairs, continuous reviews of the key risk profile of the Group and internal risk management practice by the Board and independent internal audits conducted and reported to the Board, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate enhancement plans. Notwithstanding this, the Board will continue to evaluate and to manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

Assurance Provided by External Auditors

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the external auditors had reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with 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. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, 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, nor is factually incorrect.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS

It is a requirement for the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of each financial year and of their results and their cash flows for the year then ended.

In preparing the financial statements, the Directors have taken steps to ensure that:-

- the Company and the Group have used appropriate accounting policies which have been consistently applied.
- the judgements and estimates made are reasonable and prudent; and
- all approved accounting standards which are applicable in Malaysia have been complied with.

The Directors are responsible for ensuring that proper accounting records, which disclose with a reasonable degree of accuracy the financial position of the Company and the Group, are maintained in compliance with the provisions of the Companies Act, 2016.

The Directors also have general responsibilities for taking steps as are reasonable towards safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors of CSC STEEL HOLDINGS BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended December 31, 2022.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 13 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit for the year	14,607,989	51,277,703

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

DIVIDENDS

Since the end of the previous financial year, a final single tier dividend of 14 sen per share amounting to RM51,702,000 was paid by the Company on July 7, 2022 in respect of the previous financial year.

The directors proposed a final single tier dividend of 3 sen per share in respect of the current financial year for the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and no allowance for doubtful debts is required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud
Siti Haliza Binti MD Taib (appointed on July 1, 2022)
Phong Hon Wai
Lim Lay Ching
Liu, Min-Hsiung
Chen, Yi-Chien
Chiu, Ping-Tung
Huang, Chen-Jung (appointed on January 14, 2022)

DIRECTORS (CONT'D)

The directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Name of director	Subsidiary companies
Liu, Min-Hsiung	CSCM
Chiu, Ping-Tung	CSCM and CMSB
Huang, Chen-Jung	CSCM (appointed on January 14, 2022)

Denotes:
CSCM *CSC Steel Sdn. Bhd.*
CMSB *Constant Mode Sdn. Bhd.*

DIRECTORS' INTERESTS

None of the directors in office as of the end of the financial year held shares or had beneficial interests in the shares of the Company during or as of the beginning and the end of the financial year.

The shareholdings in the ultimate holding company of those who were directors as of the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, are as follows:

	No. of ordinary shares of *NTD10 each			
	Balance as of 1.1.2022/ Date of appointment	**Bought**	**Sold**	**Balance as of 31.12.2022**
Shares in ultimate holding company, China Steel Corporation				
Registered in the name of directors				
Direct interests				
Chiu, Ping-Tung	125,021	–	(56,287)	68,734
Chen, Yi-Chien	4,496	–	–	4,496
Liu, Min-Hsiung	1,493	–	–	1,493
Indirect interests				
Huang, Chen-Jung #	20	–	–	20

Notes:
* *New Taiwan Dollar*
\# *Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his son's interests in the ultimate holding company.*

Saved as disclosed, the other directors holding office at the end of the financial year had no interests in shares and options over unissued shares of the Company or its related corporations during the financial year.

REPORT OF THE DIRECTORS
(CONT'D)

DIRECTORS' BENEFITS

Total directors' remuneration incurred by the Group and the Company for the financial year ended 31 December 2022 was RM601,526 (2021: RM565,369) and RM180,000 (RM156,000). Further details are disclosed in Note 8 to the financial statements.

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 24 to the financial statements.

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICER AND AUDITORS

The Group and the Company maintain directors' insurance liability for purposes of Section 289 of the Companies Act 2016, throughout the year, which provide appropriate insurance cover for the directors and officers (excluding company secretary) of the Group and of the Company. The amount of indemnity coverage and insurance premium paid by the Group and the Company during the year amounted to RM20,000,000 and RM13,525 respectively.

There was no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act 2016.

AUDITORS' REMUNERATION

The remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2022 are disclosed below:

	Group RM	**Company RM**
Deloitte PLT and its affiliate:		
Statutory audit	187,000	38,000
Non-statutory audit	3,000	3,000
Other services	65,200	8,600
	255,200	49,600
Other than Deloitte PLT:		
Statutory audit	2,000	–
Other service	3,000	–
	260,200	49,600

HOLDING COMPANIES

The Company is a subsidiary company of China Steel Asia Pacific Holdings Pte. Ltd., a company incorporated in the Republic of Singapore. The directors regard China Steel Corporation, a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, as the ultimate holding company.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

CHIU, PING-TUNG

CHEN, YI-CHIEN

Melaka
March 10, 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CSC STEEL HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CSC STEEL HOLDINGS BERHAD**, which comprise the statements of financial position as at December 31, 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 115.

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 December 31, 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters are 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.

We have determined that matter described below to be the key audit matter to be communicated in our report.

Inventory valuation

As at December 31, 2022, the carrying amount raw materials, work-in-progress and finished goods amounting to RM287,253,956, representing approximately 31% of the total assets of the Group.

As described in Note 3 to the financial statements, inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises the cost of materials plus the cost incurred in bringing the inventories to their present location and condition. In determining net realisable value of the inventories, an estimation of the net realisable value is performed by management based on the most reliable evidence available as at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the financial year ended December 31, 2022.

Refer to Notes 3, 4(a) and 15 to the financial statements respectively for summary of the Group's accounting policy on inventories, accounting estimates and inventory balances.

During the financial year, an amount of RM12,126,142 has been recognised in profit or loss of the Group, which represents a write-down of inventories to their net realisable values.

How Our Audit Addressed the Key Audit Matters

We have performed the following audit procedures in relation to write-down of inventories to net realisable values:

- Obtained an understanding of the production flows and the costing structure of raw materials, work-in-progress and finished goods;
- Performed test of design and implementation and operating effectiveness of relevant controls surrounding writing-down in value of raw materials, work-in-progress and finished goods;
- Evaluated the key assumptions used by management, in determining net realisable values of the raw materials, work-in-progress and finished goods including the mechanism adopted by the Group in determining selling price;
- On sampling basis, tested net realisable value of selected raw materials, work-in-progress and finished goods through supporting evidence of the estimated further cost to complete, selling price and cost to sales; and
- Performed retrospective review on the historical accuracy of inventories write-down to their net realisable values.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

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, which we obtained prior to the date of this auditor's report, and Analysis of Shareholdings, which is expected to be made available to us after that date.

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

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

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

When we read the Analysis of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request management to correct the other information accordingly.

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

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 the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 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 and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, is disclosed in Note 13 to the financial statements.

Other Matters

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

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Kuala Lumpur
March 10, 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	5	1,698,630,095	1,474,116,152	51,444,770	26,132,759
Cost of sales		(1,670,693,017)	(1,341,583,250)	–	–
Gross profit		27,937,078	132,532,902	51,444,770	26,132,759
Investment revenue	7	4,769,649	4,451,299	434,999	292,690
Other income		24,932,909	19,230,047	1,265	126,953
Sales and marketing expenses		(16,511,323)	(14,602,144)	–	–
General and administrative expenses		(21,743,001)	(22,381,411)	(590,709)	(574,582)
Other expenses		(986,477)	(4,827,029)	–	–
Finance costs	8	(493,181)	(127,325)	–	–
Profit before tax	8	17,905,654	114,276,339	51,290,325	25,977,820
Tax expense	9	(3,297,665)	(28,186,629)	(12,622)	(9,516)
Profit for the year attributable to owners of the Company		14,607,989	86,089,710	51,277,703	25,968,304
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss:					
Net fair value (loss)/gain on investment in equity instruments designated as at fair value through other comprehensive income		(1,076,621)	713,836	(1,076,621)	713,836
Total comprehensive income for the year attributable to owners of the Company		13,531,368	86,803,546	50,201,082	26,682,140
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	10	3.96	23.31		
Diluted	10	N/A	N/A		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		The Group		The Company	
	Note	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
ASSETS					
Non-current Assets					
Property, plant and equipment	11	146,993,334	158,342,594	2,113,875	2,159,604
Right-of-use asset	12	16,369,233	16,606,359	–	–
Investment in subsidiary companies	13	–	–	383,499,438	386,175,866
Investment in equity instruments	14	3,066,740	4,143,361	3,066,740	4,143,361
Staff loans receivable	16	457,025	394,759	–	–
Total Non-current Assets		166,886,332	179,487,073	388,680,053	392,478,831
Current Assets					
Inventories	15	333,021,865	401,327,622	–	–
Trade receivables	16	140,841,644	196,122,810	–	–
Other receivables and prepaid expenses	16	14,127,249	7,054,085	19,655	19,603
Tax recoverable		8,236,825	78,456	58,340	55,845
Cash and cash equivalents	17	275,399,315	233,523,174	15,202,492	12,890,388
		771,626,898	838,106,147	15,280,487	12,965,836
Non-current assets classified as held for sale	18	–	41,000,000	–	–
Total Current Assets		771,626,898	879,106,147	15,280,487	12,965,836
Total Assets		938,513,230	1,058,593,220	403,960,540	405,444,667

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19	413,163,159	413,163,159	413,163,159	413,163,159
Treasury shares	20	(11,614,414)	(11,614,414)	(11,614,414)	(11,614,414)
Investment revaluation reserve	21	1,654,227	2,730,848	1,654,227	2,730,848
Retained earnings	21	458,293,145	495,387,156	680,280	1,104,577
Total Equity		861,496,117	899,666,749	403,883,252	405,384,170
Non-current Liability					
Deferred tax liabilities	22	17,488,424	16,669,242	–	–
Current Liabilities					
Trade payables	23	3,665,846	3,885,757	–	–
Other payables and accrued expenses	23	25,651,980	39,564,341	77,288	60,497
Amount due to ultimate holding company	24	27,315,301	21,292	–	–
Amount due to related companies	24	2,892,426	25,851,604	–	–
Tax payable		3,136	1,634,235	–	–
Bank borrowings	25	–	71,300,000	–	–
Total Current Liabilities		59,528,689	142,257,229	77,288	60,497
Total Liabilities		77,017,113	158,926,471	77,288	60,497
Total Equity and Liabilities		938,513,230	1,058,593,220	403,960,540	405,444,667

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

				Non-distributable reserve	Distributable reserve	
	Note	**Share capital RM**	**Treasury shares RM**	**Investment revaluation reserve RM**	**Retained earnings RM**	**Total equity RM**
The Group						
Balance as of January 1, 2021		413,163,159	(11,614,414)	2,017,012	435,148,446	838,714,203
Profit for the year		–	–	–	86,089,710	86,089,710
Other comprehensive income for the year		–	–	713,836	–	713,836
Total comprehensive income for the year		–	–	713,836	86,089,710	86,803,546
Dividends	26	–	–	–	(25,851,000)	(25,851,000)
Balance as of December 31, 2021/January 1, 2022		413,163,159	(11,614,414)	2,730,848	495,387,156	899,666,749
Profit for the year		–	–	–	14,607,989	14,607,989
Other comprehensive income for the year		–	–	(1,076,621)	–	(1,076,621)
Total comprehensive income for the year		–	–	(1,076,621)	14,607,989	13,531,368
Dividends	26	–	–	–	(51,702,000)	(51,702,000)
Balance as of December 31, 2022		413,163,159	(11,614,414)	1,654,227	458,293,145	861,496,117

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	Share capital RM	Treasury shares RM	Non-distributable reserve Investment revaluation reserve RM	Distributable reserve Retained earnings RM	Total equity RM
The Company						
Balance as of January 1, 2021		413,163,159	(11,614,414)	2,017,012	987,273	404,553,030
Profit for the year		–	–	–	25,968,304	25,968,304
Other comprehensive income for the year		–	–	713,836	–	713,836
Total comprehensive income for the year		–	–	713,836	25,968,304	26,682,140
Dividends	26	–	–	–	(25,851,000)	(25,851,000)
Balance as of December 31, 2021/January 1, 2022		413,163,159	(11,614,414)	2,730,848	1,104,577	405,384,170
Profit for the year		–	–	–	51,277,703	51,277,703
Other comprehensive income for the year		–	–	(1,076,621)	–	(1,076,621)
Total comprehensive income for the year		–	–	(1,076,621)	51,277,703	50,201,082
Dividends	26	–	–	–	(51,702,000)	(51,702,000)
Balance as of December 31, 2022		413,163,159	(11,614,414)	1,654,227	680,280	403,883,252

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		17,905,654	114,276,339	51,290,325	25,977,820
Adjustments for:					
Depreciation of property, plant and equipment	11	22,308,245	23,076,986	56,029	54,774
Provision for onerous contracts	23	336,202	2,673,732	–	–
Write-down of inventories	15	12,126,142	5,046,835	–	–
Write-off of inventories	15	508,349	1,021,885	–	–
Depreciation of right-of-use assets	12	237,126	237,126	–	–
Property, plant and equipment written off	8	279,315	402,757	–	–
Interest income from short-term placements with licensed banks	7	(1,768,386)	(609,218)	(3,603)	–
Dividend income from:					
Subsidiary company	5	–	–	(51,300,000)	(26,000,000)
Equity instruments designated as at fair value through other comprehensive income	5	(65,627)	(53,617)	(65,627)	(53,617)
Unrealised (gain)/loss on foreign exchange	8	(1,732,300)	500,909	–	–
Interest income on late payment charged to customers	8	(393,419)	(219,332)	–	–
Loss/(Gain) on deconsolidation of a subsidiary	A	17,235	–	(1,265)	–
Gain on disposal of property, plant and equipment	8	(68,389)	–	–	–
Gain on disposal of investment in an associated company	8	–	(126,400)	–	(126,400)
Gain on disposal of non-current assets classified as held for sale	18	(2,500,000)	–	–	–
Reversal of doubtful debts no longer required	16	–	(49,739)	–	–
Finance costs	8	493,181	127,325	–	–
Operating Profit/(Loss) Before Working Capital Changes		47,683,328	146,305,588	(24,141)	(147,423)
Movements in Working Capital:					
(Increase)/Decrease in:					
Inventories		55,671,266	(160,913,720)	–	–
Trade receivables		55,692,431	(76,489,213)	–	–
Other receivables and prepaid expenses		(4,931,873)	(3,429,061)	(52)	4,132
Increase/(Decrease) in:					
Trade payables		(221,771)	(1,596,417)	–	–
Other payables and accrued expenses		(11,146,260)	14,202	16,791	15,309
Amount due to ultimate holding company		27,686,491	(7,200,802)	–	–
Amount due to related companies		(22,864,302)	10,686,130	–	–
Cash Generated From/(Used In) Operations		147,569,310	(92,623,293)	(7,402)	(127,982)
Income tax paid - Net		(12,267,951)	(19,379,302)	(15,117)	(17,710)
Finance costs paid		(493,181)	(127,325)	–	–
Net Cash From/(Used In) Operating Activities		134,808,178	(112,129,920)	(22,519)	(145,692)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Interests received		1,768,386	609,218	3,603	–
Dividend received		65,627	53,617	51,365,627	26,053,617
Proceeds from disposal of property, plant and equipment		68,389	–	–	–
Proceeds from disposal of investment in an associated company	8	–	126,400	–	126,400
Proceeds from deconsolidation of a subsidiary	A	–	–	2,677,693	–
Proceeds from disposal of non-current assets classified as held for sale	18	39,150,000	–	–	–
Advance payment for the acquisition of property, plant and equipment		(1,834,898)	(925,342)	–	–
Acquisition of property, plant and equipment	11	(10,312,958)	(11,231,223)	(10,300)	(6,089)
Net Cash From/(Used In) Investing Activities		28,904,546	(11,367,330)	54,036,623	26,173,928
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Drawdown of bank borrowings	29	116,500,000	71,300,000	–	–
Repayments of bank borrowings	29	(187,800,000)	–	–	–
Dividends paid	26	(51,702,000)	(25,851,000)	(51,702,000)	(25,851,000)
Net Cash (Used In)/From Financing Activities		(123,002,000)	45,449,000	(51,702,000)	(25,851,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,710,724	(78,048,250)	2,312,104	177,236
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		233,523,174	311,585,536	12,890,388	12,713,152
Effects of exchange rate difference		1,165,417	(14,112)	–	–
CASH AND CASH EQUIVALENTS AS OF END OF THE YEAR	17	275,399,315	233,523,174	15,202,492	12,890,388

STATEMENTS OF CASH FLOWS
(CONT'D)

Note:

A. Deconsolidation of subsidiary company

During the financial year ended December 31, 2022, the Group lost control over its subsidiary, namely Group Steel Corporation (M) Sdn. Bhd. upon completion of the process of winding up. Accordingly, the Group deconsolidated the above subsidiary company and derecognised its related assets and liabilities.

The Group	**2022 RM**
Cash and cash equivalents	2,665,559
Other receivables	6,759
Tax recoverable	22,610
	2,694,928
Surplus on capital repayment from a subsidiary company	(2,677,693)
Loss on deconsolidation of a subsidiary company	17,235

The Company	**2022 RM**
Cost of investment (Note 13)	30,945,868
Less: Impairment losses (Note 13)	(28,269,440)
	2,676,428
Surplus on capital repayment from a subsidiary company	(2,677,693)
Gain on deconsolidation of a subsidiary company	(1,265)

The accompanying Notes form an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 13.

The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor. The principal place of business of the Company is located at 180, Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on March 10, 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of amended MFRSs

In the current financial year, the Group and the Company have adopted a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after January 1, 2022 as follows:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond June 30, 2021
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Standards and amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

MFRS 17/Amendments to MFRS 17	Insurance contracts [1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback [2]
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information [1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current [2]
Amendments to MFRS 101	Disclosures of Accounting Policies [1]
Amendments to MFRS 101	Non-current Liabilities in Convenants [2]
Amendments to MFRS 108	Definition of Accounting Estimates [1]
Amendments to MFRS 112	Deferred tax related Assets and Liabilities arising from a Single Transaction [1]

[1] Effective for annual periods beginning on or after January 1, 2023 with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2024 with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced, with earlier application permitted.

The directors anticipate that the above-mentioned new and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective. The adoption of these new and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of an asset or a liability if market participants would take those characteristics into account when pricing the asset or liability as of the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

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

The significant accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation is a promise to transfer a distinct good or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided the Group's and the Company's performance as the Group and the Company perform;
- The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(a) Sale of Goods

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of taxes and discounts. Certain contracts of the Group for sale of goods includes freight services. In most cases, such delivery of goods is simple, does not include an integrated service, could be performed by another party and the customers can benefit from the sale of goods and freight services on its own or with the use of other resources. It is therefore accounted for as a separate performance obligation. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include delivery of goods, revenue for the goods are recognised at a point in time when the goods are delivered, the legal title has passed and the customers have accepted the goods. The advance payments received by the Group is recognised as contract liabilities until the goods have been delivered to the customers.

Under the Group's standard contract term for the sale of goods, a customer has right of product quality claims, subject to verification by the Group. In addition, the Group offers year-end incentives to customers upon certain conditions stipulated in the sales contract are met. As of the point of sale, accruals of product quality claims and year-end incentives are made with the corresponding adjustment to revenue. The Group uses its accumulated historical experience to estimate the expected amounts of credit notes to be issued by the Group in relation to both product quality claims as well as year-end incentives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

(b) Other Sources of Income

Dividend income of the Group and of the Company are received from financial assets measured at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVTOCI"). Dividend income derived from financial assets at FVTPL is recognised in profit or loss when the Group's right to receive the dividend is established. Dividend income derived from financial assets at FVTOCI is recognised in profit or loss when the right to receive payment is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Dividend income from a subsidiary company is recognised in profit or loss when the right to receive payment is established.

Rental income is recognised on a straight-line basis, by reference to the agreements entered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign Currencies

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), the currency of the primary economic environment in which the Group and the Company operate (its functional currency).

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing as of the date of transactions. As of the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Employee Benefits

(a) Short-term benefits

Wages, salaries, paid leave and bonuses are recognised in the year in which the associated services are rendered by employees of the Group and of the Company.

(b) Defined contribution plan

The Group and the Company are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. Once the contributions have been paid, the Group and the Company have no further payment obligations. The Group's and the Company's contribution to EPF are disclosed separately. The employees' contributions to EPF are included in staff costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Group and the Company recognise lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise a right-of-use asset at the lease commencement date. The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term payment include fixed payment less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and the payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payment or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than RM25,000). The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

(b) As lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, as of the end of the reporting period, to recover or to settle the carrying amount of their assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes (Cont'd)

(b) Deferred tax (Cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

As of acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value as of the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, when such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment, except for freehold land and plant and machineries under installation which are not amortised/depreciated, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets. The annual depreciation rates are as follows:

	Rates
Buildings	2% - 4%
Plant and machineries	5% - 50%
Motor vehicles	10% - 20%
Equipment, furniture, fixture and fittings	6.67% - 50%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

The residual values, estimated useful lives and depreciation method are reviewed as of the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the property, plant and equipment.

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

Impairment of Non-financial Assets

As of the end of each reporting period, the Group and the Company review the carrying amounts of the non-financial assets (except for inventories and non-current assets classified as held for sale) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Investment in unquoted shares of subsidiary companies are stated at cost. Where there is an indication of impairment in the value of the assets, the carrying amounts of the investments are assessed and written down immediately to these recoverable amounts.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. The cost of raw materials and consumables comprise the original purchase price plus the cost of bringing the inventories to their present location and condition. The costs of work-in-progress and finished goods include the cost of raw materials, direct labour and a proportion of the manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Borrowing Costs

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

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

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's and the Company's statements of financial position when the Group or the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measure at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial Assets (Cont'd)

Classification of financial assets (Cont'd)

Debt instruments that meet the following conditions are measured subsequently at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Despite the foregoing, the Group or the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group or the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group or the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group and the Company recognise interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired. Interest income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial Assets (Cont'd)

Classification of financial assets (Cont'd)

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group and the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group or the Company manage together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9 *Financial Instruments*, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; or

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group and the Company have not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as of the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Impairment of Financial Assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, other receivables, staff loan receivable and cash and cash equivalents. The amount of ECL is updated as of the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions as of the end of the reporting period, including time value of money where appropriate.

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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; or
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Impairment of Financial Assets (Cont'd)

(i) Significant increase in credit risk (Cont'd)

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk as of the end of the reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group and the Company consider a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Impairment of Financial Assets (Cont'd)

(iv) Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount as of the end of the reporting period.

For financial assets, the expected credit losses is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines as of the end of the current reporting period that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL as of the end of the current reporting date, except for assets for which simplified approach was used.

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

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interests in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method other than those categorised as FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group and the Company exchange with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows or the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity (Cont'd)

Financial liabilities (Cont'd)

Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, there are measured at higher of:

- The amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Non-current assets classified as held for sale

Non-current assets, such as investment properties, classified as held for sale are measured at fair value in accordance with MFRS 140 *Investment Property*.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Treasury Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

Segment Reporting

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

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The directors are of the opinion that there are no instances of critical judgement in applying the Group's accounting policies which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty as of the end of reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Inventory valuation

Inventories are valued at the lower of cost and net realisable value. In determining net realisable value of the inventories, an estimation of the amount of net realisable value is performed by management based on the most reliable evidence available as at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period. As of the end of the reporting period, an amount of RM12,126,142 (2021: RM5,046,835) has been recognised in profit or loss of the Group, which represents a write-down of inventories to their net realisable values. Further details are disclosed in Note 15.

(b) Useful lives and residual values of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of property, plant and equipment are reviewed as of the end of each reporting period and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives and residual values of property, plant and equipment are based on the internal technical evaluation, maintenance programmes and experience with similar assets in the same industry. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of depreciation expense for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual values of the property, plant and equipment would increase the depreciation expense and decrease the carrying amounts of property, plant and equipment. Further details are disclosed in Note 11.

NOTES TO FINANCIAL STATEMENTS
(CONT'D)

5. REVENUE

Revenue comprises the following:

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Revenue from contracts with customers				
Sale of steel products	1,698,537,165	1,474,035,233	–	–
Revenue from other sources				
Dividend income from:				
Subsidiary company	–	–	51,300,000	26,000,000
Equity instruments designated as at FVTOCI	65,627	53,617	65,627	53,617
Rental income:				
Subsidiary company	–	–	51,840	51,840
Third party	27,303	27,302	27,303	27,302
	92,930	80,919	51,444,770	26,132,759
	1,698,630,095	1,474,116,152	51,444,770	26,132,759

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Timing of revenue recognition:				
Revenue from contracts with customers:				
At a point in time	1,698,537,165	1,474,035,233	–	–

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time.

A disaggregation of the Group's revenue derived from its contract with customers for the year, based on its market segment is as follows:

	The Group 2022 RM	The Group 2021 RM
Local sales	1,589,254,646	1,452,385,069
Export sales	109,282,519	21,650,164
	1,698,537,165	1,474,035,233

6. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following operating divisions:

- Cold rolled and coated steel products
- Investment holding

Unallocated assets refer to deferred tax assets and tax recoverable while unallocated liabilities refer to deferred tax liabilities.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

2022	**Cold rolled and coated steel products RM**	**Investment holding and others RM**	**Elimination RM**	**Total RM**
Revenue				
External sales	1,698,537,165	92,930	–	1,698,630,095
Inter-segment sales	–	51,417,840	(51,417,840)	–
Total	1,698,537,165	51,510,770	(51,417,840)	1,698,630,095
Segment profit	13,568,286	50,886,219	(51,318,500)	13,136,005
Investment revenue	4,326,144	443,505	–	4,769,649
Profit before tax	17,894,430	51,329,724	(51,318,500)	17,905,654
Tax expense	(3,272,602)	(25,063)	–	(3,297,665)
Profit for the year	14,621,828	51,304,661	(51,318,500)	14,607,989
Segment profit includes the following expense/(income):				
Depreciation of:				
Property, plant and equipment	22,236,935	71,310	–	22,308,245
Right-of-use asset	237,126	–	–	237,126
Property, plant and equipment written off	279,315	–	–	279,315
Gain on disposal of property, plant and Equipment	(68,389)	–	–	(68,389)
Gain on disposal of non-current assets classified as held for sale	(2,500,000)	–	–	(2,500,000)
Loss on deconsolidation of a subsidiary	–	17,235	–	17,235
Write-down of inventories	12,126,142	–	–	12,126,142
Write-off of inventories	508,349	–	–	508,349
Provision for onerous contracts	336,202	–	–	336,202

6. SEGMENT REPORTING (CONT'D)

Segment revenues and results (Cont'd)

The following is an analysis of the Group's revenue and results by reportable segment: (Cont'd)

2021	**Cold rolled and coated steel products RM**	**Investment holding and others RM**	**Elimination RM**	**Total RM**
Revenue				
External sales	1,474,035,233	80,919	–	1,474,116,152
Inter-segment sales	–	26,117,840	(26,117,840)	–
Total	1,474,035,233	26,198,759	(26,117,840)	1,474,116,152
Segment profit	110,109,474	25,715,566	(26,000,000)	109,825,040
Investment revenue	4,152,243	299,056	–	4,451,299
Profit before tax	114,261,717	26,014,622	(26,000,000)	114,276,339
Tax expense	(28,164,670)	(21,959)	–	(28,186,629)
Profit for the year	86,097,047	25,992,663	(26,000,000)	86,089,710
Segment profit includes the following expense/(income):				
Depreciation of:				
Property, plant and equipment	23,006,931	70,055	–	23,076,986
Right-of-use asset	237,126	–	–	237,126
Property, plant and equipment written off	402,757	–	–	402,757
Reversal of doubtful debts no longer required	(49,739)	–	–	(49,739)
Gain on disposal of investment in an associated company	–	(126,400)	–	(126,400)
Write-down of inventories	5,046,835	–	–	5,046,835
Write-off of inventories	1,021,885	–	–	1,021,885
Provision for onerous contracts	2,673,732	–	–	2,673,732

6. SEGMENT REPORTING (CONT'D)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities:

The Group	Segment assets 2022 RM	Segment assets 2021 RM	Segment liabilities 2022 RM	Segment liabilities 2021 RM
Cold rolled and coated steel products	908,847,139	1,035,628,444	59,433,708	140,546,426
Investment holding	21,429,266	22,886,320	91,845	76,568
	930,276,405	1,058,514,764	59,525,553	140,622,994
Unallocated	8,236,825	78,456	17,491,560	18,303,477
Total	938,513,230	1,058,593,220	77,017,113	158,926,471

Other segment information

The Group	Capital additions 2022 RM	Capital additions 2021 RM
Cold rolled and coated steel products	11,228,000	11,533,280
Investment holding	10,300	6,089
	11,238,300	11,539,369

Geographical segments

The Group's revenue from external customers by geographical location is detailed below:

The Group	Asia Pacific RM	Malaysia RM	Consolidated RM
Year ended December 31, 2022			
Revenue from external customers by location of customers	109,282,519	1,589,347,576	1,698,630,095
Segment asset by location of assets	–	938,513,230	938,513,230
Segment asset by location of liabilities	–	77,017,113	77,017,113
Capital additions by location of assets	–	11,238,300	11,238,300

6. SEGMENT REPORTING (CONT'D)

Geographical segments (Cont'd)

The Group's revenue from external customers by geographical location is detailed below: (Cont'd)

The Group	Asia Pacific RM	Malaysia RM	Consolidated RM
Year ended December 31, 2021			
Revenue from external customers by location of customers	21,650,164	1,452,465,988	1,474,116,152
Segment asset by location of assets	–	1,058,593,220	1,058,593,220
Segment asset by location of liabilities	–	158,926,471	158,926,471
Capital additions by location of assets	–	11,539,369	11,539,369

Major Customers

There were no customers that individually account for 10% or more of the Group's revenue for current and prior year.

7. INVESTMENT REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from short-term placements with licensed banks	1,768,386	609,218	3,603	–
Fair value gain on money market instruments	3,001,263	3,842,081	431,396	292,690
	4,769,649	4,451,299	434,999	292,690

8. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain/(Loss) on foreign exchange:				
Realised	17,575,723	16,912,061	–	–
Unrealised	1,732,300	(500,909)	–	–
Gain on disposal of non-current assets classified as held for sale	2,500,000	–	–	–
Interest income on late payment charged to customers	393,419	219,332	–	–
Gain on disposal of property, plant and equipment	68,389	–	–	–
Gain on disposal of investment in an associated company *	–	126,400	–	126,400
(Loss)/Gain on deconsolidation of a subsidiary	(17,235)	–	1,265	–
Compensation received on trademark infringement	–	100,000	–	–
Reversal of doubtful debts no longer required (Note 16)	–	49,739	–	–
Raw materials and consumables used	(1,509,380,957)	(1,328,048,896)	–	–
Staff costs ^	(56,306,923)	(59,716,647)	–	–
Depreciation of property, plant and equipment (Note 11)	(22,308,245)	(23,076,986)	(56,029)	(54,774)
Changes in inventories of finished goods and work-in-progress	(47,721,279)	99,631,151	–	–
Provision for onerous contracts (Note 23)	(336,202)	(2,673,732)	–	–
Write-down of inventories (Note 15)	(12,126,142)	(5,046,835)	–	–
Write-off of inventories (Note 15)	(508,349)	(1,021,885)	–	–
Purchase of trading goods	–	(301,673)	–	–
Property, plant and equipment written off	(279,315)	(402,757)	–	–
Depreciation of right-of-use asset (Note 12)	(237,126)	(237,126)	–	–
Directors' remuneration, excluding monetary value of benefits-in-kind:				
Director of the subsidiary companies	(245,263)	(233,857)	–	–
Directors of the Company	(306,823)	(282,773)	(180,000)	(156,000)
Auditors' remuneration:				
Deloitte PLT and its affiliate:				
Statutory audit	(187,000)	(143,000)	(38,000)	(29,000)
Non-statutory audit	(3,000)	(3,000)	(3,000)	(3,000)
Other services	(65,200)	(61,600)	(8,600)	(8,600)
Other than Deloitte PLT:				
Statutory audit	(2,000)	(2,000)	–	–
Other service	(3,000)	(2,000)	–	–
Expense relating to short-term leases (Note 14)	(117,840)	(117,840)	–	–
Expense relating to leases of low-value assets (Note 14)	(15,517)	(17,090)	218	–
Finance costs on bankers' acceptances	(493,181)	(127,325)	–	–

NOTES TO FINANCIAL STATEMENTS
(CONT'D)

8. PROFIT BEFORE TAX (CONT'D)

Notes:

* On February 16, 2021, the Company entered into a conditional Sales and Purchase Agreement ("SPA") with Hanwa Co. Ltd. ("the Purchaser") for the disposal of 8,000,000 ordinary shares representing entire 20% equity interest in Hanwa Steel Centre (M) Sdn. Bhd. for a cash consideration of RM126,400. As of March 15, 2021 the Company has completed the disposal and has transferred the share title to the Purchaser. The Group and the Company recognised in profit or loss a gain on disposal of investment in an associated company of RM126,400.

^ Staff costs exclude directors' remuneration and include salaries, contributions to EPF, bonuses and all other related expenses. EPF contributions made during the financial year by the Group amounted to RM6,613,978 (2021: RM5,471,771).

Directors' remuneration consists of the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive directors:				
Salaries and other emoluments	312,635	303,478	–	–
EPF contributions	59,451	57,152	–	–
	372,086	360,630	–	–
Non-executive directors:				
Fees	180,000	156,000	180,000	156,000
Directors' remuneration excluding monetary value of benefits-in-kind	552,086	516,630	180,000	156,000
Estimated monetary value of benefits-in-kind in respect of executive directors	49,440	48,739	–	–
	601,526	565,369	180,000	156,000

9. TAX EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Estimated tax payable:				
Current year	2,526,361	28,967,613	12,932	11,160
(Over)/Underprovision in prior year	(47,878)	368,076	(310)	(1,644)
	2,478,483	29,335,689	12,622	9,516
Deferred tax (Note 22):				
Current year	756,540	(1,361,952)	–	–
Underprovision in prior year	62,642	212,892	–	–
	819,182	(1,149,060)	–	–
	3,297,665	28,186,629	12,622	9,516

Malaysian corporate income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the year.

9. TAX EXPENSE (CONT'D)

The reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	17,905,654	114,276,339	51,290,325	25,977,820
Tax calculated using the statutory income tax rate of 24% (2021: 24%)	4,297,357	27,426,321	12,309,678	6,234,677
Tax effects of:				
Expenses not deductible in determining taxable profit	527,502	1,855,238	134,843	71,589
Income not taxable in determining taxable profit	(1,234,429)	(906,960)	(12,431,589)	(6,295,106)
Utilisation of reinvestment allowances	–	(768,938)	–	–
Utilisation of green investment tax allowance	(307,529)	–	–	–
(Over)/Underprovision in prior year:				
Current tax	(47,878)	368,076	(310)	(1,644)
Deferred tax	62,642	212,892	–	–
Tax expense for the year	3,297,665	28,186,629	12,622	9,516

10. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share is calculated by dividing the Group's profit for the year by the weighted average number of ordinary shares in issue after adjusting for treasury shares during the financial year.

	The Group	
	2022 RM	2021 RM
Profit for the year attributable to owners of the Company	14,607,989	86,089,710
Weighted average number of ordinary shares in issue (Note 20)	369,300,000	369,300,000
Basic earnings per ordinary share (sen)	3.96	23.31

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares outstanding as at December 31, 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Equipment, furniture, fixture and fittings RM	Plant and machineries under installation RM	Total RM
Cost							
Balance as of January 1, 2021	4,170,809	84,791,402	541,392,238	6,325,974	30,513,309	15,065,449	682,259,181
Additions	–	–	–	–	6,089	11,533,280	11,539,369
Write-offs	–	–	(10,687,296)	–	(1,028,227)	–	(11,715,523)
Reclassifications	–	495,195	10,739,374	–	2,122,910	(13,357,479)	–
Balance as of December 31, 2021/January 1, 2022	4,170,809	85,286,597	541,444,316	6,325,974	31,614,081	13,241,250	682,083,027
Additions	–	–	–	442,910	10,300	11,785,090	11,238,300
Write-offs	–	–	(7,654,541)	–	(698,851)	–	(8,353,392)
Disposal	–	–	–	(342,150)	52,865)	–	(395,015)
Reclassifications	–	350,000	8,663,614	–	2,297,051	(11,310,665)	–
Balance as of December 31, 2022	4,170,809	85,636,597	542,453,389	6,426,734	33,169,716	12,715,675	684,572,920
Accumulated depreciation							
Balance as of January 1, 2021	–	69,368,152	408,587,092	5,272,920	27,834,276	–	511,062,440
Charge for the year (Note 8)	–	2,768,780	18,820,332	315,159	1,172,715	–	23,076,986
Write-offs	–	–	(10,289,359)	–	(1,023,407)	–	(11,312,766)
Balance as of December 31, 2021/January 1, 2022	–	72,136,932	417,118,065	5,588,079	27,983,584	–	522,826,660
Charge for the year (Note 8)	–	2,813,698	17,789,334	275,156	1,430,057	–	22,308,245
Write-offs	–	–	(7,416,415)	–	(657,662)	–	(8,074,077)
Disposal	–	–	–	(342,150)	(52,865)	–	(395,015)
Balance as of December 31, 2022	–	74,950,630	427,490,984	5,521,085	28,703,114	–	536,665,813

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

The Group (Cont'd)

	Freehold land RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Equipment, furniture, fixture and fittings RM	Plant and machineries under installation RM	Total RM
Accumulated impairment Loss							
Balance of January 1, 2021/ December 31, 2021/ January 1, 2022/ December 31, 2022	–	–	913,773	–	–	–	913,773
Carrying amounts							
Balance as of December 31, 2021	4,170,809	13,149,665	123,412,478	737,895	3,630,497	13,241,250	158,342,594
Balance as of December 31, 2022	4,170,809	10,685,967	114,048,632	905,649	4,466,602	12,715,675	146,993,334

NOTES TO FINANCIAL STATEMENTS
(CONT'D)

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

The Company

	Buildings RM	Furniture and fittings RM	Total RM
Cost			
Balance as of January 1, 2021	2,631,653	468,205	3,099,858
Addition	–	6,089	6,089
Write-off	–	(4,900)	(4,900)
Balance as of December 31, 2021/January 1, 2022	2,631,653	469,394	3,101,047
Addition	–	10,300	10,300
Write-off	–	(5,200)	(5,200)
Balance as of December 31, 2022	2,631,653	474,494	3,106,147
Accumulated depreciation			
Balance as of January 1, 2021	427,471	464,098	891,569
Charge for the year (Note 8)	52,716	2,058	54,774
Write-off	–	(4,900)	(4,900)
Balance as of December 31, 2021/January 1, 2022	480,187	461,256	941,443
Charge for the year (Note 8)	52,717	3,312	56,029
Write-off	–	(5,200)	(5,200)
Balance as of December 31, 2022	532,904	459,368	992,272
Carrying amounts			
Balance as of December 31, 2021	2,151,466	8,138	2,159,604
Balance as of December 31, 2022	2,098,749	15,126	2,113,875

During the year, property, plant and equipment of the Group and of the Company are acquired by way of the following means:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash payment	10,312,958	11,231,223	10,300	6,089
Advance payment for acquisition of property, plant and equipment	925,342	308,146	–	–
	11,238,300	11,539,369	10,300	6,089

12. RIGHT-OF-USE ASSET

	The Group	
	2022 RM	2021 RM
Long-term leasehold land		
Cost:		
As of beginning and end of year	22,910,201	22,910,201
Accumulated depreciation:		
As of beginning of year	(6,303,842)	(6,066,716)
Charge for the year (Note 8)	(237,126)	(237,126)
As of end of year	(6,540,968)	(6,303,842)
Carrying amount		
As of beginning of year	16,606,359	16,843,485
As of end of year	16,369,233	16,606,359

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amounts recognised in profit or loss				
Expense relating to short-term leases (Note 8)	117,840	117,840	–	–
Expense relating to leases of low-value assets (Note 8)	15,517	17,090	218	–
	133,357	134,930	218	–

The total cash outflow for leases amounted to RM133,357 (2021: RM134,930), which is included in net cash from operating activities.

Right-of-use asset relates to the lease of land for the Group's factory and office buildings located in Ayer Keroh, Melaka. The lease will expire in year 2092 and the Group does not have an option to acquire the leased land at the expiry of the lease period.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2022 RM	The Company 2021 RM
Unquoted shares, at cost		
As of beginning of year	414,445,306	414,445,306
Deconsolidated	(30,945,868)	–
As of end of year	383,499,438	414,445,306
Less: Accumulated impairment losses ^		
As of beginning of year	(28,269,440)	(28,269,440)
Deconsolidated	28,269,440	–
As of end of year	–	(28,269,440)
	383,499,438	386,175,866

Details of the subsidiary companies, all incorporated in Malaysia and having same financial year end with the Company, are as follows:

Direct subsidiary companies	Proportion of ownership interest and voting rights held by the Group 2022	2021	Principal Activity
CSC Steel Sdn. Bhd.	100%	100%	Manufacturing and marketing of steel products.
Group Steel Corporation (M) Sdn. Bhd. #	–	100%	Ceased operations
Indirect subsidiary company			
Constant Mode Sdn. Bhd. * (held through CSC Steel Sdn. Bhd.)	100%	100%	Investment holding in real property.

Placed under member's voluntary winding up on December 1, 2020 and dissolved on December 2, 2022.

* The financial statements of this subsidiary company are audited by auditors other than the auditors of the Company.

^ In prior year, accumulated impairment losses of RM28,269,440 representing the write-down of the investment in Group Steel Corporation (M) Sdn. Bhd. to its recoverable amount. The recoverable amount was determined based on its fair value less costs to sell. During the financial year, the Company has written off impairment loss of RM28,269,440 upon the completion of winding up of the subsidiary company.

During the current financial year, the directors reviewed the Company's investment in Constant Mode Sdn. Bhd. for indication of impairment and concluded that no impairment is to be made.

14. INVESTMENT IN EQUITY INSTRUMENTS

	The Group and The Company	
	2022	**2021**
	RM	**RM**
Financial assets at FVTOCI		
In Malaysia:		
Quoted shares	3,066,740	4,143,361

The investments in equity instruments which is classified as financial assets at FVTOCI, are not held for trading. Instead, they are held for medium to long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Group's and the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

15. INVENTORIES

	The Group	
	2022	**2021**
	RM	**RM**
Cost:		
Raw materials	93,973,811	140,454,687
Work-in-progress	21,854,948	54,815,932
Finished goods	56,275,867	118,175,194
Consumables	45,767,909	44,658,740
	217,872,535	358,104,553
Net realisable value:		
Raw materials	24,787,228	–
Work-in-progress	24,900,710	14,693,094
Finished goods	65,461,392	28,529,975
	333,021,865	401,327,622

The cost of inventories recognised as an expense of the Group includes RM12,126,142 (2021: RM5,046,835) in respect of write-down of inventories to net realisable values and RM508,349 (2021: RM1,021,885) in respect of write-off of inventories as disclosed in Note 8.

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(CONT'D)

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group	
	2022	**2021**
	RM	**RM**
Trade receivables	140,841,644	196,122,810

The currency profile of trade receivables of the Group is as follows:

	The Group	
	2022	**2021**
	RM	**RM**
Ringgit Malaysia	140,841,644	189,747,276
United States Dollar	–	6,375,534
	140,841,644	196,122,810

Trade receivables comprise amounts receivable for sale of goods. The credit period granted on sale of goods ranges from cash term to 90 days (2021: cash term to 60 days). The Group charges late payment interest on outstanding trade receivables, based on respective contract terms entered with customers.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions as of the end of the reporting period. The Group has recognised a loss allowance of 100% against all receivables over 120 days past due except for interest charges on outstanding balances because historical experience has indicated that these receivables are generally not recoverable unless the Group has reasonable and supportable information that demonstrates otherwise.

To reduce potential losses related to settlement risk, the Group requires certain customers that do not meet its credit standards to post collateral in order to ensure their performance of settlement obligations arising from sales. The Group holds collateral in the form of various guarantees and letters of credit. Guarantees and letters of credit are excluded from the statements of financial position. The Group maintained collateral as follows:

	The Group	
	2022	**2021**
	RM	**RM**
Personal guarantees	78,461,156	86,129,484
Corporate guarantees	39,022,814	61,119,213
Bank guarantees	3,584,136	4,856,819
Letters of credit	–	6,375,534
Total	121,068,106	158,481,050

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (CONT'D)

The aging of trade receivables are as below:

	The Group	
	2022 RM	2021 RM
Not past due nor impaired	105,884,814	138,666,591
1 - 60 days past due but not impaired	31,471,569	55,548,335
61 - 120 days past due but not impaired	3,445,109	1,907,884
121 - 180 days past due but not impaired	40,152	–
More than 180 days past due but not impaired	–	–
	140,841,644	196,122,810
More than 180 days and impaired	–	–
	140,841,644	196,122,810

The trade receivables that are past due as of the end of the reporting period but not impaired are mostly supported by collaterals as mentioned above. The directors of the Group determined that the ECL rate is negligible for both years based on past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions as of the end of the reporting period.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach:

	The Group	
	2022 RM	2021 RM
Loss allowance of credit-impaired trade receivables		
As of beginning of year	–	781,399
Reversal of doubtful debts no longer required (Note 8)	–	(49,739)
Write-off	–	(731,660)
As of end of year	–	–

Other receivables and prepaid expenses classified as current assets consist of the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	10,362,518	2,364,160	6,938	6,886
Staff loans receivable	154,340	128,655	–	–
Prepaid expenses	1,130,716	1,292,362	–	–
Refundable deposits	216,947	222,097	12,717	12,717
Advance payments to suppliers	2,262,728	3,046,811	–	–
	14,127,249	7,054,085	19,655	19,603

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (CONT'D)

Staff loans receivable comprises the following:

	The Group	
	2022 RM	2021 RM
Housing loans	396,369	378,539
Vehicle loans	214,996	144,875
	611,365	523,414
Less: Portion due within one year, included under current assets	(154,340)	(128,655)
Non-current portion	457,025	394,759

Advance payments to suppliers of the Group are made for purchases of consumables, spare parts and acquisition of property, plant and equipment by a subsidiary company in the normal course of business.

Other receivables include prepayments for the custom duty of importing raw materials that will be able to claim back after receiving the materials amounting to RM8,480,305 (2021: RM1,590,861) and deposit held by tax authority for disposal of non-current assets classified as held for sale amounting to RM1,305,000 (2021: RM1,305,000), as disclosed in Note 18.

For the purpose of impairment assessment, the other receivables, staff loans receivable, refundable deposits and interest receivable which are denominated in Ringgit Malaysia are considered to have low risk as they are not due for payment as of the end of the reporting period. There has been no significant increase in the risk of the default on the other receivables, staff loans receivable, refundable deposits and interest receivable since initial recognition. Accordingly, the loss allowance is measured at an amount equals to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

17. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term placements with licensed banks	30,894,635	572,222	–	–
Cash and bank balances	58,540,877	133,339,324	126,904	46,197
Bank balances and deposits	89,435,512	133,911,546	126,904	46,197
Money market instruments	185,963,803	99,611,628	15,075,588	12,844,191
	275,399,315	233,523,174	15,202,492	12,890,388

The currency exposure profile of cash and bank balances of the Group and of the Company are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	50,258,873	131,330,470	126,904	46,197
United States Dollar	8,282,004	2,008,854	–	–
	58,540,877	133,339,324	126,904	46,197

Money market instruments and short-term placements of the Group and of the Company are denominated in Ringgit Malaysia.

Investment in money market instruments comprises money market deposits. The money market instruments do not have maturity period and a 1-day notice is required for any and all withdrawals (2021: 1-day notice is required for any and all withdrawals). The average maturity period for short-term placements of the Group ranges from overnight to less than 3 months (2021: overnight to less than 1 month).

The average interest rate for short-term placement with licensed banks of the Group is as follows:

	The Group	
	2022	2021
Short-term placements with licensed banks	2.34%	1.85%

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On April 23, 2021, CSC Steel Sdn Bhd ("CSCM"). a subsidiary of the Company had entered into a sale and purchase agreement dated April 23, 2021 with a third party to dispose the entire investment properties comprising of two pieces of leasehold land and a factory building for a consideration of RM43,500,000. As at December 31, 2021, CSCM has received a deposit of RM3,045,000 from the purchaser as included as other payables of the Group (Note 23).

As the disposal is subject to approval to be obtained from the relevant authorities as at December 31, 2021, the said assets were reclassified as non-current assets classified as held for sale in 2021. On January 21, 2022, a supplemental agreement to the sale and purchase agreement dated April 23, 2021 has been signed to extend the completion period to July 23, 2022.

On April 13, 2022, the Group transferred the land title to the purchaser. On March 21, 2022 and May 13, 2022, the Group received of RM19,150,000 and RM20,000,000 from the purchaser with the remaining of RM1,305,000 (2021: RM1,305,000) deposit held by tax authority as disclosed in other receivables (Note 16). Upon transferred of the land title, the disposal is deemed completed and the Group recognise gain on disposal of non-current assets classified as held for sale on RM2,500,000 (Note 8).

Fair value information

The fair value of the Group's non-current asset held for sale as of December 31, 2021 has been determined by directors based on valuation report carried out on December 15, 2021 by an independent valuer which has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

For non-current assets classified as held for sale categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Description	**Valuation techniques**	**Significant unobservable inputs**
2021 Land		
60-year leasehold factory land with unexpired term of 31 years and building located in Seberang Perai, Penang	Comparison approach based on recent transaction prices for similar properties.	Estimated transaction price per sq ft for similar properties with due consideration given to adjustment factors such as location, land area, floor area, tenure, site improvements, time and other relevant factors. Weighted average range of comparatives are RM38 - RM52 per sq ft.
Building		
Factory building located in Seberang Perai, Penang	Cost approach based on estimation of construction coststo erect the building.	Estimated cost price per sq ft for similar buildings with due consideration given to adjustment factors such as replacement costs of improvements, allowance for physical deterioration and other relevant factors. Weighted average range of comparatives are RM60 - RM150 per sq ft.

19. SHARE CAPITAL

	The Group and the Company			
	2022		2021	
	No. of shares	RM	No. of shares	RM
Issued share capital				
As of beginning of the year and year end	380,000,000	413,163,159	380,000,000	413,163,159

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

20. TREASURY SHARES

	The Group and The Company	
	2022 RM	2021 RM
At cost:		
As of beginning of year and end of year	11,614,414	11,614,414

	Number of shares	
	2022 RM	2021 RM
Total number of issued and fully paid ordinary shares (Note 19)	380,000,000	380,000,000
Less: Number of treasury shares	(10,700,000)	(10,700,000)
Total number of outstanding shares in issue after set off (excluding treasure shares held) (Note 10)	369,300,000	369,300,000

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21. RESERVES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable reserve:				
Investment revaluation reserve	1,654,227	2,730,848	1,654,227	2,730,848
Distributable reserve:				
Retained earnings	458,293,145	495,387,156	680,280	1,104,577
	459,947,372	498,118,004	2,334,507	3,835,425

Investment revaluation reserve

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets designated at FVTOCI that have been recognised in other comprehensive income.

Retained earnings

The retained earnings of the Company as of the end of reporting period are available for distribution as single tier dividends. Under the single-tier dividend system, tax on a company's profits is a final tax, and dividends paid are exempted from tax in the hands of the shareholders.

22. DEFERRED TAX (LIABILITIES)/ASSETS

Deferred tax (liabilities) and assets are attributable to the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment	(20,665,111)	(21,498,148)	–	–
Inventories	2,910,273	1,211,240	–	–
Other payables and accrued expenses	266,414	3,680,264	–	–
Others	–	(62,598)	–	–
	(17,488,424)	(16,669,242)	–	–

Deferred tax balances are presented in the statements of financial position as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax liabilities	(17,488,424)	(16,669,242)	–	–

22. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

Movements of tax effects on temporary differences during the year are as follows:

	Property, plant and equipment RM	Investment properties RM	Inventories RM	Other payables and accrued expenses RM	Others RM	Total RM
The Group						
Balance as of January 1, 2021	(21,130,226)	–	731,406	2,638,006	(57,488)	(17,818,302)
Recognised in profit or loss (Note 9)	(367,922)	–	479,834	1,042,258	(5,110)	1,149,060
Balance as of December 31, 2021/ January 1, 2022	(21,498,148)	–	1,211,240	3,680,264	(62,598)	(16,669,242)
Recognised in profit or loss (Note 9)	833,037	–	1,699,033	(3,413,850)	62,598	(819,182)
Balance as of December 31, 2022	(20,665,111)	–	2,910,273	266,414	–	(17,488,424)

23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranges from 30 - 90 days (2021: 30 - 90 days).

The currency profile of trade payables of the Group is as follows:

	The Group	
	2022	**2021**
	RM	**RM**
Ringgit Malaysia	3,665,846	2,674,206
United States Dollar	–	1,211,551
	3,665,846	3,885,757

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Other payables	11,257,812	13,445,167	24,688	34,397
Accrued expenses on:				
Product quality claim	84,000	130,000	–	–
Production incentives	723,213	2,563,261	–	–
Others	7,877,353	15,179,282	52,600	26,100
Provision for onerous contracts (Note 8)	336,202	2,673,732	–	–
Contract liabilities	4,667,961	4,282,053	–	–
Retention sum of payable to contractors for installation of plant and machineries	705,439	1,290,846	–	–
	25,651,980	39,564,341	77,288	60,497

The currency profile of other payables and accrued expenses of the Group is as follows:

	The Group	
	2022	**2021**
	RM	**RM**
Ringgit Malaysia	23,488,519	38,611,366
United States Dollar	2,163,461	952,975
	25,651,980	39,564,341

23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

In prior year, included in other payables is deposit received from the purchaser of investment properties of the Group of RM3,045,000, as disclosed in Note 18.

At the point of sale, accruals of product quality claims and year-end incentives are made with the corresponding adjustment to revenue. The Group uses its accumulated historical experience to estimate the expected amounts of credit notes to be issued by the Group in relation to both product quality claims as well as year-end incentives.

Contract liabilities represents amounts received by the Group in advance of delivery of goods where the control of the goods has yet to be passed to the customers.

The provision for onerous contracts represents losses that the Group is expected to incur under non-cancellable raw materials purchase contracts after considering the economic benefits expected to be received.

Other accrued expenses include accrued bonus and incentive to be paid out amounting to RM1,336,479 (2021: RM8,140,218) and accrued operating and distribution expenses amounting to RM6,098,554 (2021: RM5,560,965).

Movement of provision for onerous contracts is as follow:

	The Group	
	2022 RM	**2021 RM**
As of beginning of year	2,673,732	3,232,070
Provision for the year (Note 8)	336,202	2,673,732
Provision utilised	(2,673,732)	(3,232,070)
As of end of year	336,202	2,673,732

24. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of China Steel Asia Pacific Holdings Pte. Ltd., a company incorporated in the Republic of Singapore. The directors regard China Steel Corporation, a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, as the ultimate holding company.

Amount due to ultimate holding company, which is denominated in United States Dollar, arose mainly from purchase of raw materials, spare parts and consumables. Amount due is unsecured, interest-free and is repayable on demand.

Amount due to related companies, which is denominated in United States Dollar, arose mainly from purchase of raw materials, spare parts and consumables as well as acquisition of property, plant and equipment. Amount due is unsecured, interest-free and is repayable on demand.

At the end of previous financial year, the Group entered into a foreign exchange spot contract with a financial institution to buy USD6,098,188 (notional value: RM25,442,859) to settle amount due to a related company arising from the purchase of raw materials. The foreign currency spot contract has a maturity date of January 3, 2022. The fair value change of this foreign exchange spot contract was not recognised in the financial statements of the Group as it is inconsequential.

24. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, significant related party transactions between the Group and its related companies are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ultimate holding company				
Purchase of raw materials	927,283,730	730,101,940	–	–
Purchase of spare parts and consumables	42,157	44,943	–	–
Subsidiary companies				
Dividend received	–	–	51,300,000	26,000,000
Rental received	–	–	51,840	51,840
Related companies				
Purchase of raw materials	373,171,335	513,803,617	–	–
Purchase of spare parts and consumables	2,037,037	4,391,501	–	–
Acquisition of property, plant and equipment	–	347,814	–	–
Technical fees paid and payable	59,508	129,026	–	–
Associated company				
Sale of goods	–	3,406,939	–	–

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors of the Company and certain members of senior management of the Group and of the Company.

Remuneration of directors are disclosed in Note 8. The remuneration of other key management personnel during the year are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term benefits	1,415,759	950,188	–	–
Post-employment benefits	169,380	116,887	–	–

25. BANK BORROWINGS

	The Group	
	2022 RM	2021 RM
Current		
Unsecured		
Bankers' acceptances	–	71,300,000
Total borrowings	–	71,300,000

The bankers' acceptances bear interests at rates ranging from 2.26% to 2.60% (2021: 2.30% to 2.64%) per annum. The maturity period for bankers' acceptances of the Group ranging from 21 to 35 days (2021: 39 to 105 days).

26. DIVIDENDS

	The Group and The Company	
	2022 RM	2021 RM
In respect of the financial year ended December 31, 2020:		
Final, single-tier dividend of 7 sen per ordinary share	–	25,851,000
In respect of the financial year ended December 31, 2021:		
Final, single-tier dividend of 14 sen per ordinary share	51,702,000	–
	51,702,000	25,851,000

The directors proposed a final single-tier dividend of 3 sen per share in respect of the current financial year for the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2023.

27. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group and the Company manage their capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2021.

The capital structure of the Group consists of equity of the Company (comprising share capital, treasury shares and retained earnings as disclosed in Notes 19, 20 and 21) and borrowings (Note 25).

27. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments

The following table combines information about classes of financial instruments based on their nature and characteristics:

	2022				2021			
Financial assets	**At amortised cost RM**	**At FVTOCI RM**	**At FVTPL RM**	**Total RM**	**At amortised cost RM**	**At FVTOCI RM**	**At FVTPL RM**	**Total RM**
The Group								
Investment in equity instruments	–	3,066,740	–	3,066,740	–	4,143,361	–	4,143,361
Trade receivables	140,841,644	–	–	140,841,644	196,122,810	–	–	196,122,810
Other receivables	10,362,518	–	–	10,362,518	2,364,160	–	–	2,364,160
Staff loans receivable	611,365	–	–	611,365	523,414	–	–	523,414
Refundable deposits	216,947	–	–	216,947	222,097	–	–	222,097
Cash and cash equivalents	89,435,512	–	185,963,803	275,399,315	133,911,546	–	99,611,628	233,523,174
	241,467,986	3,066,740	185,963,803	430,498,529	333,144,027	4,143,361	99,611,628	436,899,016
The Company								
Investment in equity instruments	–	3,066,740	–	3,066,740	–	4,143,361	–	4,143,361
Other receivables	6,938	–	–	6,938	6,886	–	–	6,886
Refundable deposits	12,717	–	–	12,717	12,717	–	–	12,717
Cash and cash equivalents	126,904	–	15,075,588	15,202,492	46,197	–	12,844,191	12,890,388
	146,559	3,066,740	15,075,588	18,288,887	65,800	4,143,361	12,844,191	17,053,352

27. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (Cont'd)

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Liabilities				
Trade payables	3,665,846	3,885,757	–	–
Other payables and accrued expenses	19,942,378	31,317,710	77,288	60,497
Retention sum payable to contractors for installation of plant and machinery	705,439	1,290,846	–	–
Amount due to ultimate holding company	27,315,301	21,292	–	–
Amount due to related companies	2,892,426	25,851,604	–	–
Bank borrowings	–	71,300,000	–	–
Total other financial liabilities, at amortised cost	54,521,390	133,667,209	77,288	60,497

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, such as market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise the Group's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The key feature of the Group's market risk management practices and policies is a group-wide market risk policy setting out the evaluation and determination of what constitutes market risk for the Group.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies where the amounts outstanding are exposed to foreign currency risk. The Group monitors its foreign exchange exposure closely.

The Group did not engage in any transactions involving financial derivative instruments during the financial year.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as of the end of the reporting period are as follows:

	The Group	
	2022 RM	2021 RM
Assets		
United States Dollar (Notes 16 and 17)	8,282,004	8,384,388
Liabilities		
United States Dollar (Notes 23 and 24)	32,371,188	28,037,422

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Market risk (Cont'd)

Foreign currency sensitivity

The Group is mainly exposed to United States Dollars ("USD").

The following table details the Group's sensitivity to a 10% (2021: 10%) increase and decrease in the RM against USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as of the end of the reporting period for a 10% change in foreign currency rates. A (negative)/positive number below indicates a (decrease)/increase in profit after tax where the RM (weakens)/ strengthens 10% against USD.

	The Group Impact of USD	
	2022 RM	2021 RM
Profit after tax	(2,408,918)	(1,965,303)

This is mainly attributable to the exposure outstanding on USD denominated cash and cash equivalents, receivable and payables of the Group as of the end of the reporting period.

Interest rate risk

The Group's and the Company's fixed interest-bearing assets and liabilities are primarily short-term placements with licensed banks and bank borrowings as disclosed in Note 17 and Note 25. The Group and the Company consider the risk of significant changes to interest rates on those short-term placements with licensed banks and bank borrowings to be unlikely.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are continuously being monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of customers, and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk related to major customers did not exceed 20% (2021: 30%) of gross monetary assets at any time during the year.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(b) Credit risk (Cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of credit facilities granted to its subsidiary company. The Company monitors the results of the subsidiary company and its repayment on an on-going basis. The maximum exposure to credit risks amounts to RM10,891,152 (2021: RM80,585,044) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(c) Liquidity risk. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material due to directors regard the value of the credit enhancement to be minimal and the likelihood of default to be low.

(c) Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

All financial assets except for staff loans receivable and all financial liabilities of the Group and of the Company are collectible/repayable within 1 year or on demand.

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2022				
Trade payables	–	3,665,846	3,665,846	3,665,846
Other payables and accruals	–	20,647,817	20,647,817	20,647,817
Amount due to ultimate holding company	–	27,315,301	27,315,301	27,315,301
Amount due to related companies	–	2,892,426	2,892,426	2,892,426
		54,521,390	54,521,390	54,521,390
2021				
Trade payables	–	3,885,757	3,885,757	3,885,757
Other payables and accruals	–	32,608,556	32,608,556	32,608,556
Amount due to ultimate holding company	–	21,292	21,292	21,292
Amount due to related companies	–	25,851,604	25,851,604	25,851,604
Bank borrowings	2.30 to 2.64	71,300,000	71,741,807	71,741,807
		133,667,209	134,109,016	134,109,016
The Company				
2022				
Other payables, deposits received and accruals	–	77,288	77,288	77,288
Financial guarantee contracts	–	–	10,957,665	10,957,665
		77,288	11,034,953	11,034,953
2021				
Other payables, deposits received and accruals	–	60,497	60,497	60,497
Financial guarantee contracts	–	–	81,083,423	81,083,423
		60,497	81,143,920	81,143,920

(d) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

27. FINANCIAL INSTRUMENTS (CONT'D)

Fair values

(a) Assets that are carried at fair value

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value as of the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial assets	Description of valuation techniques and inputs used
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia	Based on quoted market prices available on the relevant stock exchange.
Money market instruments	Based on their quoted closing prices at the end of the reporting period.

The following table shows an analysis of financial instruments and non- financial assets carried at fair value by level of fair value hierarchy:

		The Group	
	Level 1 RM	Level 2 RM	Level 3 RM
As at December 31, 2022			
Financial instruments:			
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia (Note 14)	3,066,740	–	–
Money market instruments (Note 17)	185,963,803	–	–
	189,030,543	–	–
As at December 31, 2021			
Financial instruments:			
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia (Note 14)	4,143,361	–	–
Money market instruments (Note 17)	99,611,628	–	–
	103,754,989	–	–

27. FINANCIAL INSTRUMENTS (CONT'D)

Fair values (Cont'd)

(a) Assets that are carried at fair value (Cont'd)

	The Company Level 1 RM	Level 2 RM	Level 3 RM
As at December 31, 2022			
Financial instruments:			
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia (Note 14)	3,066,740	–	–
Money market instruments (Note 17)	15,075,588	–	–
	18,142,328	–	–
As at December 31, 2021			
Financial instruments:			
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia (Note 14)	4,143,361	–	–
Money market instruments (Note 17)	12,844,191	–	–
	16,987,552	–	–

There was no transfer between three levels of the fair value hierarchy during the financial year.

(b) Financial instruments that are not carried at fair value

The carrying amount of staff loans receivable carried at amortised cost is a reasonable approximation of its fair value despite its long-term nature.

	The Group Carrying amount RM	Fair value RM
At December 31, 2022	611,365	519,787
At December 31, 2021	523,414	448,423

Cash and cash equivalents, inter-company indebtedness, receivables, payables and bank borrowings.

The carrying amounts of these financial instruments approximate their fair values because of the short-term maturity of these instruments.

The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view of the securities pledged by the subsidiary.

28. CAPITAL COMMITMENTS

As of the end of the reporting period, the Group has the following capital commitments:

	The Group	
	2022 RM	2021 RM
Acquisition of property, plant and equipment:		
Approved and contracted for	4,242,450	13,890,045
Approved but not contracted for	15,971,760	18,059,542
	20,214,210	31,949,587

29. RECONCILIATION OF LIABILITY ARISING FROM/(USED IN) FINANCING ACTIVITIES

The table below details changes in the Group's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	Borrowings RM
Balance as of January 1, 2021	–
Drawdown	71,300,000
Balance as of December 31, 2021	71,300,000
Drawdown	116,500,000
Repayment	(187,800,000)
Balance as of December 31, 2022	–

STATEMENT BY DIRECTORS

The directors of **CSC STEEL HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2022 and of their financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

CHIU, PING-TUNG

CHEN, YI-CHIEN

Melaka
March 10, 2023

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEN, YI-CHIEN**, the director primarily responsible for the financial management of **CSC STEEL HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEN, YI-CHIEN

Subscribed and solemnly declared by the abovenamed
CHEN, YI-CHIEN at **MELAKA** on this 10th day of
March 2023.

Before me,

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Class of Shares	:	Ordinary shares
No. of Shareholders	:	8,274
Voting Rights	:	Every member of the Company present in person or by proxy shall have one (1) vote on a show of hand and in the case of a poll, shall have one (1) vote for every ordinary share held. A proxy need not be a member.

DISTRIBUTIONS OF SHAREHOLDINGS

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	17	0.205	269	0.000
100 – 1,000	1,228	14.841	1,000,317	0.270
1,001 – 10,000	4,863	58.774	24,187,338	6.549
10,001 – 100,000	1,910	23.084	58,899,100	15.948
100, 001 – 18,464,999*	255	3.081	114,212,976	30.926
18,465,000 and above**	1	0.012	171,000,000	46.303
Total:	**8,274**	**100.000**	**369,300,000**	**100.000**

*Remark : * - Less than 5% of Issued Shares*
*: ** - 5% and above of Issued Shares*

SUBSTANTIAL SHAREHOLDER

Shareholder	Direct No. of Shares Held	%(1)	Indirect No. of Shares Held	%(1)
China Steel Asia Pacific Holdings Pte. Ltd.	171,000,000	46.303	–	–

Note:

(1) *Excludes 10,700,000 CHB shares bought back as at 31 March 2023 and retained as treasury shares.*

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1.	CHINA STEEL ASIA PACIFIC HOLDINGS PTE LTD	171,000,000	46.303
2.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN 3-RIGHTS VALUE ASIA FUND (PTSL)	12,350,000	3.344
3.	ENTERLIGHT INVESTMENTS PTE LTD	4,649,600	1.259
4.	NEOH CHOO EE & COMPANY, SDN. BERHAD	3,450,000	0.934
5.	LIM SIEW BENG	3,049,500	0.825
6.	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA	2,775,000	0.751
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO BEE LIAN	2,358,600	0.638
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG PAIK PHENG (PB)	1,780,300	0.482
9.	NG TENG SONG	1,470,400	0.398
10.	NAR SWEE KIM @ NAM THAH TSAI	1,372,900	0.371

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
11.	GAN KHO @ GAN HONG LEONG	1,362,800	0.369
12.	NG TENG SONG	1,337,600	0.362
13.	CHYE AH LAM @ CHAI MING SENG	1,273,000	0.344
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN YUN HONG @ KUAN ONN HING	1,240,200	0.335
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN YUN HONG @ KUAN ONN HING	1,214,500	0.328
16.	CHAI SEE FOO	1,214,500	0.328
17.	THEN YOON YIN	1,200,000	0.324
18.	YEO KHEE HUAT	1,165,000	0.315
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,140,100	0.308
20.	LIEW SWEE MIO @ LIEW HOI FOO	1,100,000	0.297
21.	SYED SIRAJUDDIN PUTRA JAMALULLAIL	980,000	0.265
22.	LOW SUAN KONG	935,000	0.253
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KIAN WAT (PB)	925,100	0.250
24.	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	920,000	0.249
25.	LEE GUAN HUAT	858,900	0.232
26.	LIEW WENG TANG	830,000	0.224
27.	LEN NYOK CHONG	810,000	0.219
28.	LIM PEI TIAM @ LIAM AHAT KIAT	800,000	0.216
29.	LOW MEI LAN	800,000	0.216
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG JOO KHIM	783,400	0.212

SHAREHOLDINGS OF DIRECTORS

	Names	Direct No. of Shares Held	%[1]	Indirect No. of Shares Held	%[1]
1.	Chiu, Ping-Tung	–	–	–	–
2.	Huang, Chen-Jung	–	–	–	–
3.	Liu, Min-Hsiung	–	–	–	–
4.	Chen, Yi-Chien	–	–	–	–
5.	Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud	–	–	–	–
6.	Phong Hon Wai	–	–	–	–
7.	Lim Lay Ching	–	–	–	–
8.	Siti Haliza Binti Md Taib	–	–	–	–

Note:

[1] *Excludes 10,700,000 CHB shares bought back as at 31 March 2023 and retained as treasury shares.*

LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

Description & Location	Existing Use	Tenure	Land/ Built-up area (square metres)	Age of Building Year(s)	Audited Net Book Value/ Prepaid Operating Lease/ Asset Held for Sale as at 31-12-2022 (RM'000)	Year of Acquisition/ Revaluation*
Lot Nos. 5212 and 5213, HS(M) 7106 & 7107 respectively, both of Mukim Bukit Katil, Daerah Melaka Tengah	Industrial land built upon with a factory block	99-year lease expiring on 20.01.2092	74,490/ 23,704	25	16,461	1995
Lot No. 5214, PN 7009, Mukim Bukit Katil, Daerah Melaka Tengah	Industrial land built upon with a factory block and an administration block	99-year lease expiring on 20.01.2092	73,750/ 36,334	29	5,311	1992
Lot 6634, Mukim Bukit Katil, Daerah Melaka Tengah	Building land built with tennis court, basketball court and car park	Freehold	11,333	Not applicable	4,263	1997
Lot No. 5215, HS(M) 7108, Mukim Bukit Katil, Daerah Melaka Tengah	Industrial land built upon with a factory warehouse	99-year lease expiring on 20.01.2092	30,060/ 1,950	6	2,503	1992
Nos. 8-3,10-5 & 10-12 Hock Mansion, Harmony Condominium, Jalan Ujong Pasir 75000 Melaka (3 units of condominium)	Residential	Freehold	Not applicable/ 447	26	594	2009
Block B Pangsapuri Taman Pelangi, Ayer Keroh, Bukit Katil, 75450 Melaka (10 units of apartments)	Residential	Freehold	Not applicable/ 1,145	24	590	2011

LIST OF PROPERTIES
(CONT'D)

Description & Location	Existing Use	Tenure	Land/ Built-up area (square metres)	Age of Building Year(s)	Audited Net Book Value/ Prepaid Operating Lease/ Asset Held for Sale as at 31-12-2022 (RM'000)	Year of Acquisition/ Revaluation*
Nos.C-6-7 & C-5-5 Subang Parkhomes, Jalan SS19/1, Off Jalan Kemajuan Subang. (2 units of condominium)	Residential	Freehold	Not applicable/ 256	10	1,505	2014

NOTICE OF 19TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of CSC Steel Holdings Berhad ("CHB" or the "Company") will be held at Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia on Thursday, 1 June 2023, at 10:30 a.m., for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2022. **(Please refer to Explanatory Note 1)**

2. To approve a final single tier dividend of 3 sen per share in respect of the financial year ended 31 December 2022. **(Resolution 1)**

3. To approve the payment of Directors' fees for an amount not exceeding RM 230,000 for the financial year ending 31 December 2023 as recommended by the Directors. **(Resolution 2)**

4. To re-elect the following Directors who retire by rotation in accordance with Clause 77(2) and Clause 79 of the Company's Constitution and being eligible, have offered themselves for re-election:-

    i. Chen, Yi-Chien [Clause 77(2)] **(Resolution 3)**
    ii. Phong Hon Wai [Clause 77(2)] **(Resolution 4)**
    iii. Siti Haliza Binti Md Taib (Clause 79) **(Resolution 5)**

5. To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution with or without modifications:-

6. **Ordinary Resolution**
    Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **(Resolution 7)**

    "THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries (collectively the "Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 4(a) of the Circular to Shareholders dated 28 April 2023, provided that such transactions and/or arrangements which are necessary to the Group's day-to- day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Renewal of Shareholders' Mandate").

THAT the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at said AGM, the authority is renewed; or

(ii) the expiration of the period within which the next AGM after the 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 Act); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate."

7. **Ordinary Resolution**
Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature **(Resolution 8)**

"THAT, subject always to the provisions of the Companies Act, 2016 (the "Act"), the Constitution of Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given to the Company and its subsidiaries (collectively the "Group") to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 4(b) (the "Proposed New Shareholders' Mandate") of the Circular to Shareholders dated 28 April 2023 provided that such transactions and/ or arrangements are:-

(a) necessary for the day-to-day operations of the Group;

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(c) are not prejudicial to the minority shareholders of the Company.

THAT the authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the Proposed New Shareholders' Mandate shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company (following the AGM at which the Proposed New Shareholders' Mandate was passed) at which time it shall lapse unless by a resolution passed at such AGM, the authority is renewed; or

(ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(iii) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate.

AND THAT the estimates given in respect of the recurrent related party transactions specified in Section 4(b) of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount(s) thereof provided that such amount or amounts comply with the procedures set out in Section 5 of the Circular."

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting **Record of Depositors as at 25 May 2023**. Only a depositor whose name appears on the **Record of Depositors as at 25 May 2023** shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a final single tier dividend of 3 sen per share for the financial year ended 31 December 2022, if approved by the shareholders at the 19th Annual General Meeting of the Company, will be paid on 6 July 2023 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 23 June 2023.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the Depositor's Securities Account before 4:30 p.m. on 23 June 2023 in respect of ordinary transfers; and
(b) shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
CSC STEEL HOLDINGS BERHAD
YONG MAY LI (LS 0000295, SSM PC No. 202008000285)
WONG CHEE YIN (MAICSA 7023530, SSM PC No. 202008001953)
Company Secretaries Johor Bahru

28 April 2023

NOTES:

1. APPOINTMENT OF PROXY

i. *For the purpose of determining who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a* ***Record of Depositors as at 25 May 2023****. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 19th AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.*

ii. *A member entitled to attend and vote at this 19th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.*

iii. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 19th AGM.*

iv. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

v. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("****Central Depositories Act****"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

vi. *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. An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of Section 25A (1) of the Central Depositories Act.*

vii. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

viii. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 19th AGM or adjourned 19th AGM at which the person named in the appointment proposes to vote:*

(a) *In hard copy form*
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company 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.

(b) *By electronic form*
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the 19th AGM for the Procedure for Electronic Submission of Proxy Form.

ix. *Any authority pursuant to which such an appointment is made by a power of attorney may be made in a hard copy form or by electronic means in the above manner and must be received by the Company not less than forty- eight (48) hours before the time appointed for holding the 19th AGM or adjourned 19th AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

x. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

xi. *Last date and time for lodging this proxy form is* ***Tuesday, 30 May 2023 at 10:30 a.m****.*

xii. *Please bring an* ***ORIGINAL*** *of the following identification papers (where applicable) and present it to the registration staff for verification:*

(a) *Identity card (NRIC)(Malaysian), or*
(b) *Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or*
(c) *Passport (Foreigner).*

xiii. *For a corporate member who has appointed a representative instead of a proxy to attend the 19th AGM, please bring* ***ORIGINAL*** *certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered officer earlier.*

xiv. *Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 19th AGM shall be put by way of poll.*

xv. *The members are advised to refer to the Administrative Guide on the registration process for the 19th AGM.*

xvi. *In view that constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the 19th AGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at www.cscmalaysia.com for the latest updates on the status of the 19th AGM.*

NOTES: (CONT'D)

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA2016") for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

3. RESOLUTION 2 : PAYMENT OF DIRECTORS' FEES

Section 230(1) of the CA2016 provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM on the Directors' fees for the financial year ending 31 December 2023.

4. RESOLUTIONS 3 TO 5 : RE-ELECTION OF DIRECTORS

Clause 77(2) of the Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company and Clause 79 of the Constitution stated that a Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Directors standing for re-election pursuant to the Company's Constitution are:-

i. Chen, Yi-Chien [Clause 77(2)]
ii. Phong Hon Wai [Clause 77(2)]
iii. Siti Haliza Binti Md Taib (Clause 79)

The Board has through the Nominating Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

5. RESOLUTION 6 : RE-APPOINTMENT OF AUDITORS

The Audit Committee had at its meeting held on 6 April 2023 assessed the suitability and the independence of the External Auditors and recommended the re-appointment of Messrs. Deloitte PLT as External Auditors of the Company for the financial year ending 31 December 2023. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same be tabled to the shareholders for approval for the forthcoming AGM of the Company under Resolution 6.

6. ORDINARY RESOLUTION 7 : PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 7, if passed, will renew the authority given to the Company and its subsidiaries (the "CHB Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the CHB Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

7. ORDINARY RESOLUTION 8 : PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 8, if passed, will authorise the CHB Group to enter into new recurrent related party transactions of a revenue or trading nature which are necessary for the CHB Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

NOTICE OF 19TH ANNUAL GENERAL MEETING
(CONT'D)

2022 ANNUAL REPORT OF THE COMPANY

Should you require a printed copy of the 2022 Annual Report and Circular to Shareholders, kindly request at our Share Registrar ("TIIH Online"), Tricor Investor & Issuing House Services Sdn. Bhd., TIIH Online website at https://tiih.online by selecting "Request for Annual Report/Circular" under the Investor Services. Alternatively, you may also make your request through email to Mr. Tey Kim Loon (kltey@cscmalaysia.com) or through telephone/email to our Share Registrar (603-2783 9299 or is.enquiry@my.tricorglobal.com).

The printed copy of the 2022 Annual Report and Circular to Shareholders shall be provided to the shareholders as soon as reasonably practicable from the date of receipt of their written request.

STATEMENT ACCOMPANYING THE NOTICE OF 19TH ANNUAL GENERAL MEETING

A. Directors Standing for Re-election Pursuant to the Constitution of the Company are:-

(i) Mr. Chen, Yi-Chien
(ii) Mr. Phong Hon Wai
(iii) Ms. Siti Haliza Binti Md Taib

Details of the above Directors who are standing for re-election at the 19th AGM of the Company are set out in the Directors' profile appearing on pages 006 to 009 of this Annual Report while their securities holdings are listed in the Analysis of Shareholdings – Directors' Shareholdings on page 118 of this Annual Report.

B. Details of Attendance of Directors at Board Meetings

A total of five (5) Board of Directors' Meetings were held during the financial year ended 31 December 2022, details of the Directors' attendances at Board meetings are found on page 018 of this Annual Report.

C. Date, Time and Place of the Annual General Meeting

Date : Thursday, 1 June 2023
Time : 10:30 a.m.
Place : Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia.

ADMINISTRATIVE GUIDE FOR THE 19TH ANNUAL GENERAL MEETING

Date : Thursday, 1 June 2023
Time : 10:30 a.m.
Venue : Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia

A. ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a shareholder whose name appears on the Record of Depositor as at **25 May 2023** shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

B. NO DOOR GIFTS OR FOOD VOUCHERS

There will be no door gifts or food vouchers provided to shareholders, proxies and invited guests who attend the AGM.

C. REGISTRATION ON THE DAY OF THE AGM

Registration will start at 9:00 a.m. at Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia.

Original MyKad or passport is required to be presented during registration for verification.

You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person. Please vacate the registration area immediately after registration to prevent congestion.

D. APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 30 May 2023 at 10:30 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company 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.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih. online. Kindly refer to the Procedure for Electronic Submission of Proxy Form as set out below.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney may be made in a hard copy form or by electronic means in the above manner and must be received by the Company, not later than **Tuesday, 30 May 2023 at 10:30 a.m.** to participate AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative instead of a proxy to attend the 19th AGM, please bring **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered officer earlier:

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
i. Steps for Individual Shareholders		
a	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
b	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**CSC STEEL HOLDINGS BERHAD 19TH AGM - Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

D. APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below: (Cont'd)

	Procedure	Action
ii. Steps for corporation or institutional shareholders		
a	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents • Registration will be verified, and you will be notified by email within 1 to 2 working days • Proceed to activate your account with the temporary password given in the email and reset your own password. Note: The representative of corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
b	Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate event: "**CSC STEEL HOLDINGS BERHAD 19TH AGM - Submission of Proxy Form**". • Agree to the Terms & Conditions and Declaration • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: "**CSC STEEL HOLDINGS BERHAD 19TH AGM - Submission of Proxy Form**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission • Print the confirmation report of your submission for your record.

1. Shareholders are advised to check the Company's website at *www.cscmalaysia.com* and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities

2. If you have any enquiries on the above, please contact the following person-in charge during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

   Tricor Investor & Issuing House Services Sdn. Bhd.
   General/Fax No : +603 - 2783 9299 / +603 - 2783 9222
   Email : is.enquiry@my.tricorglobal.com
   Ms Nur Qaisara Naaila : +603 2783 9272 / Nur.Qaisara.Naaila@my.tricorglobal.com
   Ms Nor Faeayzah : +603 2783 9274 / Nor.Faeayzah@my.tricorglobal.com

FORM OF PROXY

CSC STEEL HOLDINGS BERHAD
Registration No. 200401001854 (640357-X)
(Incorporated in Malaysia)

CDS Account No.

No. of Shares held

I/We, ...
[Full name in block, NRIC/ Passport./Company No.]

Tel .... of ....

....
[Address]

being member(s) of **CSC STEEL HOLDINGS BERHAD**, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to attend and to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held at Level 1 of the Company's Office Block, 180 Kawasan Industri Ayer Keroh, Ayer Keroh, 75450 Melaka, Malaysia on Thursday, 1 June 2023, at 10:30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda			
1.	To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2022.			
Item	**Description of Resolution**	**Resolution**	**For**	**Against**
2.	To approve a final single tier dividend of 3 sen per share in respect of the financial year ended 31 December 2022.	1		
3.	To approve Directors' fees for the financial year ending 31 December 2023.	2		
4.	To re-elect Chen, Yi-Chien [Clause 77(2)]	3		
5.	To re-elect Phong Hon Wai [Clause 77(2)]	4		
6.	To re-elect Siti Haliza Binti Md Taib (Clause 79)	5		
7.	To re-appoint Messrs. Deloitte PLT as auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to determine their remuneration.	6		
8.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	7		
9.	To approve the Proposed New Shareholders' Mandate for additional Recurrent Related Party Transactions of a Revenue or Trading Nature	8		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this......................................

....
Signature of Shareholder(s)/Common Seal

* *Manner of execution:*
- *(a) If you are an individual member, please sign where indicated.*
- *(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*
- *(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
  - *(i) at least two (2) authorised officers, of whom one shall be a director; or*
  - *(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

Notes:

i. For the purpose of determining who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 25 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 19th AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.

ii. A member entitled to attend and vote at this 19th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

iii. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 19th AGM.

iv. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

v. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

vi. *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. An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of Section 25A (1) of the Central Depositories Act.*

vii. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

viii. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 19th AGM or adjourned 19th AGM at which the person named in the appointment proposes to vote:*

(a) *In hard copy form*
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company 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.

(b) *By electronic form*
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for 19th AGM for the Procedure for Electronic Submission of Proxy Form.

ix. *Any authority pursuant to which such an appointment is made by a power of attorney may be made in a hard copy form or by electronic means in the above manner and must be received by the Company, not less than forty-eight (48) hours before the time appointed for holding the 19th AGM or adjourned 19th AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

x. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

xi. *Last date and time for lodging this proxy form is Tuesday, **30 May 2023 at 10:30 a.m**.*

xii. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
(a) *Identity card (NRIC) (Malaysian), or*
(b) *Police report (for loss of NRIC)/Temporary NRIC (Malaysian). Or*
(c) *Passport (Foreigner).*

xiii. *For a corporate member who has appointed a representative instead of a proxy to attend the 19th AGM, please bring ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered officer earlier.*

xiv. *Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 19th AGM shall be put by way of poll.*

xv. *The members are advised to refer to the Administrative Guide on the registration process for the 19th AGM.*

xvi. *In view that constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the 19th AGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at www.cscmalaysia.com for the latest updates on the status of the 19th AGM.*

PERSONAL DATA PRIVACY

By submitting a Proxy Form or an instrument appointing a representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 19th AGM dated 28 April 2023.

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AFFIX
STAMP

To: **CSC Steel Holdings Berhad**
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.

2nd Fold Here

Fold This Flap For Sealing

CSC STEEL

CSC STEEL HOLDINGS BERHAD

REGISTRATION NO. 200401001854 (640357-X)

180 Kawasan Industri Ayer Keroh,
Ayer Keroh
75450 Melaka, Malaysia
Tel : (+606) 231 0169
Fax : (+606) 231 0167

www.cscmalaysia.com