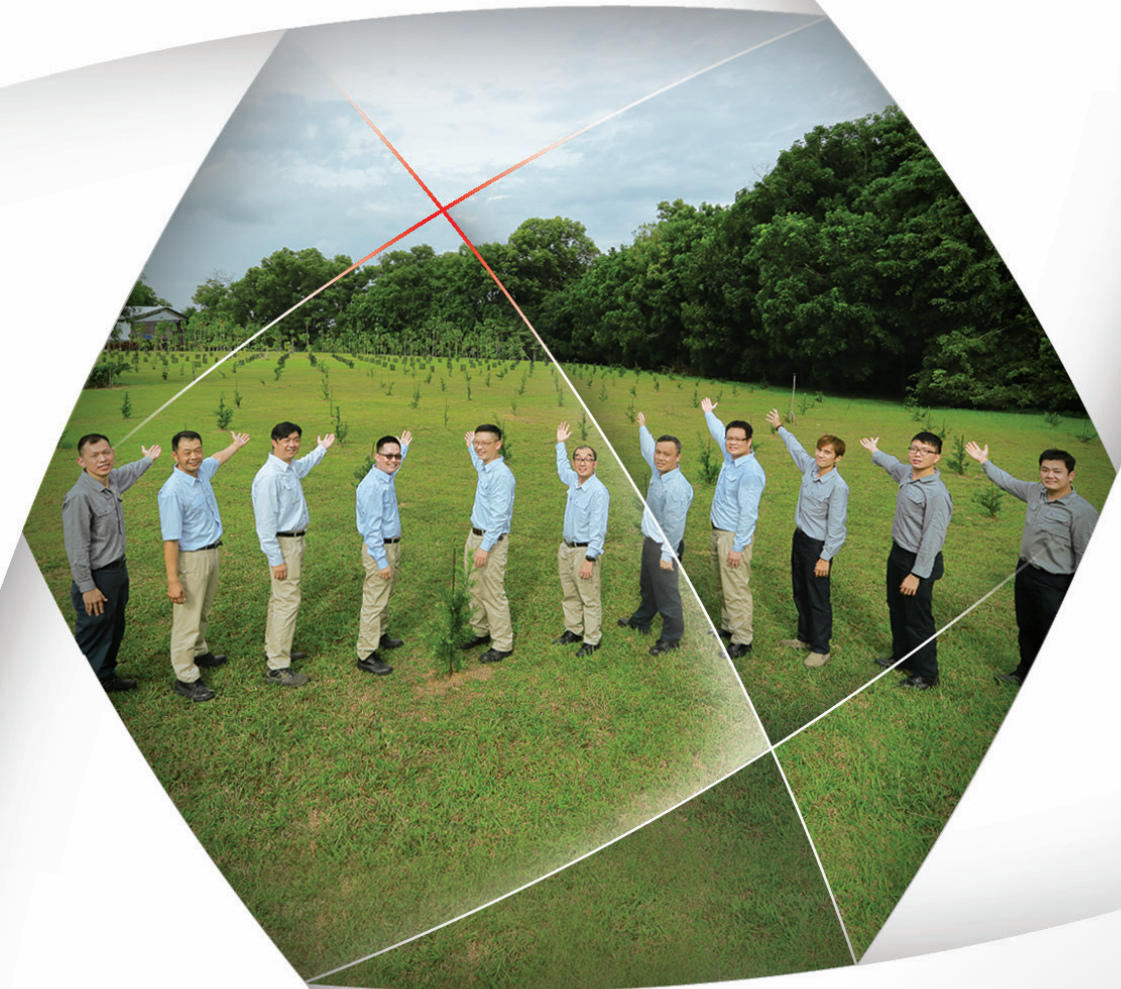


CSC STEEL

CSC STEEL HOLDINGS BERHAD
REGISTRATION NO. 200401001854 (640357-X)

CSC STEEL HOLDINGS BERHAD



2023
ANNUAL REPORT

ANNUAL REPORT 2023

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

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CORPORATE INFORMATION

Board Of Directors

Group Managing Director

CHIU, PING-TUNG

Executive Director

CHEN, YI-CHIEN

(resigned w.e.f. 01.01.2024)

LIN, YI-JANE (F)

(appointed w.e.f. 01.01.2024)

Senior Independent Non-Executive Director

PHONG HON WAI

Independent Non-Executive Directors

LIM LAY CHING (F)

SITI HALIZA BINTI MD TAIB (F)

Non-Independent Non-Executive Directors

HUANG, CHEN-JUNG

LIU, MIN-HSIUNG

(resigned w.e.f. 30.01.2024)

LEE, CHIA-CHENG

(appointed w.e.f. 19.02.2024)

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

(resigned w.e.f. 31.12.2023)

Audit Committee

Phong Hon Wai (Chairman)

Lim Lay Ching (f)

Siti Haliza Binti Md Taib (f)

Nominating Committee

Phong Hon Wai (Chairman)

Lim Lay Ching (f)

Siti Haliza Binti Md Taib (f)

(appointed w.e.f. 01.02.2024)

Business Address

180 Kawasan Industri Ayer Keroh,
Ayer Keroh, 75450 Melaka.

Tel : (6) 06 – 231 0169

Fax : (6) 06 – 231 0167

Email : info@cscmalaysia.com

Principal Bankers

Ambank (M) Berhad

Hong Leong Bank Berhad

RHB Bank Berhad

Company Secretaries

Wong Chee Yin (MAICSA 7023530)
(SSM PC: 202008001953)

Registered Office

Suite 1301, 13th Floor,
City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor.

Tel : (6) 07 – 332 2088

Fax : (6) 07 – 332 8096

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

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

Solicitors

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

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

Auditors

Deloitte PLT (LLP0010145-LCA)

(Audit Firm No. 0080)

Level 16, Menara LGB,

1 Jalan Wan Kadir, Taman Tun Dr. Ismail,
60000 Kuala Lumpur.

Corporate Website

www.cscmalaysia.com

GROUP CORPORATE STRUCTURE



CSC STEEL

CSC STEEL HOLDINGS BERHAD

200401001854 (640357 - X)

Date of Incorporation : 20 January 2004

Principal Activities : Investment Holding

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 galvanised steel commonly known as GI and pre-painted galvanised 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%

VISION AND OPERATING POLICY



Vision

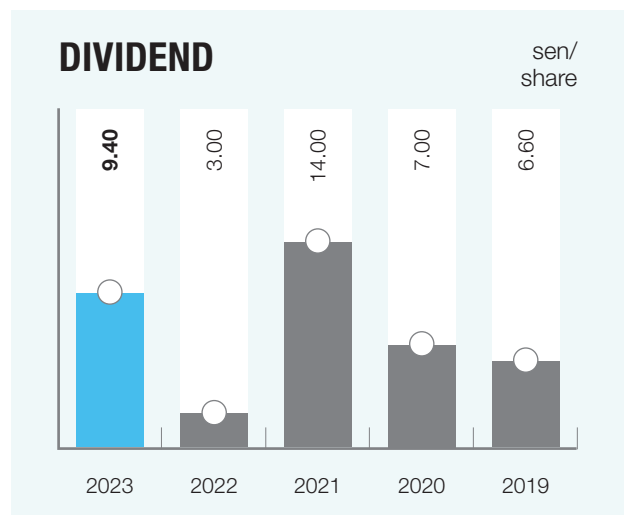
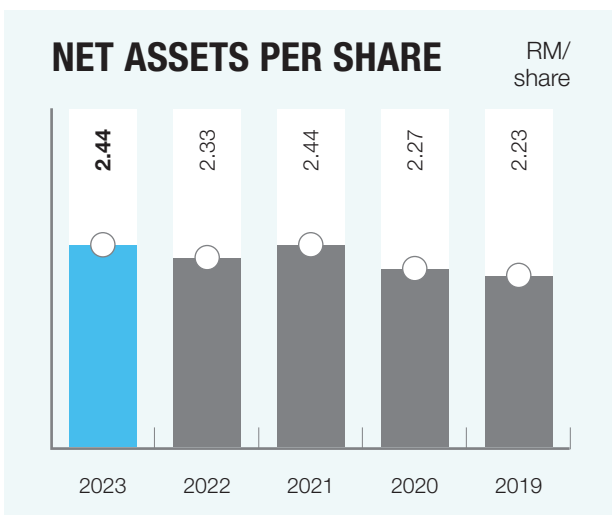
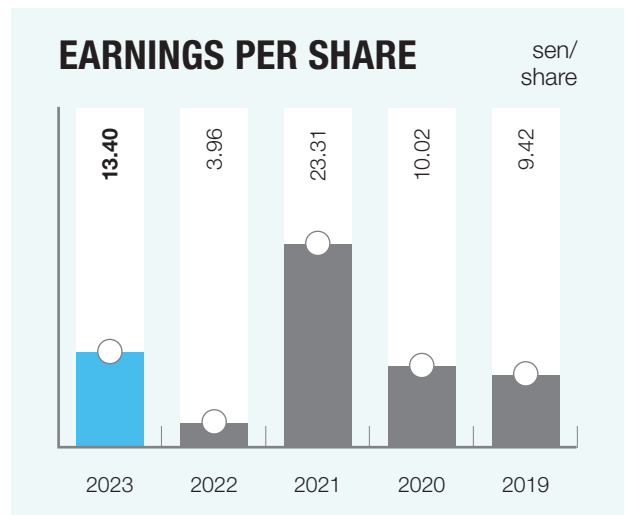
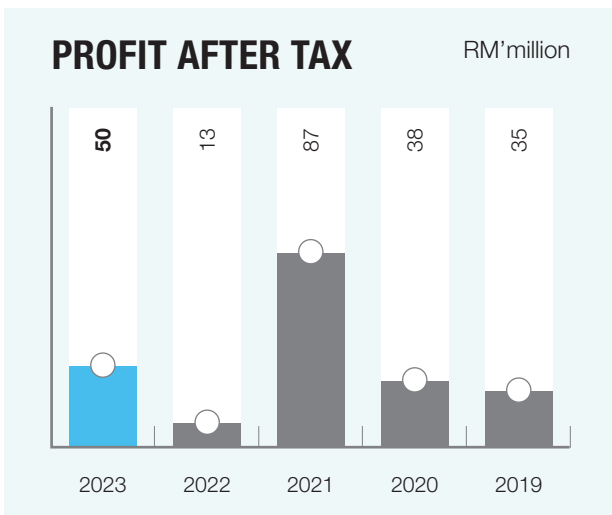
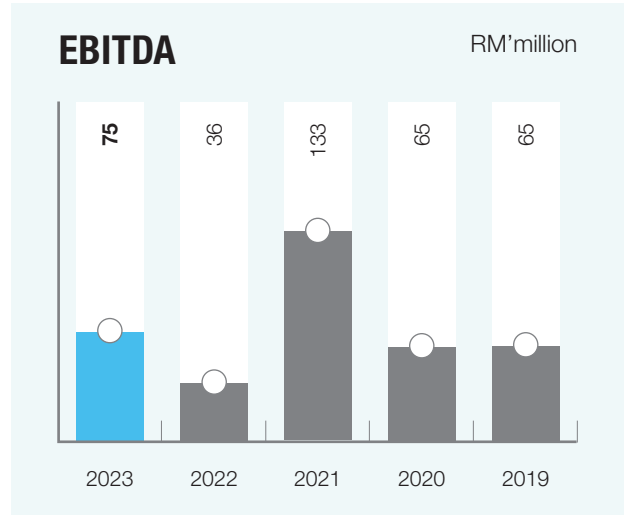
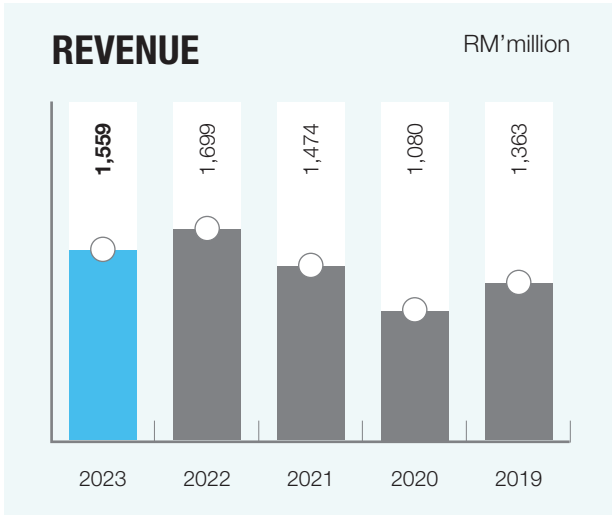
Pursuing value innovation, energy efficiency, environmentally friendly and commitment on social responsibility to become a trustworthy and excellent steel company in Malaysia as well as Southeast Asia.

OPERATING POLICY

- Digitalisation of business operations to improve efficiency.
- Decarbonisation of production and marketing activities to ingrain deeply on sustainability.
- Added value of steel products to enhance competitiveness.
- Refinement of marketing approaches to exceed customer expectations.



FINANCIAL HIGHLIGHTS OF THE PAST FIVE YEARS



PROFILE OF DIRECTORS

Chiu, Ping-Tung

Group Managing Director

Taiwanese ● Aged 63 ● Male

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-nine (39) years' experience in the steel manufacturing industry. 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.

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

- "Effective Business Presentation" by Growth Pulse PLT;
- "Low Carbon Transformation" by CSC Steel Sdn Bhd;
- "Business Strategy" by NationGate; and
- "Insight into Corporate Fraud Risks and Preventive Measures from Real-life Cases" by China Steel Corporation.

Mr. Chiu clocked full attendance at all five (5) Board Meetings held during the financial year ended 31 December 2023.

Lee, Chia-Cheng

Non-Independent Non-Executive Director

Taiwanese ● Aged 52 ● Male

Lee, Chia-Cheng was appointed to the CHB Board on 19 February 2024 as a Non-Independent Non-Executive Director.

Mr. Lee holds a Degree in Power Mechanical Engineering from National Tsing Hua University.

He has over twenty-three (23) years of experience in the steel manufacturing industry. He has joined China Steel Corporation (CSC) since 2001 and currently holds the position of Assistant Vice President of Commercial Division.

Huang, Chen-Jung

Non-Independent Non-Executive Director

Taiwanese ● Aged 64 ● Male

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-nine (39) 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.

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

- "Advocating Innovation in Trade Secret Management from Sustainable Management" by Taiwan Semiconductor Manufacturing Company Limited;
- "Seminar on EU's Future Trade Relief Measures and Response Strategies" by Wu & Partners, Attorneys-at-Law; and
- "Insight into Corporate Fraud Risks and Preventive Measures from Real-life Cases" by China Steel Corporation.

Mr. Huang clocked full attendance at all five (5) Board Meetings held during the financial year ended 31 December 2023.

Profile of Directors

(cont'd)

Phong Hon Wai

Senior Independent Non-Executive Director

Chairman of Audit Committee
and Nominating Committee

Malaysian ● Aged 61 ● Male

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.

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

- "Case Studies in Accounting for Deferred Taxation" by Malaysian Institute of Accountants (MIA);
- "Budget 2024: Key Updates and Changes for Corporate Accountants" by Malaysian Institute of Accountants (MIA); and
- "Tax Implications Related to the Implementation of MFRS 15 & MFRS 16" by Malaysian Institute of Accountants (MIA).

Mr. Phong had attended the Mandatory Accreditation Programme Part II: Leading for Impact (LIP) conducted by Institute of Corporate Directors Malaysia from 13 to 14 December 2023 pursuant to Practice Note 5 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

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 2023.

Lim Lay Ching

Independent Non-Executive Director

Member of Audit Committee and
Nominating Committee

Malaysian ● Aged 57 ● Female

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.

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

- "National Symposium on Islamic Banking and Finance" by Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) & The Advocates Association of Sarawak (AAS) Miri Branch;
- "Malaysian Listed Companies – Managing Conflicts of Interest and Other Topical Issues" by Malaysian Bar;
- "Company Law – Legal Issues of Fiduciaries In Group Enterprise : De Facto, Shadow, and Nominee Directors" by Malaysian Bar; and
- "Tax Law – Capital Gains Tax and Its Implications for Corporate Malaysia and Legal Practitioners" by Malaysian Bar.

Ms. Lim had attended the Mandatory Accreditation Programme Part II: Leading for Impact (LIP) conducted by Institute of Corporate Directors Malaysia from 13 to 14 December 2023 pursuant to Practice Note 5 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

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 2023.

Profile of Directors (cont'd)

Siti Haliza Binti Md Taib

Independent Non-Executive Director
Member of Audit Committee and
Nominating Committee

Malaysian ● Aged 52 ● Female

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 and appointed as a member of Nominating Committee on 1 February 2024.

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.

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

- "Audit Evidence and Sampling" by Malaysian Institute of Accountants;
- "Tax Deductible Expenses – Principles and Latest Developments" by Malaysian Institute of Accountants;
- "ISA 315 (R): New Approach to Risk Assessment in Risk-Based Audits" by Malaysian Institute of Accountants;
- "Persidangan Cukai Kebangsaan 2022 & Seminar Bajet 2023" by M.A.T.A;
- "2023 Budget Seminar" by Malaysian Institute of Accountants;
- "Taxation of Share Transactions Under RPGT – Real Property Company" by Malaysian Institute of Accountants; and
- "Understanding Tax Deductibility of Expenses" by Malaysian Institute of Accountants.

Ms. Siti had attended the Mandatory Accreditation Programme Part II: Leading for Impact (LIP) conducted by Institute of Corporate Directors Malaysia from 13 to 14 December 2023 pursuant to Practice Note 5 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

Ms. Siti attended all five (5) of the Board and Audit Committee Meetings held during the financial year ended 31 December 2023.

Lin, Yi-Jane

Executive Director

Taiwanese ● Aged 60 ● Female

Lin, Yi-Jane was appointed to the CHB Board on 1 January 2024 as an Executive Director.

Ms. Lin holds a Master of Business Administration from University of Connecticut.

She has over thirty-five (35) years of experience in the steel manufacturing industry. She has joined China Steel Corporation (CSC) since 1988 and prior to her appointment to the Board of CSC Steel Holdings Berhad, she was the Manager of Shareholders Affairs & Investor Relations Section, Finance Department of China Steel Corporation.

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 108 of this Annual Report.
3. **Non-Conviction of Offences**
None of the Directors has been convicted of any offences (traffic offences not included) within the past five (5) years.
4. **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, Ms. Lin, Yi-Jane and their profiles could be found under the Profile of Directors on pages 006 to 008. The profiles of other key senior management are as follows:-

Koh Kang Guan

Vice President, Production Division

Nationality: Malaysian
Age / Gender: 56 / Male
Date of appointment: 1 December 2020
Qualification(s): Degree in Mechanical Engineering, National Taiwan University, Taiwan.
Experience: Has more than thirty (30) years' experience in steel manufacturing industry.

Ten Ling Piew

Vice President, Commercial Division

Nationality: Malaysian
Age / Gender: 54 / 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 industry.

Kok Liang Hua

Assistant Vice President, Production Division

Nationality: Malaysian
Age / Gender: 53 / Male
Date of appointment: 1 December 2020
Qualification(s): Degree in Mechanical Engineering, Universiti Sains Malaysia
Experience: Has more than thirty (30) years' experience in steel manufacturing industry.

Choong Zin Hao

Assistant Vice President, Production Division

Nationality: Malaysian
Age / Gender: 49 / Male
Date of appointment: 1 June 2022
Qualification(s): Degree in Chemical Engineering, Cheng Kung University, Taiwan.
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 the CSC Steel Holdings Berhad and its group of companies for the financial year ended 31 December 2023.

Managing Director's Statement

In year 2022, the business environment had faced several challenges due to the uncertainties for ongoing global issues, such as Russia-Ukraine conflict, Israel-Hamas war and sluggish global consumption. All these unfavourable events were expected to dampen the global economic growth, elevated the commodities and energy prices, and contributed to the disruptions of global demand and supply chain in

year 2023. However, all the above unfavourable events did not worsen as what we had predicted. Although the Group had faced a volatile market sentiment throughout the year of 2023, the Group still achieved a significant improvement in financial results for year 2023, mainly due to the effective cost optimisation strategies and improved steel demand in the second half of year 2023.

Management Discussion and Analysis

(cont'd)

On behalf of the Board, I was very pleased to welcome two new members of the Company, Ms. Lin, Yi-Jane (Executive Director) and Mr. Lee, Chia-Cheng (Non-Independent Non-Executive Director), who were appointed in January and February 2024 respectively. Each of our new Directors with extensive experience in the steel industry, along with varied expertise surely will provide different oversights and supports to the Company.

Ultimately, I would like to express my sincere appreciation to the Board of Directors, the management team and all employees for their devotion and dedication to the Group, not forgetting our valued customers, financiers, business associates, bankers, suppliers, shareholders, partners and all relevant government authorities for their unwavering support along the year.

- 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 98% 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 2023, the Group had achieved lower revenue of RM 1.559 billion (Year 2022: RM 1.699 billion). However, a much higher profit before tax of RM 64.44 million was recorded compared to RM 17.91 million that achieved in Financial Year 2022. The main reason for the higher profit was due to the strong recuperation of Malaysia's steel demand, especially the construction industry which had resulted in the resurgence of sales order for coated steel products. Nonetheless, the cost optimisation measures taken internally had also led to the improved profit margin.

- The Group's Financial Position as at 31 December 2023

The Group's net tangible assets as at 31 December 2023 had increased compared to end of last financial year. The net tangible assets as of 31 December 2023 were RM 2.44 per share compared to 31 December 2022, which was RM 2.33 per share. The total equity stood at RM 900 million (2022: RM 861 million) while the current ratio stood at 12.94 times (2022: 12.96 times). Cash and cash equivalent were RM 349 million (2022: RM 275 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 the Financial Year 2023, CSCM had spent about RM 10 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 048 to 105.

- 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 had recommended a final single tier dividend of 9.40 sen per share for the financial year ended 31 December 2023.

The recommendation of final dividend was announced on 22 February 2024 and it will be tabled for the shareholders' approval at the Company's forthcoming 20th Annual General Meeting scheduled on 29 May 2024 and if approved, will be paid on 9 July 2024.

Management Discussion and Analysis

(cont'd)

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

Going forward, the uncertainty of the international steel market remains as the biggest threat, where the continuously changing market conditions will certainly affect the steel prices and demand. For instance, the flooding of cheap imports which further intensifies the supply-demand imbalance is expected to be impacting the steel market in year 2024.

Nevertheless, the uncertainty of political power that may disrupts the market condition and further affects the fluctuation of Ringgit Malaysia ("RM"), will also impact the Group's overall performance as our raw materials are imported.

Given the uncertain market conditions, the Group will proactively address the potential risks and challenges while deliver high-quality products and services to the valued customers. On top of that, the Group will continue to improve the cost optimisation measures as well as market strategy to minimise the impact brought by the everchanging steel market landscape.

- Prospects and Outlook for the Financial Year 2024

Looking into the beginning of year 2024, the global steel market exhibits promising signs of recovery, driven by the ongoing revival of the global economy and a surge in infrastructure construction projects. Nevertheless, the steel market still faces persistent challenges, including surplus production capacity and environmental considerations.

As for domestic steel market, Malaysia's steel industry has remained resilient domestically despite external challenges, with promising projects gradually regaining momentum, though certain manufacturing industries may not be able to maintain strong performance in the previous year, such as the automotive industry. The Group, buoyed by government fair trade initiatives and measures, is committed to proactively addressing potential risks and challenges with unwavering prudence and pragmatism. The Group remains steadfast in its dedication to delivering high-quality products and services to its esteemed customers, establishing a robust foundation in the dynamic landscape of the steel industry.

In the hope that with support from the government's fair-trade measures and the resilient of market sentiment, the Group is cautiously optimistic that a positive result could be achieved in year 2024.

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

CORPORATE GOVERNANCE 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's 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 2023 ("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.

Corporate Governance Overview Statements

(cont'd)

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 Whistleblowing Policy

The Group's Whistleblowing Procedure provides an avenue for a whistleblower 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.

Corporate Governance Overview Statements

(cont'd)

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 029 to 036 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 2023.

f. Directors' Training

Each member of the Board of CHB is encouraged to regularly undergo suitable training programmes 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.

Corporate Governance Overview Statements

(cont'd)

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 008 of this Annual Report.

Induction programme 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 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.

As at the Annual Report issued date, there are seven (7) directors on the Board of CHB where three (3) members are Independent Directors. Of the four (4) Non-Independent Directors, two (2) members with executive roles are the Group MD and the Executive Director while the other two (2) are Non-Independent Non-Executive Directors. A list of the entire CHB Board and their profiles are respectively set out on pages 006 to 008 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 2023 were unanimously agreed upon by the Directors three (3) months in advance. 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.

Corporate Governance Overview Statements

(cont'd)

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 2023, 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	5/5
Liu, Min-Hsiung (<i>resigned w.e.f. 30 Jan 2024</i>)	4/5
Lee, Chia-Cheng (<i>appointed w.e.f. 19 Feb 2024</i>)	–
Chen, Yi-Chien (<i>resigned w.e.f. 1 Jan 2024</i>)	5/5
Lin, Yi-Jane (f) (<i>appointed w.e.f. 1 Jan 2024</i>)	–
Phong Hon Wai	5/5
Lim Lay Ching (f)	5/5
Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud (<i>resigned w.e.f. 31 Dec 2023</i>)	5/5
Siti Haliza Binti Md Taib (f)	5/5

Besides the Company Secretaries, the Heads of Finance Division, Production Division, Commercial Division and Corporate Planning Department of the Company attend each Board meeting, as well as every Audit Committee meeting, on the standing invitation of the Board during the financial year ended 31 December 2023. Other senior staff may be invited to attend certain meetings if so required.

Corporate Governance Overview Statements

(cont'd)

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 2024, 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 Nominating 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 on the board beyond nine-year 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. In financial year 2023, the Company did not have independent directors who served for more than 9 years.

1.3. Nominating Committee

During the year under review, the Nominating Committee of CHB consists of three (3) members with 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 2023 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) (Resigned w.e.f. 31 Dec 2023)	1/1
Siti Haliza Binti Md Taib (f) (Member/Independent Non-Executive Director) (Appointed w.e.f. 1 Feb 2024)	–

Corporate Governance Overview Statements

(cont'd)

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 2023, 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 2023;
- 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 programmes 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.

Corporate Governance Overview Statements (cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3. Nominating Committee (Cont'd)

The Board at its meeting on 21 February 2024 was unanimous with and accepted each of the above recommendations of its Nominating Committee and summarised 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 20th 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, Ms. Siti Haliza Binti Md Taib, an accountant as its Independent Director, and Ms. Lin, Yi-Jane as the Executive Director to the Board in March 2015, July 2022, and January 2024 respectively.

The Board has adopted a formal Diversity Policy ("the Policy") to support women's participation in decision-making positions and will ensure at least two women directors are appointed and served on the Board at all time. The Board, with the assistance from the Nominating Committee, will monitor and review the effectiveness of the Policy from time to time, as to ensure that the Policy remains relevant and viable for achieving the commitment outlined by the Board. The Diversity Policy is available on the Company's website at www.cscmalaysia.com.

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.

Corporate Governance Overview Statements

(cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1.3. Nominating Committee (Cont'd)****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.

On 1 January 2024, Ms. Lin, Yi-Jane had been appointed as Executive Director of the Company to fill the vacancy in the position following the resignation of Mr. Chen, Yi-Chien as Executive Director of the Company on 1 January 2024.

On 19 February 2024, Mr. Lee, Chia-Cheng had been appointed as Non-Independent Non-Executive Director of the Company to fill the vacancy in the position following the resignation of Mr. Liu, Min-Hsiung as Non-Independent Non-Executive Director of the Company on 30 January 2024.

As such, Ms. Lin, Yi-Jane and Mr. Lee, Chia-Cheng will be subjected to retirement at this forthcoming AGM.

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 21 February 2024, 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. Chiu, Ping-Tung pursuant to Clause 77(2)
- Mr. Huang, Chen-Jung pursuant to Clause 77(2)
- Ms. Lin, Yi-Jane pursuant to Clause 79
- Mr. Lee, Chia-Cheng pursuant to Clause 79

Corporate Governance Overview Statements (cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3. Nominating Committee (Cont'd)

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 organisation chart have been identified, but these eligible candidates would not be revealed until such time there is a need to do so.

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 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 2023 are as follows:-

Category	Fees (RM)	Salaries & Bonuses (RM)	Other Emoluments (RM)	Benefits-in-Kind (RM)	Total (RM)
Executive Directors	–	349,926	66,257	50,212	466,395
Non-Executive Directors	204,000	–	–	–	204,000
Total	204,000	349,926	66,257	50,212	670,395

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

Corporate Governance Overview Statements

(cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.4. Remuneration Committee (Cont'd)

Directors' remuneration for the year ended 31 December 2023 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 2023 had been approved by the shareholders at the 19th AGM held on 1 June 2023.*
- *The proposed Directors' Fees for financial year ending 31 December 2024 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 the Company consists of three (3) members of Independent Non-Executive Directors. The Committee is chaired by Mr. Phong Hon Wai, a Senior Independent Non-Executive Director, in line with Practice 9.1 of MCGG.

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 037 to 040 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.

Corporate Governance Overview Statements (cont'd)

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

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. Mcdonald Carter (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 2023. 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 2023, 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 2023, three (3) internal audit reports and three (3) follow up reports had been tabled and reviewed.

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 2023 are set out on pages 048 to 105 of this Annual Report and a statement by the Board of its responsibilities in preparing the financial statements is on page 105.

Corporate Governance Overview Statements

(cont'd)

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**2.2. Roles and Responsibilities of the Audit Committee (Cont'd)****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 29 April 2024 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 041 to 046 of this Annual Report.

d. Internal Audit Function

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 037 to 040 of this Annual Report.

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 Standards) and Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice).

Corporate Governance Overview Statements

(cont'd)

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 in December 2004.

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 1 June 2023 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 since year 2005.

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 029 to 036 of this Annual Report.

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 2023 will be issued on 29 April 2024 which is also the date of dispatch of the notice of its 20th AGM. The coming 20th AGM, scheduled on 29 May 2024 (Wednesday) 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 2023.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposals during the financial year ended 31 December 2023.

AUDIT FEES AND NON-AUDIT FEES

During the financial year ended 31 December 2023, 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 2023 RM	FYE 2022 RM	FYE 2023 RM	FYE 2022 RM
Statutory audit fees paid /payable to:				
Deloitte	38,000	38,000	241,500	187,000
O.L.Yeo	Nil	Nil	2,500	2,000
Total (a)	38,000	38,000	244,000	189,000
Non-audit fees paid/payable to:				
Deloitte	3,000	3,000	3,000	3,000
O.L.Yeo	Nil	Nil	Nil	2,000
CPL Taxation	Nil	Nil	1,000	1,000
Affiliates of Deloitte	10,500	8,600	85,500	65,200
Total (b)	13,500	11,600	89,500	71,200
% of non-audit fees (b/a)	36%	31%	38%	38%

* The amount of non-audit fee incurred for the services rendered to the Group and the Company by Deloitte Tax Service Sdn. Bhd. during the financial year ended 31 December 2023.

** The amount of non-audit fee incurred for the services rendered to the Group and the Company by Deloitte Tax Service Sdn. Bhd. mainly for consultation services rendered in relation to tax credit set off against YA2023 tax instalments, transfer pricing, tax e-filing and review of Reinvestment Allowance during the financial year ended 31 December 2023.

MATERIAL CONTRACTS

There was 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 2023 or, if not then subsisting, entered into since the end of the previous year.

Additional Compliance Information Disclosures

(cont'd)

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

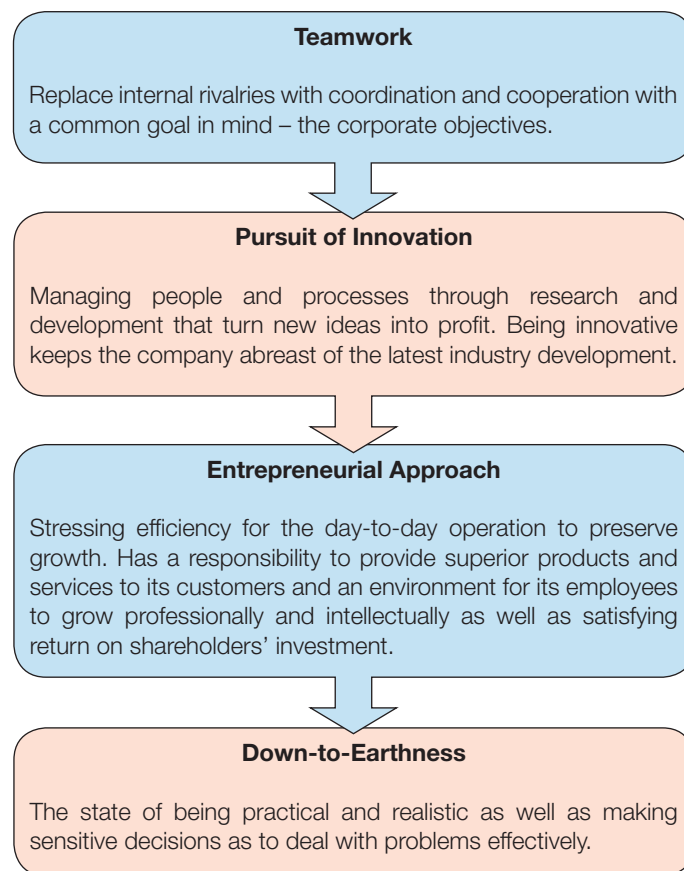
The details of the related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

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 29 April 2024.

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 2023 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 2023 to 31 December 2023. 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 organisation 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:-



SUSTAINABLE PRINCIPLES

Apart from adopting the core values of our parent company, 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.

Sustainability Statement

(cont'd)

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 and Investors	Annual General Meeting ("AGM")	Annually	- Profitability - Business Strategy - ESG - Timely updates in Bursa Malaysia through announcements made as and when required.
Government and Regulators	Regulatory Requirements/Audits by the following bodies such as Department of Environment ("DOE"), Department of Occupational Safety and Health ("DOSH")	Periodically	- Environmental Issues - Occupational Safety and Health - Labour Practices
Customers	Customer Feedback, Customers Satisfaction and Complaints and Exhibitions	As needed	- Product Quality - Delivery - Technical Services
Employees	- Management Meetings - Employee's Performance Appraisal - Employees Discussion	- Weekly - Half Yearly - Half Yearly	- Learning and Development - Occupational Safety and Health Welfare
Community	CSR Programme	As needed	- Social and Environmental Initiatives and practices
Suppliers	Supplier Visits and Exhibitions	Periodically	- Environmental-friendly Approaches - Qualified Products and Services - Adherence to Laws and Regulations
Financial Institutions	Company Visits and Industrial All Risk Survey	Periodically	- Business Risks and Opportunities - Investment Opportunities

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 the environment protection. We are committed as a company and as individuals to comply with the laws, respect the cultures and to have a positive impact to the communities.

During the year under review, the activities taken by the Group that related to sustainable principles, 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. For the year under review, there were no anti-bribery and corruption related training being organised for the existing employees as the similar training had been done in year 2021 and 2022 respectively. As for newly joined employees, they will be briefed on the Policy during the induction programme.

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. For the year under review, there were no reported cases for bribery and corruption within the Group.

Apart from that, the Policy had been circulated to the 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.

Sustainability Statement (cont'd)

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 met the requirements 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 as 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.

As to further enhance the interaction with the customers, the Group had developed an automated chatbot on the Group's website in January 2023. This automated chatbot system has been very helpful on addressing customers' enquiries since its inception, not only reducing the time taken to address certain issues faced by our customers, it also provides valuable information for the Group to understand about the market trend.

- Monitoring Program and Compliance**

The Group is committed to maintaining a sound Environmental Management System and the ISO 14001:2015 has been adopted since 2018.

Apart from the adoption of management system, the Group has complied with the applicable laws and regulations. The Group has adopted the necessary mechanisms to monitor the relevant operations as to ensure it is complied with the requirements, which is including the annual environmental report that being prepared by an external qualified firm. The annual environment report will be submitted to the Department of Environment ("DOE"), Melaka on an annual basis.

- 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 various 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 energy related issues.

As for the electricity consumption for the past 3 years (2021~2023), the Group managed to achieve a lower electricity intensity in year 2023 as compared to year 2022, in spite of higher production volume.

Table: Electricity Consumption from 2021 to 2023

Electricity	Year		
	2021	2022	2023
Production (MT)	1,396,109	1,369,078	1,470,886
Electricity (kWh)	66,078,103	76,294,073	76,742,042
Intensity (kWh/MT)	47.33	55.73	52.17

Sustainability Statement

(cont'd)

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- Energy Management (Cont'd)**

Likewise, the Group had recorded a lower intensity of natural gas consumption in year 2023 as compared to year 2022.

Table: Natural Gas Consumption from 2021 to 2023

Natural Gas	Year		
	2021	2022	2023
Production (t)	949,806	938,303	1,223,539
Natural Gas (Sm ³)	13,054,561	13,421,701	13,656,741
Intensity (Sm ³ /t)	13.74	14.30	11.16

Note: There were 3 months of zero production in year 2021 (June to August) due to the Movement Control Order ("MCO") enforced by the government.

- Carbon Neutrality Roadmap**

In line with the commitment to achieve carbon neutrality by year 2050, the Group is currently working on the participation in the Corporate Green Power Programme ("CGPP"). It is one of the key initiatives to achieve the target set by the Group. In addition, a carbon neutrality roadmap has been established to outline the plans to achieve carbon neutrality by year 2050.

On the other hand, another initiative of the Group in reducing the electricity usage was installing the solar panels on the roof of the buildings within the Group. In year 2023, the cost of electricity had been reduced approximately RM 240,000 after the installation of solar panels was completed.

- Waste Management**

The Group always treats its waste carefully, for instances, recycling its metal hydroxide sludge as cement additive rather than disposing it by way of solidification, engaging only service providers approved by the DOE to dispose the scheduled waste and domestic waste. On top of that, the Group has an in-house wastewater treatment plant, which is to treat the water effluent discharge to the drainage outside of the factory as to ensure it is meeting the requirements before discharging.

In year 2023, the total waste generated, which was including electrical waste, oily sludge, waste solvent and other miscellaneous wastes, was 1,322 MT. As such, out of the total waste generated, approximately 98% of the waste was diverted from disposal and the other 2% of the waste was directed to disposal.

- Water Management**

As water is one of the essential resources for the living, it is one of the key aspects for the Group's environmental impact monitoring mechanism. The Group has carried out a water conservation programme, which is to closely monitor the water consumption rate by improving the relevant processes and also mitigate any leakage of water on timely manner to minimise the wastage of water in our day-to-day operation.

The Group has taken several measures to improve its water consumption every year, and the results for the past 3 years (2021~2023) were very encouraging as the water consumption had gradually declined over the years. For instance, the Group managed to reduce its water consumption by approximately 8% for year 2023 as compared to year 2022.

Sustainability Statement
(cont'd)

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- Water Management (Cont'd)**

Table: Water Consumption from 2021 to 2023

Year	Total Volume of Water Used (m ³)
2021	339,988
2022	300,436
2023	277,671

- 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. The Group will continue the effort of tree planting as not only to beautify the surrounding of the factory with a fresh “green” look, but it is also reducing the carbon footprint of the Group.

Other than wastewater treatment, the Group has also appointed qualified laboratory to carry out the monitoring of the stacks located within the factory, as to ensure that all discharging gases are complied with the limits specified under the Environment Quality (Clean Air) Regulations, 2014.

- Supply Chain Management**

The Group is currently focusing on enhancing the suppliers’ awareness on the importance of sustainable supply chain, specifically on environmental and social aspects. As such, the Group has formulated a supplier assessment form that included environmental related criterion in evaluating the suppliers. Besides, the Group also provides two (2) documents to its suppliers, which are the “Basic Environment, Safety and Health (ESH) Rules and Regulations” and “Environmental and Energy Saving Guidelines for Vendors”, with the aim to ensure the suppliers comply with the relevant guidelines whenever they are present at the Group’s premise to undertake any projects or activities.

For the year under review, the Group had about 8% of spending on local suppliers due to our raw materials were sourced from overseas, which was accounted for 90% of the total spending. However, the spending on local suppliers was accounted for approximately 83%, if the purchase of raw materials was excluded.

- 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 2023, which were including Melaka Cheerful Children Centre Bukit Baru and Pertubuhan Pencinta Hidupan Melaka (“PPHM Melaka”).

As we believe education plays a vital role for the nation to prosper progressively, we continued providing assistance to more than 5 schools in Melaka for year 2023, where the Group had provided assistance to one of the secondary schools to upgrade its school’s facilities. Apart from that, refurbished personal computers were donated to primary schools as to help the students to learn about computer related knowledge, especially the primary schools in the rural areas. The Group also provided the required resources for the schools to participate in the national or international events, which would help the students to gain valuable exposure.



Sustainability Statement

(cont'd)

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- **Caring of Community (Cont'd)**

The Group's contribution to the community, which included schools and non-profit organisations ("NPO") for the past 3 years (2021~2023) were carried out in a careful manner as to ensure all aids were provided to those really in need .

Table: Contribution to the Community from 2021 to 2023

Year	2021	2022	2023
Total contribution to the community	RM 100,000	RM 80,000	RM 52,000
Total number of beneficiaries in community (Combined number of schools, NPOs, etc)	13	10	13

- **Data Privacy and Security**

The Group acknowledges the importance of data privacy and security to safeguard the key information within the Group. As such, there were several preventive measures being in placed with the establishment of procedures and policies to manage data privacy and security effectively. For instance, the preventive measures include but not limited to, USB port management, anti-virus management, corporate computer virus attack management, etc. For the financial year ending 31 December 2023, the Group did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

- **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. Occupational safety trainings are provided according to the type of jobs assigned to the employees and a total of 565 employees had been trained for the health and safety related trainings in year 2023.

Besides, the Group had organised the "Safety and Health Months" for a 2 months period, with the aims to promote occupational safety awareness among the employees. There were a series of activities being carried out, which included poster designing competition, safety related talks, etc.

Apart from that, the Group also concerns about the safety of contracted transporters during the operation 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.

For the past 3 years, the Group had taken several efforts to further improve the safety awareness among the employees and also taken steps to mitigate the risks of accidents within the working place. As a result, the Group managed to achieve zero injury as well as zero fatality in year 2023.

Table: Lost Time Injury and Fatality from 2021 to 2023

Year	2021	2022	2023
Lost Time Injury (No. of Employees)	3	1	0
Lost Time Incident Rate (%)	74.92	90.50	0.00
Injury Rate (%)	1.44	0.47	0.00
Number of Fatalities	0	0	0

Sustainability Statement
(cont'd)**THE KEY SUSTAINABILITY INITIATIVES (CONT'D)**

- Labour Practices**

The Group practices fair and equal employment regardless of race, nationality, or religion. The Group continues to enhance its employees' welfare and fringe benefits, such as health screening and free nutritious meals. Furthermore, the Group also provides trainings for up-skilling and re-skilling to its employees from time to time, as to further enhance the competency of all employees. The Group achieved its annual target for the average training hours of employees in year 2023.

Table: Employees' Training for the Year

Classification of Employees	Total Training Hours	Average Training Hours
Executive	6,530.20	29.78
Non-Executive	10,534.00	22.40

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") has been established to plan and organise activities for all employees within the Group, such as annual dinners, weekly sport activities, sport tournaments, and special programme like Employees' Health Programme, which includes fitness classes and healthy lifestyle talks.

The turnover rate of Executive and Non-Executive level for the Group in year 2023 was manageable and there was no significant disruption to the operation of the Group.

Table: Annual Turnover Rate

Classification of Employees	Annual Turnover Rate (%)
Executive	4.57
Non-Executive	3.19

Apart from that, the Group does not have any contract workers or temporary staff for the year under review.

- 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 2023 is as follows:-

Table: Employees' Composition (By Level and Nationality)

Nationality	Executive		Non-Executive		Total	
	No.	%	No.	%	No.	%
Local	221	31.80	430	61.87	651	93.67
Foreigner	2	0.29	42	6.04	44	6.33
Total	223	32.09	472	67.91	695	100.00

The Group recruits its employees based on the suitability of an individual employee's skills and expertise, educational qualifications 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 ethnicities.

Sustainability Statement

(cont'd)

THE KEY SUSTAINABILITY INITIATIVES (CONT'D)

- Job Opportunities and Diversity (Cont'd)

The diversity of employees within the Group for gender and age is shown in the tables below (as at 31 December 2023):-

Table: Employees' Composition (By Level and Gender)

Gender	Executive		Non-Executive		Total	
	No.	%	No.	%	No.	%
Male	169	24.32	450	64.74	619	89.06
Female	54	7.77	22	3.17	76	10.94
Total	223	32.09	472	67.91	695	100.00

Table: Employees' Composition (By Level and Age Group)

Age Group	Executive		Non-Executive		Total	
	No.	%	No.	%	No.	%
≤ 30	35	5.04	127	18.27	162	23.31
31 - 50	151	21.73	270	38.85	421	60.58
≥ 51	37	5.32	75	10.79	112	16.11
Total	223	32.09	472	67.91	695	100.00

The Group understands the importance of diverse Board and senior management in enhancing the decision-making process through contribution from different perspectives and insights. As such, the Group had established a formal Diversity Policy in November 2023 to support the participation of women in decision-making positions.

The diversity of the Board for gender and age is shown in table below (as at 31 December 2023):-

Table: Board's Composition (By Gender and Age Group)

Age Group	Male		Female		Total	
	No.	%	No.	%	No.	%
≤ 30	–	–	–	–	–	–
31 - 50	–	–	–	–	–	–
≥ 51	4	57.14	3	42.86	7	100.00

The Statement of Assurance

For the year under review, the Sustainability Statement was not subjected to internal review by the internal auditor or independent assurance performed in accordance with recognised assurance standards ("Statement of Assurance") pursuant to the Enhanced Sustainability Reporting Requirements under MMLR of Bursa Securities.



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 2023.

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”). 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 2023 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 (f) (Member/Independent Non-Executive Director)	5/5
Siti Haliza Binti Md Taib (f) (Member/Independent Non-Executive Director)	5/5

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 2023.

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 elect 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 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.

Confirmation 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.

Audit Committee Report (cont'd)

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 2023 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; and
- 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 and approved the Internal Audit report on governance structures and processes, sales and marketing management, credit control management and related party transactions;
- Reviewed and approved the Internal Audit follow-up progress report for the financial year ending 2023; and
- Assessed 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 2023;
- 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
- Proposed to the Board on the recommendations for the appointment of the external auditors, including 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 2023 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 2023, 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 2023, 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 2023.

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 2023 and the date of this Annual Report included the following:-

- a. Governance Structures and Processes;
- b. Sales and Marketing Management, Credit Control 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 2023 was RM71,884.

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 2023. 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 (“MCCG”). 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

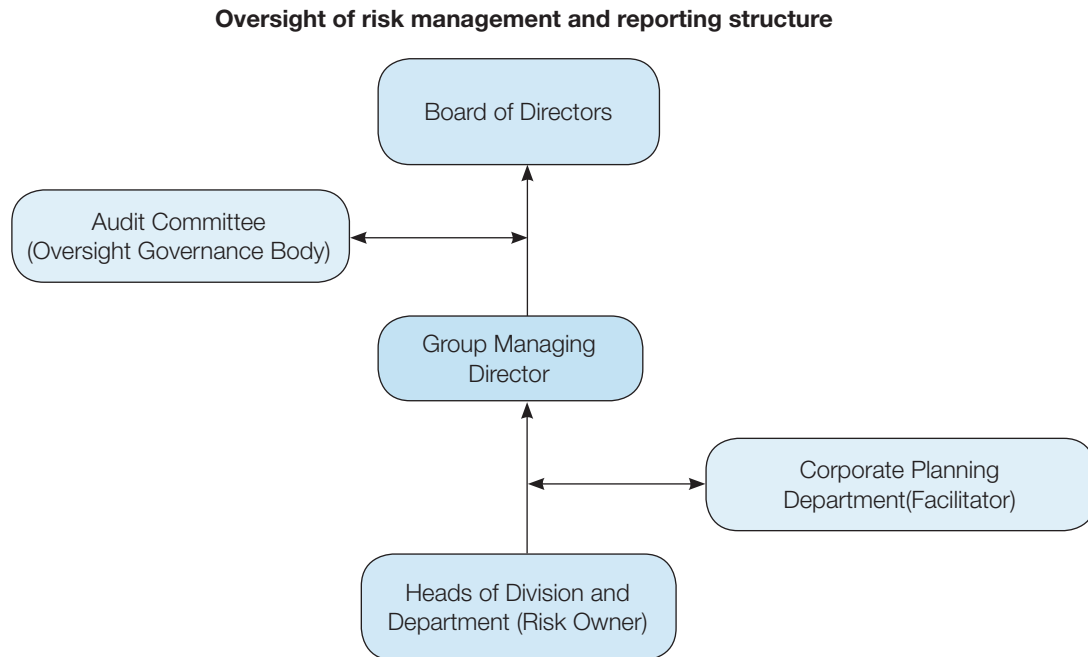
The Board recognises that an important element of a sound system of risk management and internal control is having a sound risk management system for identifying, evaluating and managing significant risks faced by the Group. The duties for the identification, evaluation and management of the key business risks are delegated by the Board to the Group Managing Director and the Senior Management. On a strategic level, 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 with 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 (Risk Management) in material aspects, in which shall serve to manage the anticipated risks with action plans or 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)



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. This process had been practiced by the Group for the financial year under review and up to the approval date of this statement. Overall, there are no major events that need to be specifically paid attention to.

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 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.

Statement On Risk Management And Internal Control

(cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year under review, internal audit reviews on Governance Structures and Processes, Sales and Marketing Management, Credit Control Management and Related Party Transactions 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 roles, 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 2023 amounted to RM71,884. 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 made up of five core components, i.e. Control Environment, Information and Communication, Control Activities, Risk Assessment and Monitoring Activities with principles representing the fundamental concepts associated with each component are as follows:-

- **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.

The appointment and re-election processes of the Directors are guided by the Directors' Fit and Proper Policy whereby the Board and the Nominating Committee shall conduct the necessary assessment prior to the appointment of any candidate as a director, or making recommendation for the re-election of any existing director, which contributes to the enhancement on the governance in relation to the Board's quality, integrity and commitment.

Statement On Risk Management And Internal Control

(cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

- **Board of Directors/Board Committees (Cont'd)**

Meetings of Board of Directors and the Committees are guided by formal agenda and 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.

- **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. The Ethical Code and Conduct expected from employees to carry out their duties and responsibilities assigned are also established and documented. Specifically, the compliance of the above policies and procedures 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.

Statement On Risk Management And Internal Control (cont'd)

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. The 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.

As the importance of information technology has greater over the years, the risk of cyber security is not taken lightly within the Group. As such, the Group has established several preventive measures to mitigate the threat of cyber-attacks and also to safeguard the key information within the Group.

• 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. The testing and calibration laboratory of the operating subsidiary has also obtained the ISO/IEC 17025 accreditation, which further enhances the credibility of tensile test and hardness test. Besides that, products related to certification such as SIRIM Eco-label as well as Malaysian Standard (MS 2660 and MS 2383) are also obtained by the operating subsidiary.

• 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.

Statement On Risk Management And Internal Control

(cont'd)

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

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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, 2023.

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	49,477,846	11,043,938

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 3.00 sen per share amounting to RM11,079,000 was paid by the Company on July 6, 2023 in respect of the previous financial year.

The directors proposed a final single tier dividend of 9.40 sen per share amounting to RM34,714,200 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, 2024.

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.

Report Of The Directors

(cont'd)

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:

Siti Haliza Binti Md Taib

Phong Hon Wai

Lim Lay Ching

Chiu, Ping-Tung

Huang, Chen-Jung

Lin, Yi-Jane (appointed on January 1, 2024)

Lee, Chia-Cheng (appointed on February 19, 2024)

Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud (resigned on December 31, 2023)

Chen, Yi-Chien (resigned on January 1, 2024)

Liu, Min-Hsiung (resigned on January 30, 2024)

Report Of The Directors

(cont'd)

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
Lee, Chia-Cheng (appointed on February 19, 2024)	CSCM

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 31.12.2023
	Balance as of 1.1.2023	Bought	Sold	
Shares in ultimate holding company, China Steel Corporation				
Registered in the name of directors				
Direct interests				
Chiu, Ping-Tung	68,734	–	(66,136)	2,598
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

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 or its related corporations as shown below) 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 23 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.

Directors' remuneration consists of the following:

	The Group 2023 RM	The Company 2023 RM
Executive directors:		
Salaries and other emoluments	351,412	–
EPF contributions	64,771	–
	416,183	–
Non-executive directors:		
Fees	204,000	204,000
Directors' remuneration excluding monetary value of benefits-in-kind value of benefits-in-kind	620,183	204,000
Estimated monetary value of benefits-in-kind in respect of executive directors	50,212	–
	670,395	204,000

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. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2023 was RM18,931. The total amount of sum insured for indemnity coverage for the financial year amounted to RM20,000,000.

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

Report Of The Directors
(cont'd)**AUDITORS' REMUNERATION**

The remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2023 are disclosed below:

	The Group RM	The Company RM
Deloitte PLT and its affiliate:		
Statutory audit	241,500	38,000
Other assurance services	3,000	3,000
Other services	85,500	10,500
	<hr/> 330,000	<hr/> 51,500
Other than Deloitte PLT		
Statutory audit	2,500	–
Other service	1,000	–
	<hr/> 3,500	<hr/> –
	<hr/> 333,500	<hr/> 51,500

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

LIN, YI-JANE

Melaka
March 15, 2024

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, 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 058 to 104.

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, 2023, 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, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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, 2023, the carrying amount raw materials, work-in-progress and finished goods amounting to RM284,539,103 representing approximately 29% 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, 2023.

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 RM6,546,759 has been recognised in profit or loss of the Group, which represents a write-down of inventories to their net realisable values.

Independent Auditors' Report (cont'd)

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 estimated 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, estimated 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 auditors' 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.

Independent Auditors' Report (cont'd)

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)

TAN YU MIN
Partner - 03503/07/2024 J
Chartered Accountant

Kuala Lumpur
March 15, 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 RM	The Group 2022 RM	2023 RM	The Company 2022 RM
Revenue	5	1,558,991,952	1,698,630,095	11,144,770	51,444,770
Cost of sales		(1,480,192,079)	(1,670,693,017)	–	–
Gross profit		78,799,873	27,937,078	11,144,770	51,444,770
Investment revenue	7	11,448,109	4,769,649	571,558	434,999
Other income		13,996,049	24,932,909	100	1,265
Sales and marketing expenses		(17,458,097)	(16,511,323)	–	–
General and administrative expenses		(21,934,007)	(21,743,001)	(661,995)	(590,709)
Other expenses		(413,547)	(986,477)	–	–
Finance costs	8	–	(493,181)	–	–
Profit before tax	8	64,438,380	17,905,654	11,054,433	51,290,325
Tax expense	9	(14,960,534)	(3,297,665)	(10,495)	(12,622)
Profit for the year attributable to owners of the Company		49,477,846	14,607,989	11,043,938	51,277,703
Other comprehensive income					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net fair value gain/(loss) on investment in equity instruments designated as at fair value through other comprehensive income		456,748	(1,076,621)	456,748	(1,076,621)
Total comprehensive income for the year attributable to owners of the Company		49,934,594	13,531,368	11,500,686	50,201,082
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	10	13.40	3.96		
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, 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	11	143,084,994	146,993,334	2,061,892	2,113,875
Right-of-use asset	12	16,132,107	16,369,233	–	–
Investment in subsidiary companies	13	–	–	383,499,438	383,499,438
Investment in equity instruments	14	3,523,488	3,066,740	3,523,488	3,066,740
Staff loans receivable	16	417,132	457,025	–	–
Total Non-current Assets		163,157,721	166,886,332	389,084,818	388,680,053
Current Assets					
Inventories	15	331,200,520	333,021,865	–	–
Trade receivables	16	129,048,228	140,841,644	–	–
Other receivables and prepaid expenses	16	6,148,550	14,127,249	15,097	19,655
Tax recoverable		1,474	8,236,825	1,474	58,340
Cash and cash equivalents	17	348,779,108	275,399,315	15,302,231	15,202,492
Total Current Assets		815,177,880	771,626,898	15,318,802	15,280,487
Total Assets		978,335,601	938,513,230	404,403,620	403,960,540
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	18	413,163,159	413,163,159	413,163,159	413,163,159
Treasury shares	19	(11,614,414)	(11,614,414)	(11,614,414)	(11,614,414)
Investment revaluation reserve	20	2,110,975	1,654,227	2,110,975	1,654,227
Retained earnings	20	496,691,991	458,293,145	645,218	680,280
Total Equity		900,351,711	861,496,117	404,304,938	403,883,252
Non-current Liability					
Deferred tax liabilities	21	15,008,080	17,488,424	–	–
Current Liabilities					
Trade payables	22	4,671,651	3,665,846	–	–
Other payables and accrued expenses	22	33,027,049	25,651,980	98,682	77,288
Amount due to ultimate holding company	23	12,050,818	27,315,301	–	–
Amount due to related companies	23	10,970,717	2,892,426	–	–
Tax payable		2,255,575	3,136	–	–
Total Current Liabilities		62,975,810	59,528,689	98,682	77,288
Total Liabilities		77,983,890	77,017,113	98,682	77,288
Total Equity and Liabilities		978,335,601	938,513,230	404,403,620	403,960,540

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Share capital RM	Treasury shares RM	Non-distributable reserve investment revaluation reserve RM	Distributable reserve RM	Total equity RM
The Group						
Balance as of January 1, 2022						
Profit for the year		413,163,159	(11,614,414)	2,730,848	495,387,156	899,666,749
Other comprehensive loss for the year		-	-	-	14,607,989	14,607,989
		-	-	(1,076,621)	-	(1,076,621)
Total comprehensive income for the year		-	-	(1,076,621)	14,607,989	13,531,368
Dividends	24	-	-	-	(51,702,000)	(51,702,000)
Balance as of December 31, 2022/ January 1, 2023						
Profit for the year		413,163,159	(11,614,414)	1,654,227	458,293,145	861,496,117
Other comprehensive income for the year		-	-	-	49,477,846	49,477,846
		-	-	456,748	-	456,748
Total comprehensive income for the year		-	-	456,748	49,477,846	49,934,594
Dividends	24	-	-	-	(11,079,000)	(11,079,000)
Balance as of December 31, 2023						
		413,163,159	(11,614,414)	2,110,975	496,691,991	900,351,711

Statements Of Changes In Equity
(cont'd)

	Note	Share capital RM	Treasury shares RM	Non-distributable investment revaluation reserve RM	Distributable reserve RM	Retained earnings RM	Total equity RM
The Company							
Balance as of January 1, 2022							
Profit for the year		413,163,159	(11,614,414)	2,730,848	1,104,577		405,384,170
Other comprehensive loss for the year		-	-	-	51,277,703		51,277,703
		-	-	(1,076,621)	-		(1,076,621)
Total comprehensive income for the year		-	-	(1,076,621)	51,277,703		50,201,082
Dividends	24	-	-	-	(51,702,000)		(51,702,000)
Balance as of December 31, 2022/ January 1, 2023							
Profit for the year		413,163,159	(11,614,414)	1,654,227	680,280		403,883,252
Other comprehensive income for the year		-	-	-	11,043,938		11,043,938
		-	-	456,748	-		456,748
Total comprehensive income for the year		-	-	456,748	11,043,938		11,500,686
Dividends	24	-	-	-	(11,079,000)		(11,079,000)
Balance as of December 31, 2023							
		413,163,159	(11,614,414)	2,110,975	645,218		404,304,938

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM/(USED IN)					
OPERATING ACTIVITIES					
Profit before tax		64,438,380	17,905,654	11,054,433	51,290,325
Adjustments for:					
Depreciation of property, plant and equipment	11	21,722,946	22,308,245	57,579	56,029
Provision for onerous contracts	22	2,751,369	336,202	–	–
Write-down of inventories	15	6,546,759	12,126,142	–	–
Write-off of inventories	15	163,436	508,349	–	–
Depreciation of right-of-use assets	12	237,126	237,126	–	–
Property, plant and equipment written off	8	182	279,315	–	–
Interest income from short-term placements with licensed banks	7	(2,485,580)	(1,768,386)	(1,360)	(3,603)
Dividend income from: Subsidiary company	5	–	–	(11,000,000)	(51,300,000)
Equity instruments designated as at fair value through other comprehensive income	5	(65,627)	(65,627)	(65,627)	(65,627)
Unrealised gain on foreign exchange	8	(3,042,274)	(1,732,300)	–	–
Reversal of/(interest income) on late payment charged to customers	8	30,386	(393,419)	–	–
Loss/(Gain) on deconsolidation of a subsidiary	A	–	17,235	–	(1,265)
Gain on disposal of property, plant and equipment	8	(21,150)	(68,389)	(100)	–
Gain on disposal of non-current assets classified as held for sale	8	–	(2,500,000)	–	–
Finance costs	8	–	493,181	–	–
Operating Profit/(Loss) Before Working Capital Changes		90,275,953	47,683,328	44,925	(24,141)
Movements in Working Capital: (Increase)/Decrease in:					
Inventories		(4,888,850)	55,671,266	–	–
Trade receivables		11,760,005	55,692,431	–	–
Other receivables and prepaid expenses		7,263,727	(4,931,873)	4,558	(52)
Increase/(Decrease) in:					
Trade payables		1,005,805	(221,771)	–	–
Other payables and accrued expenses		4,561,278	(11,146,260)	21,394	16,791
Amount due to ultimate holding company		(15,440,108)	27,686,491	–	–
Amount due to related companies		8,140,954	(22,864,302)	–	–
Cash Generated From/(Used In)					
Operations		102,678,764	147,569,310	70,877	(7,402)
Income tax (paid)/refunded-Net		(6,953,088)	(12,267,951)	46,371	(15,117)
Finance costs paid		–	(493,181)	–	–
Net Cash From/(Used In) Operating Activities		95,725,676	134,808,178	117,248	(22,519)

Statements Of Cash Flows
(cont'd)

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM/(USED IN)					
INVESTING ACTIVITIES					
Interests received		2,485,580	1,768,386	1,360	3,603
Dividend received		65,627	65,627	11,065,627	51,365,627
Proceeds from disposal of property, plant and equipment		21,150	68,389	100	–
Proceeds from deconsolidation of a subsidiary	A	–	–	–	2,677,693
Proceeds from disposal of non-current assets classified as held for sale	16	1,305,000	39,150,000	–	–
Advance payment for the acquisition of property, plant and equipment		(2,385,033)	(1,834,898)	–	–
Acquisition of property, plant and equipment	11	(15,979,890)	(10,312,958)	(5,596)	(10,300)
Net Cash (Used In)/From Investing Activities		(14,487,566)	28,904,546	11,061,491	54,036,623
CASH FLOWS FROM/ (USED IN)					
FINANCING ACTIVITIES					
Drawdown of bank borrowings	27	–	116,500,000	–	–
Repayments of bank borrowings	27	–	(187,800,000)	–	–
Dividends paid	24	(11,079,000)	(51,702,000)	(11,079,000)	(51,702,000)
Net Cash Used In Financing Activities		(11,079,000)	(123,002,000)	(11,079,000)	(51,702,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		70,159,110	40,710,724	99,739	2,312,104
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		275,399,315	233,523,174	15,202,492	12,890,388
Effects of exchange rate difference		3,220,683	1,165,417	–	–
CASH AND CASH EQUIVALENTS AS OF END OF THE YEAR	17	348,779,108	275,399,315	15,302,231	15,202,492

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
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Surplus on capital repayment from a subsidiary company	2,694,928 (2,677,693)
	<hr/>
Loss on deconsolidation of a subsidiary company	17,235
	<hr/>
The Company	2022 RM
Cost of investment (Note 13)	30,945,868
Less : Impairment losses (Note 13)	(28,269,440)
	<hr/>
Surplus on capital repayment from a subsidiary company	2,676,428 (2,677,693)
	<hr/>
Gain on deconsolidation of a subsidiary company	(1,265)
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The accompanying Notes form an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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 15, 2024.

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, 2023 as follows:

MFRS 17/Amendments to MFRS 17	Insurance contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosures of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred tax related Assets and Liabilities arising from a Single Transaction

The adoption of the above-mentioned 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 except as discussed below:

Changes in material accounting policies

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

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements.

International Tax Reform - Pillar Two Model Rules

The Amendments to MFRS 112 apply to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as 'Pillar Two legislation' and 'Pillar Two income taxes'.

The Group and the Company have applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes) issued on June 2, 2023. Accordingly, the Group and the Company neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes To Financial Statements

(cont'd)

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

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:

Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements 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 ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ¹
Amendments to MFRS 101	Non-current Liabilities in Covenants ¹
Amendments to MFRS 121	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after January 1, 2024 with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2025 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 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. MATERIAL 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.

Notes To Financial Statements

(cont'd)

3. MATERIAL 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.

Notes To Financial Statements

(cont'd)

3. MATERIAL 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.

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.

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.

Notes To Financial Statements

(cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

Income Taxes (Cont'd)

(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.

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.

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 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%

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.

Notes To Financial Statements

(cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

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.

Investments in subsidiary companies

Investment in unquoted shares of subsidiary companies is stated at cost.

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.

Provisions for Onerous Contracts

Provisions for onerous contracts are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of unavoidable net loss arising from an onerous contract.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The amount recognised as a provision for onerous contract 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.

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.

Notes To Financial Statements

(cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

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

(i) *Financial assets at amortised cost*

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.

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.

(ii) *Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")*

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 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 fair value through profit or loss ("FVTPL")*

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.

Notes To Financial Statements

(cont'd)

3. MATERIAL 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.

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.

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.

Notes To Financial Statements

(cont'd)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial Liabilities and Equity (Cont'd)

Financial liabilities

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

(i) *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.

(ii) *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*.

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.

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:

Notes To Financial Statements

(cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**(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 RM6,546,759 (2022: 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. 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.

5. REVENUE

Revenue comprises the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Sale of steel products	1,558,899,022	1,698,537,165	–	–
Revenue from other sources				
Dividend income from:				
Subsidiary company	–	–	11,000,000	51,300,000
Equity instruments designated as at FVTOCI	65,627	65,627	65,627	65,627
Rental income:				
Subsidiary company	–	–	51,840	51,840
Third party	27,303	27,303	27,303	27,303
	92,930	92,930	11,144,770	51,444,770
	1,558,991,952	1,698,630,095	11,144,770	51,444,770

Notes To Financial Statements

(cont'd)

5. REVENUE (CONT'D)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Timing of revenue recognition:				
Revenue from contracts with customers:				
At a point in time	1,558,899,022	1,698,537,165	–	–

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	
	2023 RM	2022 RM
Local sales	1,529,943,046	1,589,254,646
Export sales	28,955,976	109,282,519
	1,558,899,022	1,698,537,165

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

Segment revenues and results

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

	Cold rolled and coated steel products RM	Investment holding and others RM	Elimination RM	Total RM
2023				
Revenue				
External sales	1,558,899,022	92,930	–	1,558,991,952
Inter-segment sales	–	11,117,840	(11,117,840)	–
Total	1,558,899,022	11,210,770	(11,117,840)	1,558,991,952
Segment profit	53,477,290	10,512,981	(11,000,000)	52,990,271
Investment revenue	10,861,305	586,804	–	11,448,109
Profit before tax	64,338,595	11,099,785	(11,000,000)	64,438,380
Tax expense	(14,937,704)	(22,830)	–	(14,960,534)
Profit for the year	49,400,891	11,076,955	(11,000,000)	49,477,846

Notes To Financial Statements

(cont'd)

6. SEGMENT REPORTING (CONT'D)**Segment revenues and results (Cont'd)**

	Cold rolled and coated steel products RM	Investment holding and others RM	Elimination RM	Total RM
2023				
Segment profit includes the following expense/(income):				
Depreciation of:				
Property, plant and equipment	21,650,086	72,860	–	21,722,946
Right-of-use asset	237,126	–	–	237,126
Property, plant and equipment written off	182	–	–	182
Gain on disposal of property, plant and equipment	(21,050)	(100)	–	(21,150)
Write-down of inventories	6,546,759	–	–	6,546,759
Write-off of inventories	163,436	–	–	163,436
Provision for onerous contracts	2,751,369	–	–	2,751,369
2022				
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
2022				
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
Finance costs on bankers' acceptances	493,181	–	–	493,181
Write-off of inventories	508,349	–	–	508,349
Provision for onerous contracts	336,202	–	–	336,202

Notes To Financial Statements
(cont'd)

6. SEGMENT REPORTING (CONT'D)

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2023 RM	2022 RM	2023 RM	2022 RM
The Group				
Cold rolled and coated steel products	956,360,841	917,014,624	77,878,462	76,933,132
Investment holding	21,974,760	21,498,606	105,428	83,981
Total	978,335,601	938,513,230	77,983,890	77,017,113

Other segment information

	Capital additions	
	2023 RM	2022 RM
The Group		
Cold rolled and coated steel products	17,809,192	11,228,000
Investment holding	5,596	10,300
Total	17,814,788	11,238,300

Geographical segments

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

	Asia Pacific RM	Malaysia RM	Consolidated RM
The Group			
Year ended December 31, 2023			
Revenue from external customers by location of customers	28,955,976	1,530,035,976	1,558,991,952
Segment asset by location of assets	–	978,335,601	978,335,601
Segment liability by location of liabilities	–	77,983,890	77,983,890
Capital additions by location of assets	–	17,814,788	17,814,788

Notes To Financial Statements

(cont'd)

6. SEGMENT REPORTING (CONT'D)

Geographical segments (Cont'd)

	Asia Pacific RM	Malaysia RM	Consolidated RM
The Group			
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 liability by location of liabilities	–	77,017,113	77,017,113
Capital additions by location of assets	–	11,238,300	11,238,300

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from short-term placements with licensed banks	2,485,580	1,768,386	1,360	3,603
Fair value gain on money market instruments	8,962,529	3,001,263	570,198	431,396
	11,448,109	4,769,649	571,558	434,999

Notes To Financial Statements
(cont'd)

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on foreign exchange:				
Realised	9,429,415	17,575,723	–	–
Unrealised	3,042,274	1,732,300	–	–
Gain on disposal of non-current assets classified as held for sale*	–	2,500,000	–	–
(Reversal of)/interest income on late payment charged to customers	(30,386)	393,419	–	–
Gain on disposal of property, plant and equipment	21,150	68,389	100	–
(Loss)/Gain on deconsolidation of a subsidiary	–	(17,235)	–	1,265
Raw materials and consumables used	(1,337,909,936)	(1,509,380,957)	–	–
Staff costs [^]	(61,279,493)	(56,306,923)	–	–
Depreciation of property, plant and equipment (Note 11)	(21,722,946)	(22,308,245)	(57,579)	(56,029)
Changes in inventories of finished goods and work-in-progress	(4,186,404)	(47,721,279)	–	–
Provision for onerous contracts (Note 22)	(2,751,369)	(336,202)	–	–
Write-down of inventories (Note 15)	(6,546,759)	(12,126,142)	–	–
Write-off of inventories (Note 15)	(163,436)	(508,349)	–	–
Property, plant and equipment written off	(182)	(279,315)	–	–
Depreciation of right-of-use asset (Note 12)	(237,126)	(237,126)	–	–
Directors' remuneration, excluding monetary value of benefits-in-kind	620,183	552,086	204,000	180,000
Auditors' remuneration:				
Deloitte PLT and its affiliate:				
Statutory audit	(241,500)	(187,000)	(38,000)	(38,000)
Other assurance services	(3,000)	(3,000)	(3,000)	(3,000)
Other services	(85,500)	(65,200)	(10,500)	(8,600)
Other than Deloitte PLT:				
Statutory audit	(2,500)	(2,000)	–	–
Other service	(1,000)	(3,000)	–	–
Expense relating to leases of low-value assets (Note 12)	(18,101)	(15,517)	(2,398)	218
Finance costs on bankers' acceptances	–	(493,181)	–	–

Notes:

[^] 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 RM5,580,765 (2022: RM6,613,978).

* On April 23, 2021, the Group had entered into a sale and purchase agreement 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.

On April 13, 2022, upon transferred of the land title to the purchaser, the disposal is deemed completed and the Group recognised gain on disposal of non-current assets classified as held for sale of RM2,500,000 in the previous financial year.

Notes To Financial Statements

(cont'd)

8. PROFIT BEFORE TAX (CONT'D)

Directors' remuneration consists of the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors:				
Salaries and other emoluments	351,412	312,635	–	–
EPF contributions	64,771	59,451	–	–
	416,183	372,086	–	–
Non-executive directors:				
Fees	204,000	180,000	204,000	180,000
Directors' remuneration excluding monetary value of benefits-in-kind	620,183	552,086	204,000	180,000
Estimated monetary value of benefits-in-kind in respect of executive directors	50,212	49,440	–	–
	670,395	601,526	204,000	180,000

9. TAX EXPENSE

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Estimated tax payable:				
Current year	16,200,289	2,526,361	10,687	12,932
Under/(Over)provision in prior year	1,240,589	(47,878)	(192)	(310)
	17,440,878	2,478,483	10,495	12,622
Deferred tax (Note 21):				
Current year	(2,487,089)	756,540	–	–
Underprovision in prior year	6,745	62,642	–	–
	(2,480,344)	819,182	–	–
	14,960,534	3,297,665	10,495	12,622

Malaysian corporate income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the year.

Notes To Financial Statements (cont'd)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	64,438,380	17,905,654	11,054,433	51,290,325
Tax calculated using the statutory income tax rate of 24% (2022: 24%)	15,465,211	4,297,357	2,653,064	12,309,678
Tax effects of:				
Expenses not deductible in determining taxable profit	630,287	527,502	150,245	134,843
Income not taxable in determining taxable profit	(2,166,382)	(1,234,429)	(2,792,622)	(12,431,589)
Utilisation of reinvestment allowances	(215,916)	–	–	–
Utilisation of green investment tax allowance	–	(307,529)	–	–
Under/(Over)provision in prior year:				
Current tax	1,240,589	(47,878)	(192)	(310)
Deferred tax	6,745	62,642	–	–
Tax expense for the year	14,960,534	3,297,665	10,495	12,622

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	
	2023 RM	2022 RM
Profit for the year attributable to owners of the Company	49,477,846	14,607,989
Weighted average number of ordinary shares in issue (Note 19)	369,300,000	369,300,000
Basic earnings per ordinary share (sen)	13.40	3.96

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares outstanding as at December 31, 2023 and 2022.

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, 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	10,785,090	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/ January 1, 2023	4,170,809	85,636,597	542,453,389	6,426,734	33,169,716	12,715,675	684,572,920
Additions	-	-	-	139,190	5,596	17,670,002	17,814,788
Write-offs	-	-	(3,741,573)	-	(805,689)	-	(4,547,262)
Disposal	-	-	-	(153,089)	(8,370)	-	(161,459)
Reclassifications	-	130,800	7,321,666	-	2,649,022	(10,101,488)	-
Balance as of December 31, 2023	4,170,809	85,767,397	546,033,482	6,412,835	35,010,275	20,284,189	697,678,987
Accumulated depreciation							
Balance as of 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/ January 1, 2023	-	74,950,630	427,490,984	5,521,085	28,703,114	-	536,665,813
Charge for the year (Note 8)	-	2,386,893	17,415,727	283,404	1,636,922	-	21,722,946
Write-offs	-	-	(3,741,573)	-	(805,507)	-	(4,547,080)
Disposal	-	-	-	(153,089)	(8,370)	-	(161,459)
Balance as of December 31, 2023	-	77,337,523	441,165,138	5,651,400	29,526,159	-	553,680,220

Notes To Financial Statements
(cont'd)

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

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
Accumulated impairment Loss							
Balance of January 1, 2022/ December 31, 2022/ January 1, 2023/ December 31, 2023	-	-	913,773	-	-	-	913,773
Carrying amounts							
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
Balance as of December 31 2023	4,170,809	8,429,874	103,954,571	761,435	5,484,116	20,284,189	143,084,994

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, 2022	2,631,653	469,394	3,101,047
Addition	–	10,300	10,300
Disposal	–	(5,200)	(5,200)
Balance as of December 31, 2022/ January 1, 2023	2,631,653	469,394	3,106,147
Addition	–	5,596	5,596
Disposal	–	(6,100)	(6,100)
Balance as of December 31, 2023	2,631,653	473,990	3,105,643
Accumulated depreciation			
Balance as of January 1, 2022	480,187	461,256	941,443
Charge for the year (Note 8)	52,717	3,312	56,029
Disposal	–	(5,200)	(5,200)
Balance as of December 31, 2022/ January 1, 2023	532,904	459,368	992,272
Charge for the year (Note 8)	52,717	4,862	57,579
Disposal	–	(6,100)	(6,100)
Balance as of December 31, 2023	585,621	458,130	1,043,751
Carrying amounts			
Balance as of December 31, 2022	2,098,749	15,126	2,113,875
Balance as of December 31, 2023	2,046,032	15,860	2,061,892

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash payment	15,979,890	10,312,958	5,596	10,300
Advance payment for acquisition of property, plant and equipment	1,834,898	925,342	–	–
	17,814,788	11,238,300	5,596	10,300

Notes To Financial Statements
(cont'd)

12. RIGHT-OF-USE ASSET

	The Group	
	2023	2022
	RM	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	(6,540,968)	(6,303,842)
Charge for the year (Note 8)	(237,126)	(237,126)
As of end of year	(6,778,094)	(6,540,968)
Carrying amount		
As of beginning of year	16,369,233	16,606,359
As of end of year	16,132,107	16,369,233

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Amounts recognised in profit or loss</u>				
Expense relating to leases of low-value assets (Note 8)	18,101	15,517	2,398	218

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets 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.

The total cash outflows for leases of the Group and of the Company amounted to RM18,101 (2022: RM15,517) and RM2,398 (2022: RM218) respectively, which are 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 Group has applied for land title amalgamation with the Melaka State Government to combine four land titles into two land titles. Accordingly, the Melaka State Government has issued two new land titles on August 30, 2023, total land size reduced from 178,300 to 169,761 square metres and the lease term was extended. The lease will expire in year 2122 (2022: year 2092) and the Group does not have the option to acquire the leased land at the expiry of the lease period.

Notes To Financial Statements

(cont'd)

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2023	2022
	RM	RM
Unquoted shares, at cost		
As of beginning of year	383,499,438	414,445,306
Deconsolidated	–	(30,945,868)
As of end of year	383,499,438	383,499,438
Less: Accumulated impairment losses [^]		
As of beginning of year	–	(28,269,440)
Deconsolidated	–	28,269,440
As of end of year	–	–
	383,499,438	383,499,438

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

	Proportion of ownership interest and voting rights held by the Group		Principal Activity
	2023	2022	
Direct subsidiary companies			
CSC Steel Sdn. Bhd.	100%	100%	Manufacturing and marketing of steel products.
Indirect subsidiary company			
Constant Mode Sdn. Bhd. * (held through CSC Steel Sdn. Bhd.)	100%	100%	Investment holding in real property.

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

14. INVESTMENT IN EQUITY INSTRUMENTS

	The Group and The Company	
	2023	2022
	RM	RM
Financial assets at FVTOCI		
In Malaysia:		
Quoted shares	3,523,488	3,066,740

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.

Notes To Financial Statements
(cont'd)

15. INVENTORIES

	The Group	
	2023 RM	2022 RM
<u>Cost:</u>		
Raw materials	90,478,696	93,973,811
Work-in-progress	34,433,731	21,854,948
Finished goods	72,755,631	56,275,867
Consumables	46,661,417	45,767,909
	244,329,475	217,872,535
<u>Net realisable value:</u>		
Raw materials	29,753,895	24,787,228
Work-in-progress	23,974,121	24,900,710
Finished goods	33,143,029	65,461,392
	86,871,045	115,149,330
	331,200,520	333,021,865

The cost of inventories recognised as an expense of the Group includes RM6,546,759 (2022: RM12,126,142) in respect of write-down of inventories to net realisable values and RM163,436 (2022: RM508,349) in respect of write-off of inventories as disclosed in Note 8.

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group	
	2023 RM	2022 RM
Trade receivables	129,048,228	140,841,644

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

	The Group	
	2023 RM	2022 RM
Ringgit Malaysia	128,895,987	140,841,644
United States Dollar	152,241	-
	129,048,228	140,841,644

Trade receivables comprise amounts receivable for sale of goods. The credit period granted on sale of goods ranges from cash term to 90 days (2022: cash term to 90 days). The Group charges late payment interest on outstanding trade receivables, based on respective contract terms entered with customers.

Notes To Financial Statements

(cont'd)

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

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	
	2023	2022
	RM	RM
Personal guarantees	83,054,836	78,461,156
Corporate guarantees	29,345,358	39,022,814
Bank guarantees	3,119,498	3,584,136
Total	115,519,692	121,068,106

The aging of trade receivables are as below:

	The Group	
	2023	2022
	RM	RM
Not past due nor impaired	106,398,332	105,884,814
1 - 60 days past due but not impaired	22,649,896	31,471,569
61 - 120 days past due but not impaired	–	3,445,109
121 - 180 days past due but not impaired	–	40,152
Total	129,048,228	140,841,644

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.

Notes To Financial Statements
(cont'd)

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

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	722,276	10,362,518	2,380	6,938
Staff loans receivable	166,903	154,340	–	–
Prepaid expenses	1,381,631	1,130,716	–	–
Refundable deposits	210,947	216,947	12,717	12,717
Advance payments to suppliers	3,666,793	2,262,728	–	–
	6,148,550	14,127,249	15,097	19,655

Staff loans receivable comprises the following:

	The Group	
	2023 RM	2022 RM
Housing loans	279,443	396,369
Vehicle loans	304,592	214,996
	584,035	611,365
Less: Portion due within one year, included under current assets	(166,903)	(154,340)
Non-current portion	417,132	457,025

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.

At the end of previous financial year, other receivables include prepayments for the custom duty of importing raw materials amounting to RM8,480,305 and deposit held by tax authority for disposal of non-current assets classified as held for sale amounting to RM1,305,000.

During the year, the prepayments for the custom duty of importing raw materials of RM8,365,111 has been charged out to profit or loss as expense included in line item "cost of sales" of the statement of profit or loss and deposit held by tax authority for disposal of non-current assets classified as held for sale of RM1,305,000 has been received.

For the purpose of impairment assessment, the other receivables, staff loans receivable, and refundable deposits 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 and refundable deposits 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, staff loans receivable and refundable deposits.

17. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term placements with licensed banks	44,836,773	30,894,635	–	–
Cash and bank balances	19,496,004	58,540,877	136,445	126,904
Bank balances and deposits	64,332,777	89,435,512	136,445	126,904
Money market instruments	284,446,331	185,963,803	15,165,786	15,075,588
	348,779,108	275,399,315	15,302,231	15,202,492

Money market instruments are denominated in Ringgit Malaysia.

The currency exposure profile of short-term placements with licensed banks of the Group is as follows:

	The Group	
	2023 RM	2022 RM
Ringgit Malaysia	17,656,773	30,894,635
United States Dollar	27,180,000	–
	44,836,773	30,894,635

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	17,504,246	50,258,873	136,445	126,904
United States Dollar	1,991,758	8,282,004	–	–
	19,496,004	58,540,877	136,445	126,904

The average interest rate for short-term placements is 3.11% (2022: 2.34%) per annum and the average maturity period ranges from overnight to less than 3 months (2022: overnight to less than 3 month).

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 (2022: 1-day notice is required for any and all withdrawals).

18. SHARE CAPITAL

	No. of shares	The Group and the Company		No. of shares	RM
		2023	2022		
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.

19. TREASURY SHARES

	The Group and The Company	
	2023 RM	2022 RM
At cost:		
As of beginning of year and end of year	11,614,414	11,614,414

	Number of shares	
	2023	2022
Total number of issued and fully paid ordinary shares (Note 18)	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 treasury shares held) (Note 10)	369,300,000	369,300,000

20. RESERVES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable reserve:				
Investment revaluation reserve	2,110,975	1,654,227	2,110,975	1,654,227
Distributable reserve:				
Retained earnings	496,691,991	458,293,145	645,218	680,280
	498,802,966	459,947,372	2,756,193	2,334,507

Notes To Financial Statements

(cont'd)

20. RESERVES (CONT'D)**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.

21. DEFERRED TAX (LIABILITIES)/ASSETS

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	(18,665,527)	(20,665,111)	–	–
Inventories	1,571,222	2,910,273	–	–
Other payables and accrued expenses	2,816,370	266,414	–	–
Others	(730,145)	–	–	–
	(15,008,080)	(17,488,424)	–	–

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax liabilities	(15,008,080)	(17,488,424)	–	–

Notes To Financial Statements
(cont'd)

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

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

	Property plant and equipment RM	Inventories RM	Other payables and accrued expenses RM	Others RM	Total RM
The Group					
Balance as of 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/January 1, 2023	(20,665,111)	2,910,273	266,414	–	(17,488,424)
Recognised in profit or loss (Note 9)	1,999,584	(1,339,051)	2,549,956	(730,145)	2,480,344
Balance as of December 31, 2023	(18,665,527)	1,571,222	2,816,370	(730,145)	(15,008,080)

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	The Group	
	2023 RM	2022 RM
Trade payables	4,671,651	3,665,846

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 to 90 days (2022: 30 to 90 days).

Trade payables are denominated in Ringgit Malaysia.

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	10,244,402	11,257,812	57,582	24,688
Accrued expenses on:				
Product quality claim	109,000	84,000	–	–
Production incentives	763,582	723,213	–	–
Others	16,166,056	7,877,353	41,100	52,600
Provision for onerous contracts (Note 8)	2,751,369	336,202	–	–
Contract liabilities	1,958,282	4,667,961	–	–
Retention sum of payable to contractors for installation of plant and machineries	1,034,358	705,439	–	–
	33,027,049	25,651,980	98,682	77,288

Notes To Financial Statements

(cont'd)

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

Other payables and accrued expense of the Company are denominated in Ringgit Malaysia.

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

	The Group	
	2023	2022
	RM	RM
Ringgit Malaysia	31,947,300	23,488,519
United States Dollar	1,079,749	2,163,461
	33,027,049	25,651,980

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 RM6,216,067 (2022: RM1,336,479) and accrued operating and distribution expenses amounting to RM9,367,274 (2022: RM6,098,554).

Movement of provision for onerous contracts is as follow:

	The Group	
	2023	2022
	RM	RM
As of beginning of year	336,202	2,673,732
Provision for the year (Note 8)	2,751,369	336,202
Provision utilised	(336,202)	(2,673,732)
As of end of year	2,751,369	336,202

23. 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.

Notes To Financial Statements
(cont'd)

23. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Ultimate holding company				
Purchase of raw materials	928,415,277	927,283,730	–	–
Purchase of spare parts and consumables	48,585	42,157	–	–
Subsidiary companies				
Dividend received	–	–	11,000,000	51,300,000
Rental received	–	–	51,840	51,840
Related companies				
Purchase of raw materials	236,543,624	373,171,335	–	–
Purchase of spare parts and consumables	3,341,304	2,037,037	–	–
Acquisition of property, plant and equipment	2,636,125	–	–	–
Sale of goods	668,199	–	–	–
Technical fees paid and payable	74,551	59,508	–	–

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term benefits	1,167,383	1,415,759	–	–
Post-employment benefits	139,632	169,380	–	–

Notes To Financial Statements

(cont'd)

24. DIVIDENDS

	The Group and The Company	
	2023	2022
	RM	RM
<u>In respect of the financial year ended December 31, 2022:</u>		
Final, single-tier dividend of 14.00 sen per ordinary share	–	51,702,000
<u>In respect of the financial year ended December 31, 2023:</u>		
Final, single-tier dividend of 3.00 sen per ordinary share	11,079,000	–
	<hr/>	<hr/>
	11,079,000	51,702,000

The directors proposed a final single-tier dividend of 9.40 sen per share amounting to RM34,714,200 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, 2024.

25. 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 2022.

The capital structure of the Group consists of equity of the Company (comprising share capital, treasury shares and retained earnings as disclosed in Notes 18, 19 and 20).

Notes To Financial Statements
(cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments

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

	2023			2022				
	At amortised cost RM	FVTOCI RM	At FVTPL RM	Total RM	At amortised cost RM	FVTOCI RM	At FVTPL RM	Total RM
Financial assets								
The Group								
Investment in equity instruments	–	3,523,488	–	3,523,488	–	3,066,740	–	3,066,740
Trade receivables	129,048,228	–	–	129,048,228	140,841,644	–	–	140,841,644
Other receivables	722,276	–	–	722,276	10,362,518	–	–	10,362,518
Staff loans receivable	584,035	–	–	584,035	611,365	–	–	611,365
Refundable deposits	210,947	–	–	210,947	216,947	–	–	216,947
Cash and cash equivalents	64,332,777	–	284,446,331	348,779,108	89,435,512	–	185,963,803	275,399,315
	194,898,263	3,523,488	284,446,331	482,868,082	241,467,986	3,066,740	185,963,803	430,498,529
The Company								
Investment in equity instruments	–	3,523,488	–	3,523,488	–	3,066,740	–	3,066,740
Other receivables	2,380	–	–	2,380	6,938	–	–	6,938
Refundable deposits	12,717	–	–	12,717	12,717	–	–	12,717
Cash and cash equivalents	136,445	–	15,165,786	15,302,231	126,904	–	15,075,588	15,202,492
	151,542	3,523,488	15,165,786	18,840,816	146,559	3,066,740	15,075,588	18,288,887

Notes To Financial Statements

(cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)**Categories of Financial Instruments (Cont'd)**

The following table combines information about classes of financial instruments based on their nature and characteristics: (Cont'd)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Liabilities				
Trade payables	4,671,651	3,665,846	–	–
Other payables and accrued expenses	28,317,398	20,647,817	98,682	77,288
Amount due to ultimate holding company	12,050,818	27,315,301	–	–
Amount due to related companies	10,970,717	2,892,426	–	–
Total other financial liabilities, at amortised cost	56,010,584	54,521,390	98,682	77,288

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	
	2023 RM	2022 RM
Assets		
United States Dollar (Notes 16 and 17)	29,323,999	8,282,004
Liabilities		
United States Dollar (Notes 22 and 23)	24,101,284	32,371,188

Notes To Financial Statements (cont'd)

25. 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% (2022: 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 positive/(negative) number below indicates a increase/(decrease) in profit after tax and total equity where the RM strengthens/(weakens) 10% against USD.

	The Group Impact of USD	
	2023 RM	2022 RM
Profit after tax and total equity	522,272	(2,408,918)

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 as disclosed in Note 17. The Group and the Company consider the risk of significant changes to interest rates on those short-term placements with licensed banks 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% (2022: 20%) 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.

Notes To Financial Statements

(cont'd)

25. 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 RM12,059,031 (2022: RM10,891,152) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 25(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.

Notes To Financial Statements
(cont'd)

25. 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):

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
The Group				
2023				
Trade payables	–	4,671,651	4,671,651	4,671,651
Other payables and accruals	–	28,317,398	28,317,398	28,317,398
Amount due to ultimate holding company	–	12,050,818	12,050,818	12,050,818
Amount due to related companies	–	10,970,717	10,970,717	10,970,717
		56,010,584	56,010,584	56,010,584
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
The Company				
2023				
Other payables, deposits received and accruals	–	98,682	98,682	98,682
Financial guarantee contracts	–	–	12,059,031	12,059,031
		98,682	12,157,713	12,157,713
2022				
Other payables, deposits received and accruals	–	77,288	77,288	77,288
Financial guarantee contracts	–	–	10,891,152	10,891,152
		77,288	10,968,440	10,968,440

(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.

Notes To Financial Statements

(cont'd)

25. 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:

	Level 1 RM	The Group Level 2 RM	Level 3 RM
As at December 31, 2023			
Financial instruments:			
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia (Note 14)	3,523,488	-	-
Money market instruments (Note 17)	284,446,331	-	-
	287,969,819	-	-
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	-	-

Notes To Financial Statements
(cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

Fair values (Cont'd)

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

	Level 1 RM	The Company Level 2 RM	Level 3 RM
As at December 31, 2023			
Financial instruments:			
Investment in equity instruments designated as at FVTOCI - Investment in quoted shares in Malaysia (Note 14)	3,523,488	-	-
Money market instruments (Note 17)	15,165,786	-	-
	18,689,274	-	-
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	-	-

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, 2023	584,035	567,001
At December 31, 2022	611,365	519,787

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

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.

Notes To Financial Statements

(cont'd)

26. CAPITAL COMMITMENTS

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

	The Group	
	2023	2022
	RM	RM
Acquisition of property, plant and equipment:		
Approved and contracted for	17,705,894	4,242,450
Approved but not contracted for	6,614,135	15,971,760
	<hr/> 24,320,029	<hr/> 20,214,210

27. 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, 2022	71,300,000
Drawdown	116,500,000
Repayment	(187,800,000)
	<hr/> -
Balance as of December 31, 2022	<hr/> -

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, 2023 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

LIN, YI-JANE

Melaka
March 15, 2024

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LIN, YI-JANE**, 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.

LIN, YI-JANE

Subscribed and solemnly declared by the abovenamed LIN, YI-JANE at MELAKA on this 15th day of March 2024.

Before me,

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Class of Shares	: Ordinary shares
No. of Shareholders	: 7,939
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	16	0.201	192	0.000
100 – 1,000	1,153	14.523	939,867	0.254
1,001 – 10,000	4,638	58.420	23,210,804	6.285
10,001 – 100,000	1,887	23.768	58,978,374	15.970
18,465,000 and above**	1	0.012	171,000,000	46.303
Total:	7,939	100.000	369,300,000	100.000

Remark	: *	Less than 5% of Issued Shares
	: **	- 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDER

	Direct No. of Shareholder	Shares Held	Indirect No. of % Shares Held	%
China Steel Asia Pacific Holdings Pte. Ltd.	171,000,000	46.303	–	–

Note:

(1) Excludes 10,700,000 CHB shares bought back as at 29 March 2024 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)	12,625,000	3.418
3.	ENTERLIGHT INVESTMENTS PTE LTD	4,649,600	1.259
4.	NEOH CHOO EE & COMPANY, SDN. BERHAD	4,016,000	1.087
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 PLEGDED SECURITIES ACCOUNT FOR KHOO BEE LIAN	2,358,600	0.638

Analysis Of Shareholdings
(cont'd)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG PAIK PHENG (PB)	1,780,300	0.482
9.	LIM PEI TIAM @ LIAM AHAT KIAT	1,600,000	0.433
10.	NG TENG SONG	1,561,300	0.422
11.	CHAI SEE FOO	1,428,300	0.386
12.	NAR SWEE KIM & NAM THAH TSAI	1,372,900	0.371
13.	GAN KHO @ GAN HONG LEONG	1,362,800	0.369
14.	NG TENG SONG	1,337,600	0.362
15.	CHYE AH LAM @ CHAI MING SENG	1,273,000	0.344
16.	THEN YOON YIN	1,250,000	0.338
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN YUN HONG @ KUAN ONN HING	1,240,200	0.335
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN YUN HONG @ KUAN ONN HING (8076752)	1,214,500	0.328
19.	YEO KHEE HUAT	1,165,000	0.315
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,140,100	0.308
21.	LIEW SWEE MIO @ LIEW HOI FOO	1,100,000	0.297
22.	LOW SUAN KONG	1,092,900	0.295
23.	LEE GUAN HUAT	991,800	0.268
24.	SYED SIRAJUDDIN PUTRA JAMALULLAIL	980,000	0.265
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KIAN WAT (PB)	925,100	0.250
26.	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	920,000	0.249
27.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	894,000	0.242
28.	LIEW WENG TANG	830,000	0.224
29.	LEN NYOK CHONG	810,000	0.219
30.	LOW MEI LAN	800,000	0.216

Analysis Of Shareholdings

(cont'd)

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 (resigned on 30 January 2024)	–	–	–	–
4. Chen, Yi-Chien (resigned on 1 January 2024)	–	–	–	–
5. Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud (resigned on 31 December 2023)	–	–	–	–
6. Phong Hon Wai	–	–	–	–
7. Lim Lay Ching	–	–	–	–
8. Siti Haliza Binti Md Taib	–	–	–	–
9. Lin, Yi-Jane (appointed on 1 January 2024)	–	–	–	–
10. Lee, Chia-Cheng (appointed on 19 February 2024)	–	–	–	–

Notes:⁽¹⁾ Excludes 10,700,000 CHB shares bought back as at 29 March 2024 and retained as treasury shares.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2023

Description & Location	Existing Use	Tenure	Land/ Built- Up Area (Square Metres)	Age of Building Year(s)	Audited Net Book Value/ Prepaid Operating Lease as at 31-12-2023	Year of Acquisition
* No. HS(M): 7511, PT26795, Mukim Bukit Katil, Daerah Melaka Tengah	Industrial land built upon with a factory block	99-year lease expiring on 28.08.2122	163,033/ 61,988	26	21,250	1995
	Industrial land built upon with a factory block and an administration block			30		1992
	Industrial land built upon with a factory warehouse			7		1992
* No. HS(M): 7512, PT26796, Mukim Bukit Katil, Daerah Melaka Tengah	Vacant industrial land	99-year lease expiring on 28.08.2122	6,728	Not applicable	639	1992/1995
Lot 6634, Mukim Bukit Katil, Daerah Melaka Tengah	Building land built with tennis court, basketball court and car park	Freehold	11,333	Not applicable	4,223	1997
No. 8-3, 10-5 & 10-12 Hock Mansion, Harmony Condominium, Jalan Ujong Pasir 75000 Melaka (3 units of condominium)	Residential	Freehold	Not applicable/ 447	27	578	2009
Blok B, Pangsapuri Taman Pelangi, Ayer Keroh, Bukit Katil 75450 Melaka (10 units of apartments)	Residential	Freehold	Not applicable/ 1145	24	574	2011
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	11	1,468	2014

Note:

* On 30 August 2023, four (4) leasehold lands, previously being identified as lot numbers of 5212, 5213, 5214 and 5215 (Referencing codes HS(M)7106, HS(M)7107, PN 7009 and HS(M)7108), were consolidated into two (2) new land titles.

NOTICE OF 20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20th 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 Wednesday, 29 May 2024, 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 2023. | (Please refer to Explanatory Note 2) |
| 2. | To approve a final single tier dividend of 9.40 sen per share in respect of the financial year ended 31 December 2023. | (Resolution 1) |
| 3. | To approve the payment of Directors’ fees for an amount not exceeding RM230,000 for the financial year ending 31 December 2024 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. Chiu, Ping-Tung [Clause 77(2)] | (Resolution 3) |
| | ii. Huang, Chen-Jung [Clause 77(2)] | (Resolution 4) |
| | iii. Lin, Yi-Jane (Clause 79) | (Resolution 5) |
| | iv. Lee, Chia-Cheng (Clause 79) | (Resolution 6) |
| 5. | To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Board of Directors to determine their remuneration. | (Resolution 7) |

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 8) |
|----|--|-----------------------|

“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 of the Circular to Shareholders dated 29 April 2024, 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”).

Notice Of 20th Annual General Meeting

(cont'd)

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. 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 20th 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 21 May 2024**. Only a depositor whose name appears on the **Record of Depositors as at 21 May 2024** 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 9.40 sen per share for the financial year ended 31 December 2023, if approved by the shareholders at the 20th Annual General Meeting of the Company, will be paid on 9 July 2024 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 21 June 2024.

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 21 June 2024 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

WONG CHEE YIN (MAICSA 7023530, SSM PC No. 202008001953)

Company Secretaries

Johor Bahru

29 April 2024

Notice Of 20th Annual General Meeting

(cont'd)

NOTES:

1. APPOINTMENT OF PROXY

- i. For the purpose of determining who shall be entitled to attend this 20th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors as at 21 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 20th 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 20th 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 20th 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 20th AGM or adjourned 20th 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 TIH Online at <https://tih.online>. Kindly refer to 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 20th AGM or adjourned 20th 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 **Monday, 27 May 2024 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 20th 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 20th 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 20th AGM.
- xvi. In view that constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the 20th 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 20th AGM.

Notice Of 20th Annual General Meeting (cont'd)

NOTES: (CONT'D)

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2024.

4. RESOLUTIONS 3 TO 6: 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. Chiu, Ping-Tung [Clause 77(2)]
- ii. Huang, Chen-Jung [Clause 77(2)]
- iii. Lin, Yi-Jane (Clause 79)
- iv. Lee, Chia-Cheng (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 7: RE-APPOINTMENT OF AUDITORS

The Audit Committee had at its meeting held on 3 April 2024 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 2024. 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 7.

6. ORDINARY RESOLUTION 8: PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 8, if passed, will **renew** the authority given to the Company and its subsidiaries (collectively the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the 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 20th Annual General Meeting

(cont'd)

2023 ANNUAL REPORT OF THE COMPANY

Should you require a printed copy of the 2023 Annual Report and Circular to Shareholders, kindly request at our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., TIH Online website at <https://tjh.online> by selecting “Request for Annual Report/Circular” under the Investor Services. Alternatively, you may also make your request through email to Ms. Amanda Law Li Yen (amandalaw@cscmalaysia.com) or through telephone/email to our Share Registrar (603-2783 9299 or is.enquiry@my.tricorglobal.com).

The printed copy of the 2023 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 20TH ANNUAL GENERAL MEETING

A. There is no person standing for election as Director of the Company at this 20th AGM except for the following Directors who are standing for re-election at the 20th AGM of the Company pursuant to the Company's Constitution as follows:-

- (i) Chiu, Ping-Tung
- (ii) Huang, Chen-Jung
- (iii) Lin, Yi-Jane
- (iv) Lee, Chia-Cheng

Details of the above Directors who are standing for re-election at the 20th AGM of the Company are set out in the Directors' profile appearing on pages 006 to 008 of this Annual Report while their securities holdings are listed in the Analysis of Shareholdings – Directors' Shareholdings on page 108 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 2023, details of the Directors' attendances at Board meetings are found on page 017 of this Annual Report.

C. Date, Time and Place of the Annual General Meeting

Date : Wednesday, 29 May 2024
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 ANNUAL GENERAL MEETING

Date : Wednesday, 29 May 2024
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 **21 May 2024** 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.

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 Monday, 27 May 2024 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 TIH Online at <https://tiah.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 Monday, 27 May 2024 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 20th 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:

Administrative Guide For The Annual General Meeting (cont'd)

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's TIH Online website are summarised below:

	Procedure	Action
i. Steps for Individual Shareholders		
a	Register as a User with TIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tih.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 TIH Online, you are not required to register again.
b	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> 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 20TH 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.
ii. Steps for corporation or institutional shareholders		
a	Register as a User with TIH Online	<ul style="list-style-type: none"> Access TIH Online at https://tih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of CorporateHolder". 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. <p>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.</p>
b	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIH Online at https://tih.online Select the corporate exercise name: "CSC STEEL HOLDINGS BERHAD 20TH 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 TIH Online, select corporate exercise name: "CSC STEEL HOLDINGS BERHAD 20TH 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.

Administrative Guide For The Annual General Meeting

(cont'd)

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

Mr Muhammad Asyran: +603 2783 9249 / muhammad.asyran@my.tricorglobal.com

Mr Ashvinder Singh: +603 2783 7962 / ashvinder.singh@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 20th 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 Wednesday, 29 May 2024, at 10:30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	For	Against
1.	To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2023.			
Item	Description of Resolution	Resolution	For	Against
2.	To approve a final single tier dividend of 9.40 sen per share in respect of the financial year ended 31 December 2023.	1		
3.	To approve Directors' fees for the financial year ending 31 December 2024.	2		
4.	To re-elect Chiu, Ping-Tung [Clause 77(2)]	3		
5.	To re-elect Huang, Chen-Jung [Clause 77(2)]	4		
6.	To re-elect Lin, Yi-Jane (Clause 79)	5		
7.	To re-elect Lee, Chia-Cheng (Clause 79)	6		
8.	To re-appoint Messrs. Deloitte PLT as auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to determine their remuneration.	7		
9.	To approve the Proposal Renewal of Shareholders' Mandate for 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:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

- For the purpose of determining who shall be entitled to attend this 20th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors as at 21 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 20th AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this 20th 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.
- 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 20th AGM.



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Then fold here

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.

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