



LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)


**WELDING PROGRESS
THROUGH
SYNERGY**



WELDING PROGRESS THROUGH SYNERGY

Starting from the outline of Leon Fuat's factory, illustrated icons of Leon Fuat's operations and products link up together to form a lemniscate 'infinite' loop, embodying the achievement of long-term sustainable success and progress forged for its stakeholders through ensuring synergy across all segments.



OUR PRODUCTS

- Stainless Steel Flat
- Stainless Steel Long
- Carbon and Alloy Steel Flat
- Carbon and Alloy Steel Long

OUR PROCESSING AND/OR MANUFACTURING

- CNC Oxy-gas Cutting
- CNC Laser Cutting
- CNC Waterjet Cutting
- CNC Plasma Cutting
- Bandsaw Cutting
- Guillotine Shear
- CNC Press Brake (Bending)
- CNC Turret Punching
- Coil Levelling/Slitting
- Polishing
- Pipe Forming
- Expanded Metal
- Perforated Metal

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Lim Cheng Poh

Independent
Non-Executive Chairman

Dato' Sri Ooi Bin Keong

Executive Deputy Chairman

Ooi Seng Khong

Group Managing Director

Ooi Kong Tiong

Executive Director

Ng Kok Teong

Executive Director

Ooi Shang How

Executive Director

Chan Kee Loin

Non-Independent
Non-Executive Director

Thien Shy Wei

Independent
Non-Executive Director

Wong Sze Yan

Independent
Non-Executive Director

AUDIT COMMITTEE

Wong Sze Yan (Chairman)

Chan Kee Loin

Thien Shy Wei

NOMINATION COMMITTEE

Chan Kee Loin (Chairman)

Thien Shy Wei

Wong Sze Yan

REMUNERATION COMMITTEE

Thien Shy Wei (Chairman)

Chan Kee Loin

Wong Sze Yan

COMPANY SECRETARIES

Yeoh Chong Keat

SSM PC No.201908004096
MIA 2736

Lim Fei Chia

SSM PC No.202008000515
MAICSA 7036158

REGISTERED OFFICE

Lot 5, Level 10
Menara Great Eastern 2
No. 50 Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2031 1988
Fax : (603) 2031 9788
Email : archer@archer.com.my

PRINCIPAL PLACE OF BUSINESS

Wisma Leon Fuat

No. 11, Lorong Keluli 1B
Kawasan Perindustrian
Bukit Raja Selatan
Seksyen 7, 40000 Shah Alam
Selangor Darul Ehsan
Tel : (603) 3375 3333
Fax : (603) 3344 7777

AUDITORS

Baker Tilly Monteiro Heng PLT

Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (603) 2297 1000
Fax : (603) 2282 9980

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7890 4700
Fax : (603) 7890 4670
Email : info.my@boardroomlimited.com

PRINCIPAL BANKERS

AmBank (M) Berhad

Level 21, Bangunan AmBank Group
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2036 2633
Fax : (603) 2036 2458

Hong Leong Bank Berhad

Level 9, Menara Hong Leong
No. 6, Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur
Tel : (603) 2081 8888
Fax : (603) 2081 8935

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad

Ground Floor, East Block
Wisma Golden Eagle Realty
142-B Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2301 7000
Fax : (603) 2170 7100

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Sector/ : Industrial
Sub-sector Products
& Services/Metals
Stock Name : LEONFB
Stock Code : 5232

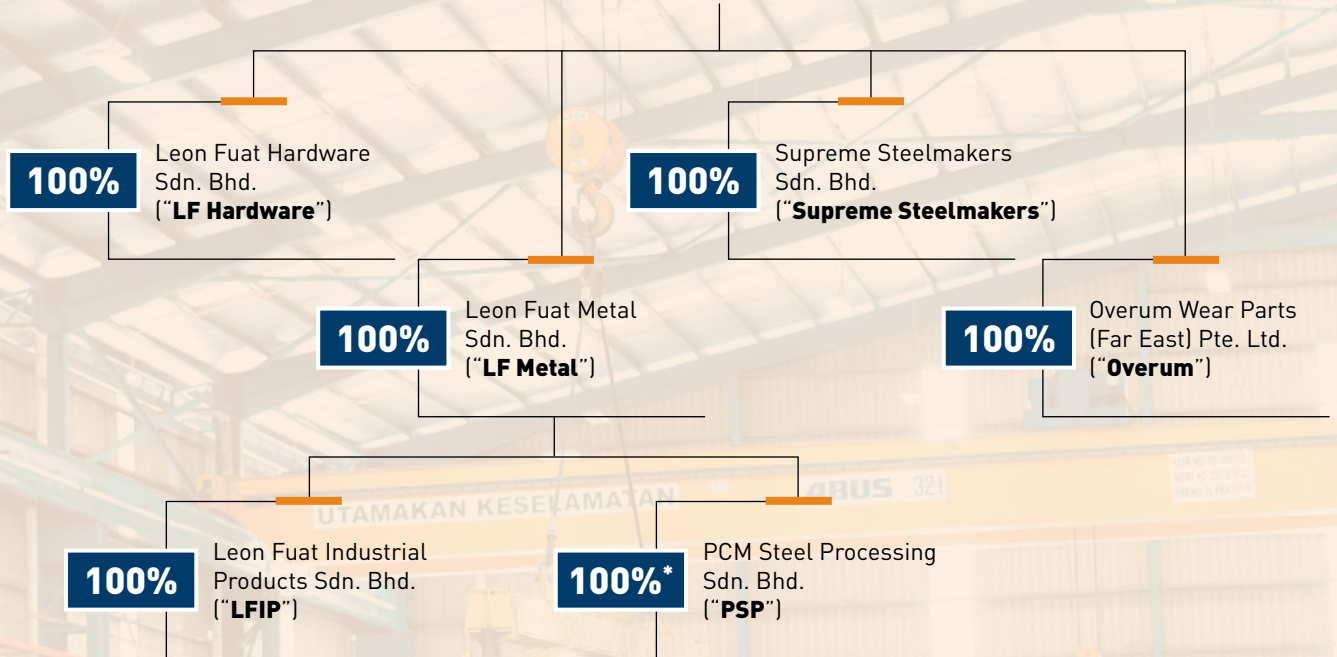
CORPORATE WEBSITE

www.leonfuat.com.my

CORPORATE STRUCTURE



LEON FUAT BERHAD



BOARD OF DIRECTORS



Front

Ooi Kong Tiong
Executive Director

Dato' Sri Ooi Bin Keong
Executive
Deputy Chairman

Dato' Lim Cheng Poh
Independent
Non-Executive Chairman

Ooi Seng Khong
Group Managing
Director

Ng Kok Teong
Executive Director

Back

Ooi Shang How
Executive Director

Wong Sze Yan
Independent
Non-Executive Director

Thien Shy Wei
Independent
Non-Executive Director

Chan Kee Loin
Non-Independent
Non-Executive Director

BOARD OF DIRECTORS' PROFILE

Dato' Lim Cheng Poh, the Chairman of the Board, was appointed to the Board on 6 January 2022 as an Independent Non-Executive Director.

He graduated from Camborne School of Mines, Cornwall, England in 1970 with a First Class with Distinction in Mining Engineering and awarded the Richard Pearce Gold Medal for being the best graduating student. He obtained a Master Degree in Science (Applied Engineering) from Queen's University at Kingston, Ontario, Canada in 1972 and a Master Degree in Business Administration from Harvard University Graduate School of Business Administration, Massachusetts, USA in 1978.

In 1972, he started his career in Malaysia as a mining engineer in Osborne & Chappel International ("O&CI") and eventually became a shareholder and an Executive Director of O&CI. He joined Hong Leong Group Malaysia in 1983 as the Managing Director for Hong Leong Credit Berhad (now known as Hong Leong Financial Group). In January 1994, he was appointed as the Senior Group Managing Director of Hong Leong Bank. Dato' Lim retired from Hong Leong Bank and the Hong Leong Group in October 2003 after having served the group for 21 years. On 15 June 2004, he joined AmBank (M) Berhad as its Managing Director/Chief Executive Officer. After the merger of the business operations of AmBank Berhad and AmFinance Berhad (renamed as AmBank (M) Berhad) on 1 June 2005, Dato' Lim was appointed as the Managing Director of Business Banking of the group. During 2005 to 2006, he was appointed as the Director of AmAssurance Berhad and AmIslamic Bank Berhad. Dato' Lim retired from AmBank Group in October 2015 after having served for over 10 years.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

DATO' LIM CHENG POH

Independent Non-Executive Chairman



Age
77

Gender
Male

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

DATO' SRI OOI BIN KEONG

Executive Deputy Chairman



Age
75

Gender
Male

Nationality
Malaysian

Dato' Sri Ooi Bin Keong was appointed to the Board on 21 June 2012. He was re-designated as the Executive Deputy Chairman of the Company on 1 October 2020. Prior to his re-designation, he was the Group Managing Director.

After completing his primary education in 1963, he worked at a coffee shop before he established Leong Huat Trading & Co in 1972 as a partnership, which was then mainly involved in the trading of steel products and undertook minor processing work.

In 1982, he co-founded Leon Fuat Group together with Ooi Kong Tiong and the late Ng Chee Tiang by establishing LF Hardware to take over the business of Leong Huat Trading & Co. They then established LF Metal, Supreme Steelmakers and Asa Steel (M) Sdn. Bhd. ("ASA Steel") in 1983, 1991 and 1995 respectively. As the co-founder and with approximately 53 years of experience in the steel industry, he has been instrumental in the growth and development of Leon Fuat Group and has also contributed significantly to the success of the Group particularly in driving the Group's overall vision and strategy.

As the Executive Deputy Chairman of the Company, he oversees the overall management of the operations, business directions and strategies of the Group.

He is currently the President of the 60th Executive Committee (2023 - 2025) of the Malaysia Steel and Metal Distributors' Association (MSMDA).

He is the father of Ooi Shang How, the Executive Director of the Company.

He is the major shareholder of the Company by virtue of his interest in Leon Fuat Holdings Sdn. Bhd., a major shareholder of the Company.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

BOARD OF DIRECTORS' PROFILE

Ooi Seng Khong was appointed to the Board on 21 June 2012. He was promoted and re-designated as Group Managing Director on 1 October 2020.

After completing his primary school education in 1975, he was involved in his family's paper packaging business before joining Leong Huat Trading & Co as a machine operator in 1979. In 1982, he joined LF Hardware as a sales representative and subsequently in 1983, he was appointed as Head of Operations of LF Metal. In 1999, he was appointed as the Managing Director of LF Metal and holding this position until 30 September 2020. During this period, he has been instrumental in the growth and development of Leon Fuat Group. With approximately 46 years of experience in the steel industry, he has contributed significantly to the Group's success.

As the Group Managing Director, he is responsible for formulating the strategic business direction of the Group and ensuring the day-to-day management and business affairs of the Group is effectively managed, amongst other executive responsibilities.

He is the brother of Dato' Sri Ooi Bin Keong and Ooi Kong Tiong, the Executive Directors of the Company.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

Ooi Seng Khong

Group Managing Director



Age
63

Gender
Male

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

OOI KONG TIONG

Executive Director



Ooi Kong Tiong was appointed to the Board on 21 June 2012.

After completing his primary education in 1967, he opted to join the working community and worked at a coffee shop before he joined Leong Huat Trading & Co in 1972 as a machine operator and sales executive. In 1982, he co-founded Leon Fuat Group together with Dato' Sri Ooi Bin Keong and the late Ng Chee Tiang by establishing LF Hardware to take over the business of Leong Huat Trading & Co. Together with Dato' Sri Ooi Bin Keong and the late Ng Chee Tiang, they established LF Metal, Supreme Steelmakers and ASA Steel in 1983, 1991 and 1995 respectively.

As the Group's co-founder and Executive Director, he has been instrumental in the growth and development of Leon Fuat Group. With approximately 53 years of experience in the steel industry, he has contributed significantly to the Group's success particularly in driving the sales operations for the Group. He is currently responsible for overseeing the sales operations as well as the Group's business planning and implementation.

He is the brother of Dato' Sri Ooi Bin Keong and Ooi Seng Khong, the Executive Directors of the Company.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

Age
71

Gender
Male

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

Ng Kok Teong was appointed to the Board on 21 June 2012. He graduated with a Diploma in Business Studies from Stamford College, Malaysia in 1989.

He started his career in 1990 when he joined LF Hardware as a sales representative before he was appointed as the Executive Director of LF Hardware in 1999. He is the Managing Director of LF Hardware and is responsible for overseeing the business and operations of the company.

He is the son of the late Ng Chee Tiang, one of the co-founders of Leon Fuat Group. He is the major shareholder of the Company by virtue of his interest in Leon Fuat Holdings Sdn. Bhd., a major shareholder of the Company.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

NG KOK TEONG

Executive Director



Age
56

Gender
Male

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

OOI SHANG HOW

Executive Director



Ooi Shang How was appointed to the Board on 21 June 2012. He obtained his Cambridge A-Level certificate from Taylor's College, Malaysia in 1997. Between 1998 and 2001, he undertook studies in Monash University and RMIT in Australia before he started his career in 2002 when he joined LF Metal as a sales and marketing representative.

In 2005, he was appointed as the Executive Director of LF Metal where he was mainly involved in business development and procurement planning as well as information technology functions of the company. He is responsible for overseeing the daily operations, business expansion plans and business development functions of LF Metal, amongst other executive responsibilities.

He is the son of Dato' Sri Ooi Bin Keong, the Executive Deputy Chairman of the Company.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

Age
46

Gender
Male

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

Chan Kee Loin, the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee, was appointed to the Board on 21 June 2012 as an Independent Non-Executive Director. Mr. Chan was re-designated as a Non-Independent Non-Executive Director on 9 April 2024.

He undertook his studies in Tunku Abdul Rahman College where he completed a three years extra-mural course in Financial Accounting in 1987 and was a finalist in professional examination of the Chartered Association of Certified Accountants, United Kingdom. He started his career in early 1988 as an audit assistant in a small firm of Public Accountants in Johor Bahru. In early 1989, he joined a medium size public accounting firm in Kuala Lumpur where he was promoted to Director in 2000. He brings with him vast experience in statutory audits, due diligence audits, share and business valuation and provision of professional services as adviser, coordinator and Reporting Accountants for corporate exercises.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

CHAN KEE LOIN

Non-Independent Non-Executive Director



Age
61

Gender
Male

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

THIEN SHY WEI

Independent Non-Executive Director



Thien Shy Wei, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee, was appointed to the Board on 31 May 2023 as an Independent Non-Executive Director.

She holds a degree in Bachelor of Law from the University of London and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2007 and has 17 years of experience under her belt.

She joined Messrs Yee How & Tan on 15 October 2008 and currently, she is the Senior Associate of the firm. Her primary focus is in the area of dispute resolution, corporate matters and regularly handle matters in the High Court and on appellate level.

Her experience spans across a wide range of legal areas such as debt recovery, insolvency, land and commercial disputes as well as estate and family matters/disputes. Her esteemed client portfolio encompasses a spectrum of companies including listed companies and SMEs to whom she advises to safeguard against any potential legal risk, draft and review legal documentation ensuring the legality of commercial transactions and negotiating for favourable settlement in debt recovery.

She attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2024.

Age
44

Gender
Female

Nationality
Malaysian

BOARD OF DIRECTORS' PROFILE

Wong Sze Yan, the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee, was appointed to the Board on 1 February 2024 as an Independent Non-Executive Director.

He holds a Bachelor of Commerce (Hons) degree in Accounting from University Tunku Abdul Rahman. After graduation, he joined a couple of public accounting firms and was previously attached with an international top six (6) accounting firm. He is a member of the Malaysian Institute of Accountants (MIA) and a Fellow member of Certified Practising Accountant (FCPA) Australia. He is an approved company auditor and the managing proprietor of Aaron Wong & Co., a professional firm providing audit and accounting services since 2023.

He has more than 20 years of audit and finance experience and was involved in the statutory audit of companies listed in Malaysia, including foreign subsidiaries and associates based in China, Indonesia and South Africa. He had also led teams in financial due diligence and agreed upon procedures ("AUP") engagements and had served a wide range of clients from MNCs and public listed clients in various diversified industries such as property development, construction, manufacturing, oil & gas, logistics, Information Technology services and others.

WONG SZE YAN

Independent Non-Executive Director



Age
42

Gender
Male

Nationality
Malaysian

ADDITIONAL NOTES:

Save as disclosed, none of the Directors have any: -

1. Directorships in public companies and listed issuers;
2. Family relationship with other Directors and/or major shareholders of the Company;
3. Conflict of interests with the Company; and
4. Conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF KEY MANAGEMENT PERSONNEL

NG LAM KEONG

Executive Director of
LF Hardware

Age	Gender	Nationality
67	Male	Malaysian

Ng Lam Keong is the Executive Director of LF Hardware. After completing his primary education in 1971, he joined his family's paper packaging business from 1972 to 1981.

In 1982, he joined LF Hardware as a machine operator and was subsequently promoted to overseeing the management of the steel processing operations for the company and management of human resources in 1992. In 1999, he was appointed as the Executive Director of LF Hardware. He is mainly responsible for overseeing the sales and procurement functions of LF Hardware.

He is the brother of Dato' Sri Ooi Bin Keong, Ooi Kong Tiong and Ooi Seng Khong, the Executive Directors of the Company.

OOI PEK KUAN

Managing Director of
LF Metal

Age	Gender	Nationality
60	Male	Malaysian

Ooi Pek Kuan is the Managing Director of LF Metal. After completing his Form 4 education, he started his career in 1983 when he joined LF Metal as a machine operator.

In 1999, he was appointed as the Executive Director of LF Metal and was redesignated as the Managing Director of LF Metal on 1 October 2020. He has accumulated approximately 42 years of experience in the steel industry. He is responsible for overseeing the overall management, business development and procurement functions of LF Metal.

He is the brother of Dato' Sri Ooi Bin Keong, Ooi Kong Tiong and Ooi Seng Khong, the Executive Directors of the Company.

NG KOK WEE

Executive Director of
LF Metal

Age	Gender	Nationality
54	Male	Malaysian

Ng Kok Wee is the Executive Director of LF Metal. He obtained his Bachelor of Commerce Degree in Accounting from Nelson Polytechnic, New Zealand in 1999.

He started his career in 2000 when he joined Ling Kam Hong & Co, an audit firm in Kuala Lumpur as a semi-senior. In 2002, he joined Leon Fuat Holdings Sdn. Bhd. as the Accounts Executive. Subsequently in 2007, he joined LF Hardware as the Assistant Accountant before he was transferred to LF Metal in 2009 as the Finance Manager. He was appointed as the Executive Director of LF Metal since 2010.

He is the brother of Ng Kok Teong, the Executive Director of the Company.

He is the major shareholder of the Company by virtue of his interest in Leon Fuat Holdings Sdn. Bhd., a major shareholder of the Company.

OOI SHANG YAO

Executive Director of
Supreme Steelmakers

Age	Gender	Nationality
43	Male	Malaysian

Ooi Shang Yao is the Executive Director of Supreme Steelmakers. In 2006, he obtained his Bachelor Degree in Business from Swinburne University of Technology, Australia.

He started his career in 2007 when he joined Supreme Steelmakers as a sales and marketing representative and was subsequently tasked to involve in procurement planning and overseeing the factory operations of Supreme Steelmakers. In 2013, he was promoted as the General Manager of Supreme Steelmakers assisting the Managing Director in overseeing the factory operations, human resource and administrative functions of the company.

He was appointed as the Executive Director of Supreme Steelmakers on 15 March 2017.

He is the son of Dato' Sri Ooi Bin Keong, the Executive Deputy Chairman of the Company.

PROFILE OF KEY MANAGEMENT PERSONNEL

TAN KIEN YAP

Chief Financial Officer

Age	Gender	Nationality
53	Male	Malaysian

Tan Kien Yap is the Chief Financial Officer of the Company. In 1997, he obtained his Bachelor of Accountancy Degree from Universiti Putra Malaysia. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) since 2000.

He started his career in 1997 with Price Waterhouse (predecessor firm of Pricewaterhouse Coopers) as an Audit Assistant before he was promoted to Senior Associate in 1999. Subsequently in 2000, he joined Leon Fuat Holdings Sdn. Bhd. as the Group Accountant. In 2013, he was transferred to Leon Fuat Berhad and assumed his current position as the Chief Financial Officer. He is primarily responsible for overseeing the financial management, reporting and financial activities of Leon Fuat Group.

WONG CHOONG HENG

Assistant General Manager of LF Metal

Age	Gender	Nationality
57	Male	Malaysian

Wong Choong Heng is the Assistant General Manager of LF Metal. In 2005, he obtained his Master in Business Administration Degree from the University of Hull, United Kingdom.

He started his career in 1988 when he joined Asahi Techno Vision (S) Pte Ltd in Singapore as a fitter and was promoted to technician group leader in year 1991. He returned to Malaysia in 1996 to join Hanwa AJ (M) Sdn. Bhd. as Production Executive and was promoted to Production Manager in year 1999. He left Hanwa AJ and joined LF Metal in 2002 as Factory Operations Manager. In 2006, he was promoted as Assistant General Manager of LF Metal, assisting the Executive Directors in overseeing the factory operations, human resource and administrative functions of the company.

In 2015, he attended a Professional Certification in Human Resources programme and subsequently became a Professional Member (CAHRI) of Australian Human Resources Institute (AHRI). He is also a Chartered Member (Chartered MCIPD) of Chartered Institute of Personnel Development (CIPD), UK since 2016.

He continued to pursue his study in year 2016 and obtained Graduate Certificate of Business by University of Southern Queensland, Australia before he rejoined LF Metal in the same year.

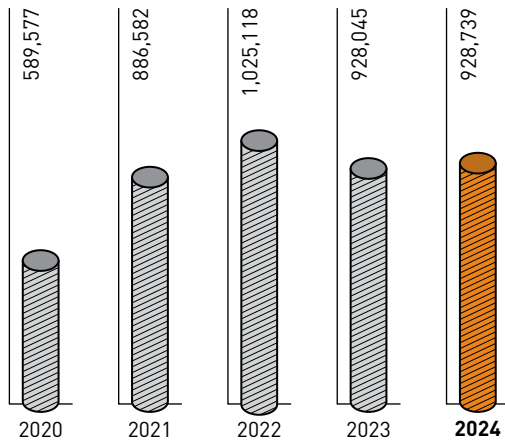
ADDITIONAL NOTES:

Save as disclosed, none of the Key Management Personnel have any:-

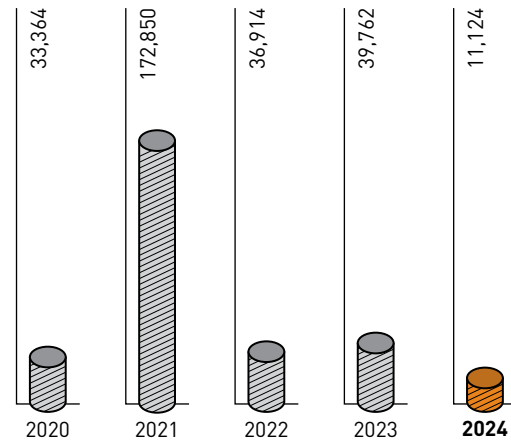
1. Directorships in public companies and listed issuers;
2. Family relationship with other directors and/or major shareholders of the Company;
3. Conflict of interests with the Company; and
4. Conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

FINANCIAL HIGHLIGHTS

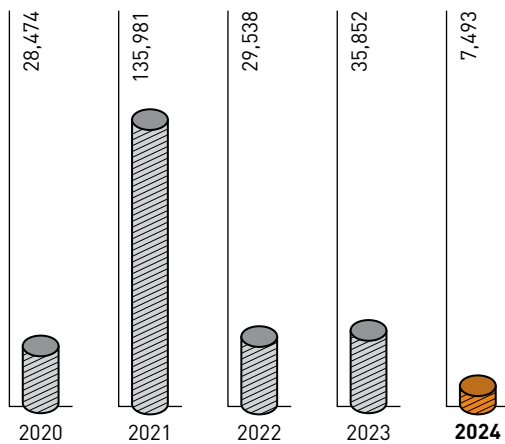
Revenue
(RM'000)



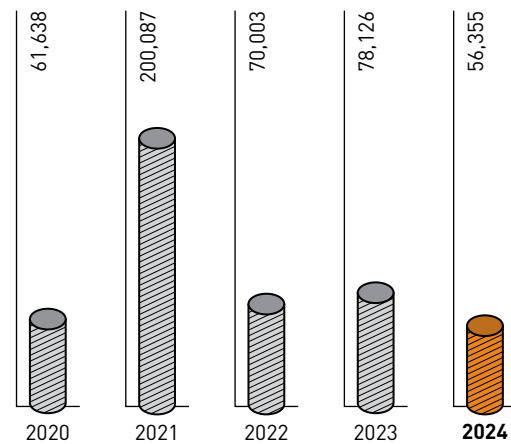
Profit Before Tax
(RM'000)



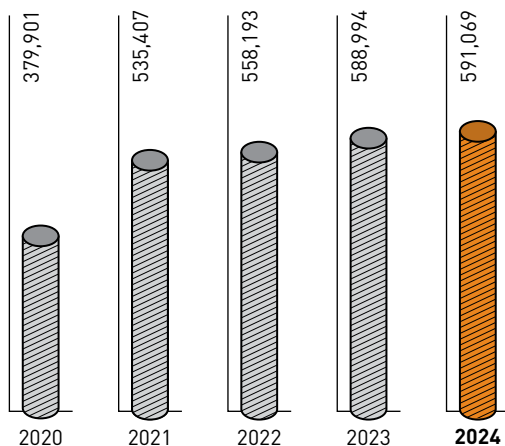
Profit After Tax
(RM'000)



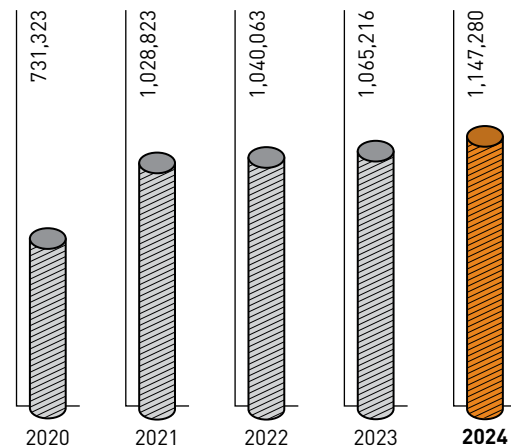
Earning Before Interest, Tax, Depreciation & Amortisation
(RM'000)



Total Equity
(RM'000)



Total Assets
(RM'000)



A large industrial warehouse filled with stacks of metal coils, with a futuristic graphic overlay in the foreground.

**FORGING
EXCELLENCE
THROUGH
INNOVATION**

CHAIRMAN'S STATEMENT



“

Dear Shareholders,

The financial year 2024 has been a year of resilience and strategic adaptation for both Malaysia and Leon Fuat. The Malaysian economy expanded by 5.1%, a notable improvement from 3.6% in the previous year¹, reflecting sustained domestic demand and a resurgence in exports. This growth was supported by a robust labour market, policy measures aimed at stimulating economic activity, and strong investment flows into major national projects. These factors collectively reinforced the economic landscape, providing a solid foundation for businesses to navigate an evolving global environment.

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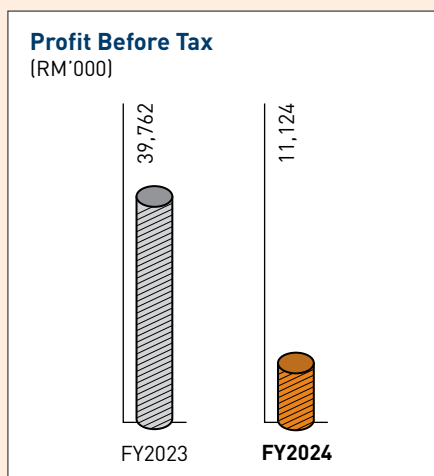
Dato' Lim Cheng Poh
Independent Non-Executive Chairman

¹ https://www.bnm.gov.my/-/qb24q4_en_pr

CHAIRMAN'S STATEMENT

2024 Overview

In a year characterised by economic shifts and external challenges, Leon Fuat remained steadfast in executing its strategic objectives. For the financial year ended 31 December 2024 ("FY2024"), our revenue stood at RM928.74 million, maintaining stability against RM928.05 million for FY2023. However, the Group recorded a profit before tax ("PBT") of RM11.12 million, a significant decline from RM39.76 million for the preceding financial year. This was primarily due to margin compression amidst declining steel prices, subdued global demand, and higher finance costs.



Despite these challenges, we continued to prioritise operational efficiency and strategic expansion. Notably, our welded steel pipe manufacturing facility in Port Klang progressed as planned. Phase 1 remains operational, while Phase 2 was successfully completed, adding a dedicated production line for larger outer diameter welded steel pipes up to 12 inches. This expansion enhances our production capabilities, positioning the Group to capitalise on future demand growth in both domestic and regional markets.

Malaysia's steel industry is poised for growth, supported by government infrastructure projects and increasing steel consumption. The Malaysian Iron and Steel Industry Federation ("MISIF") projects apparent steel consumption ("ASC") to reach 8.3 million tonnes in 2024, with the potential to exceed 9 million tonnes should large-scale government infrastructure projects materialise². This is reinforced by the value of construction work done in Malaysia, which surged by 20.2% to RM158.8 billion in 2024, indicating a strong pipeline of development activities³.

In addition, Budget 2025, the largest in Malaysia's history at RM421 billion, includes RM86 billion for development expenditure, signalling continued support for infrastructure projects. This allocation bodes well for the construction and steel industries, presenting growth opportunities in the year ahead.

However, the global steel market remains dynamic and volatile, influenced by multiple economic and geopolitical factors. Steel and raw material prices saw a

decline of up to 4% month-on-month in early 2025, primarily due to subdued global demand, sluggish trade activity, and ongoing economic uncertainties in China⁴. The persistent tariff and trade tensions between major economies, particularly between the United States and China, continue to shape market sentiment and disrupt supply chain stability. While these challenges pose headwinds for the industry, they also create opportunities as global steel trade patterns adjust. Notably, China's steel output remained constrained due to regulatory measures and sluggish domestic demand, leading to a more balanced global supply landscape despite ongoing market challenges⁵. This has opened avenues for other key producers in Southeast Asia, to step up and fill market gaps. As such, despite near-term uncertainties, the evolving supply-demand dynamics could set the stage for a gradual market stabilisation, offering growth potential for agile and strategically positioned players like Leon Fuat.

As we move forward, Leon Fuat remains focused on strengthening its market presence and operational resilience. We will continue to enhance our production capabilities, optimise cost structures, and explore new avenues for growth and innovation. Our diverse customer base, spanning industries such as precision engineering, manufacturing, healthcare, plantation, and construction, remains a key strength that enables us to mitigate sector-specific risks.

Our welded steel pipe manufacturing facility in Port Klang progressed as planned. Phase 1 remains operational, while Phase 2 was successfully completed, adding a dedicated production line for larger outer diameter welded steel pipes up to 12 inches.



Revenue

FY2024

RM928.74 million

FY2023 RM928.05 million

² <https://www.seaisi.org/details/24956?type=news-rooms>

³ <https://theedgemalaysia.com/node/743899>

⁴ <https://www.seaisi.org/details/26117?type=news-rooms>

⁵ <https://www.mysteel.net/news/5074943-nbs-steel-output-at-key-chinese-steel-hubs-slips-1-yoy-in-2024>

⁶ <https://assets.kpmg.com/content/dam/kpmg/my/pdf/budget-snapshot-2025-2.pdf>

CHAIRMAN'S STATEMENT



Furthermore, we are committed to navigating the evolving global steel market through strategic agility and prudent risk management. We will closely monitor market trends, adjust our strategies accordingly, and leverage emerging opportunities arising from global trade realignments.

2025 Outlook

As we enter 2025, the economic landscape remains dynamic and multifaceted, shaped by shifting global steel demand, trade policies, and Malaysia's infrastructure-led growth trajectory. Malaysia's economy is forecasted to expand between 4.5% and 5.5%, buoyed by resilient domestic demand, private sector expenditure, and a stabilising external sector⁶. With the government's RM421 billion Budget 2025, which includes RM86 billion in development expenditure, the construction and infrastructure sectors remain central to the country's economic expansion, offering promising opportunities for the steel industry⁷.

Beyond Malaysia, ASEAN as a whole continues to be an area of growth, driven by infrastructure development and foreign investment. Countries such as Indonesia, Vietnam, and Thailand are experiencing increasing steel consumption, fuelled by large-scale construction projects and industrial expansion. The region's role as a manufacturing hub, bolstered by supply chain diversification and strategic investments, positions ASEAN as a key market for steel producers. Malaysia, in particular, stands to benefit from these regional trends, with its strong industrial base and

government-led initiatives aimed at strengthening its position as a competitive player in the global steel supply chain.

The global steel market, however, is navigating a period of recalibration. According to the World Steel Association ("worldsteel"), global steel demand is expected to decline by 0.9% in 2024 to 1,751 million tonnes (Mt), marking the third consecutive year of contraction. However, a broad-based recovery is anticipated in 2025, with demand rebounding by 1.2% to 1,772 Mt, particularly in markets outside China. Despite this projected growth, global steel trade continues to be influenced by tariff adjustments and trade tensions, particularly between major economies, which could impact pricing and supply chain efficiencies⁸.

Domestically, Malaysia's infrastructure sector is experiencing a surge in investments, reinforcing the steel industry's prospects. Key projects such as the Sabah-Sarawak Link Road, with a staggering RM7.4 billion total value⁹, and supported by a RM6.7 billion allocation for Sabah and RM5.9 billion for Sarawak in development funding, will enhance connectivity and regional growth¹⁰. Additionally, the Rapid Transit System ("RTS") Link, valued at RM5.24 billion, is set to improve cross-border transit between Johor and Singapore, further stimulating economic activity in the region¹¹. The Johor-Singapore Special Economic Zone (SEZ), which is expected to elevate Johor's GDP to RM250 billion by 2030, will create new demand for construction and industrial development, driving further steel consumption¹².

⁷ <https://www.cleartax.com/my/en/malaysia-budget-2025>

⁸ <https://worldsteel.org/media/press-releases/2024/worldsteel-short-range-outlook-october-2024/>

⁹ <https://dayakdaily.com/phase-2-of-sarawak-sabah-link-road-project-to-take-5-years-faces-geographic-challenges/>

¹⁰ https://premierdept.sarawak.gov.my/web/subpage/news_view/8099/UKAS

¹¹ <https://www.nst.com.my/news/nation/2024/07/1072283/ags-report-rt-link-project-estimated-infrastructure-cost-rises-299-pct>

¹² <https://theedgemalaysia.com/node/741837>

CHAIRMAN'S STATEMENT

The increasing emphasis on digital investments and data centre development is another key driver of infrastructure demand in Malaysia. Between 2021 and mid-2024, Malaysia secured RM90.2 billion in foreign direct investment ("FDI") for 12 data centres, while digital investments surged to RM141.72 billion in the first 10 months of 2024, more than three times the amount approved in 2023¹³. As data centres continue to expand across the country, the capital expenditure in this sector will drive demand for steel-intensive infrastructure, including structural frameworks, cooling systems, and power distribution networks.

Despite the evolving market conditions, Leon Fuat remains well-positioned to navigate the shifting industry landscape with strategic foresight and operational agility. The Group's expansion in welded steel pipe manufacturing, coupled with its diverse steel trading and processing portfolio, reinforces its ability to support rising infrastructure demands while mitigating the challenges of industry fluctuations. As global trade realignments, supply chain adjustments, and shifting steel consumption trends continue to reshape the sector, Leon Fuat remains steadfast in optimising its operational efficiencies, strengthening its sourcing strategies, and maintaining resilience in a competitive marketplace.

As Malaysia progresses into its next phase of economic development, Leon Fuat is committed to reinforcing its position as a leading player in the steel industry while adapting to the evolving global and regional landscape. Guided by a disciplined approach to cost management, prudent risk mitigation, and proactive supply chain strategies, the Group remains steadfast in capturing growth opportunities across key sectors, from infrastructure and industrial development to digital and high-growth industries. With a clear focus on long-term sustainability and value creation, Leon Fuat is confident in its ability to deliver sustained growth, enhance shareholder value, and contribute meaningfully to Malaysia's economic progress in the years ahead.

The global trade environment may face renewed uncertainty following the return of former U.S. President Donald Trump, given his historically protectionist stance and the new or reinstated tariffs. The reinstatement of tariffs under the Trump administration has raised concerns about global trade dynamics, particularly within the steel industry.

Our diverse customer base, spanning industries such as precision engineering, manufacturing, healthcare, plantation, and construction, remains a key strength that enables us to mitigate sector-specific risks.

In February 2025, President Trump expanded Section 232 tariffs, imposing a 25% duty on all steel imports and increasing the aluminium tariff from 10% to 25%¹⁴. Therefore, Malaysia could potentially benefit from trade shifts. According to MITI, the U.S. tariffs on exports from countries such as China, Mexico, and Canada could open new opportunities for Malaysian exporters to strengthen their presence in the U.S. market, as Malaysian products may become more competitive by comparison. However, MITI also noted that it is still too early to determine the long-term impact, as relocation of supply chains and investment flows will take time to materialise¹⁵. As a participant in the regional steel industry, Leon Fuat remains vigilant of these developments and their potential implications on cross-border trade, particularly involving Malaysia, China, and Southeast Asia. We will continue to monitor evolving policies and respond with strategic agility to mitigate risks, ensure supply chain resilience, and protect our competitive position.

Appreciation Note

As we reflect on FY2024, it has been a year of adaptation and perseverance, shaped by both challenges and opportunities. Through shifting economic conditions and evolving industry dynamics, Leon Fuat has remained steadfast in its commitment to resilience, operational excellence, and long-term growth. The dedication and unwavering efforts of our team have been instrumental in ensuring that we continue to deliver value to our stakeholders while strengthening our position in the industry.

I would like to extend my sincere appreciation to our customers, suppliers, business associates, and shareholders for your continued trust and support. Your confidence in Leon Fuat has been the foundation of our journey, and we deeply value the partnerships we have built over the years. I also wish to express my gratitude to my fellow Board members for their invaluable guidance and leadership, which have been vital in navigating the complexities of the past year and shaping the direction of the Group.

As we move forward into 2025 and beyond, we do so with a sense of purpose and optimism. The road ahead presents new opportunities for growth and innovation, and I look forward to continuing this journey with all of you. With collaboration, perseverance, and a shared vision for the future, I am confident that Leon Fuat will continue to thrive and create lasting value for all our stakeholders.

Warm regards,

Dato' Lim Cheng Poh

Independent Non-Executive Chairman

¹³ <https://www.mida.gov.my/mida-news/malaysia-wraps-up-2024-as-leading-data-centre-hub-in-sea-with-us23-billion-in-investment/>

¹⁴ https://www.whitecase.com/insight-alert/president-trump-expands-steel-and-aluminum-tariffs-all-countries-effective-march-12?utm_source=chatgpt.com

¹⁵ <https://www.bernama.com/en/news.php?id=2405838>

MANAGEMENT DISCUSSION AND ANALYSIS



“

Leon Fuat Group (“Leon Fuat” or “the Group”) stands as a leading entity in the field of carbon steel processing and trading, with extended expertise in stainless and alloy steel, offering a comprehensive range of flat and long steel products to meet diverse industry needs.

Within its trading division, the Group provides an extensive selection of steel products, including flat steel offerings such as coils, plates, and sheets, as well as welded tubes and pipes, rectangular and square sections. The long product range comprises bars, rods and shafts, complemented by seamless tubes and pipes, catering to the requirements of a broad customer base.

”

Ooi Seng Khong
Group Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's processing division plays a pivotal role in serving specialised industrial needs, offering a suite of value-added services through its comprehensive in-house capabilities. These include cutting, levelling, shearing, profiling, bending, and finishing, along with the production of expanded metal, perforated metal and welded steel pipes, reinforcing Leon Fuat's ability to deliver customised solutions to its clients.

Over the years, Leon Fuat has cultivated a robust and loyal customer base, comprising more than 3,000 clients across multiple industries. Many of these relationships have spanned over a decade, a testament to the Group's commitment to service excellence and reliability. The majority of its clientele consists of manufacturers of metal products and components, alongside fabricators specialising in machinery, equipment, and metal structures.

With a strong market presence and a strategic focus on growth and operational excellence, Leon Fuat remains dedicated to enhancing its capabilities, strengthening customer relationships, and expanding its market reach in both domestic and regional markets.

REVIEW OF FINANCIAL PERFORMANCE

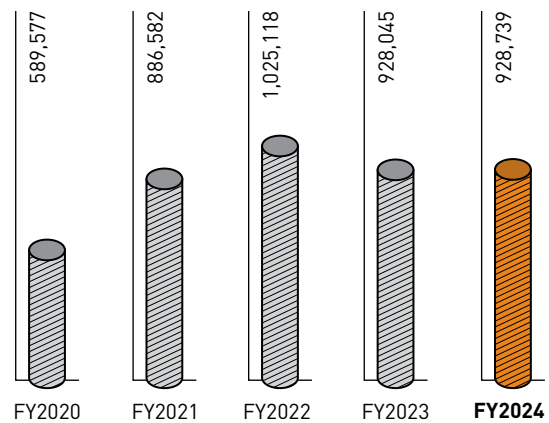
For the financial year ended 31 December 2024 ("FY2024"), Leon Fuat Group maintained stable revenue of RM928.74 million, a marginal increase of 0.1% or RM0.69 million compared to RM928.05 million for the financial year ended 31 December 2023 ("FY2023"). This stability was observed despite prevailing market challenges, fluctuating steel prices, and subdued demand in certain segments.

In the trading segment, revenue recorded a slight decline, reflecting shifts in pricing and demand patterns across various steel product categories. The processing segment, however, demonstrated relative resilience, supported by sustained industrial activity and infrastructure demand.

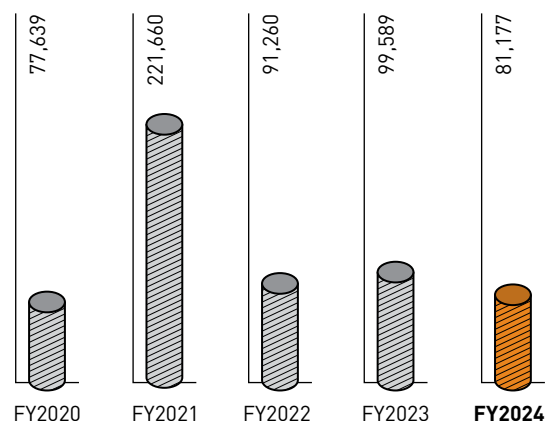
Despite the relatively stable revenue, the Group's gross profit declined by 18.5%, from RM99.59 million for FY2023 to RM81.18 million for FY2024. This was primarily due to a lower overall gross profit margin, which contracted by 1.5 percentage points, from 11.0% for FY2023 to 9.5% for FY2024, alongside an increase in inventories written down by RM4.59 million, from RM2.43 million for FY2023 to RM7.02 million for FY2024, as certain inventories were reassessed to their estimated net realisable value.

As a result, the Group reported profit before tax ("PBT") of RM11.12 million for FY2024, declined by 72.0% compared to RM39.76 million for FY2023. This was largely impacted by higher operating and finance costs, lower gross margins as well as increased inventory adjustments. Despite these challenges, Leon Fuat remains focused on operational efficiencies, prudent cost management, and strategic market positioning to navigate industry fluctuations and sustain long-term growth.

Revenue (RM'000)



Gross Profit (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW BY BUSINESS SEGMENT

The Group’s business segments are as follows:

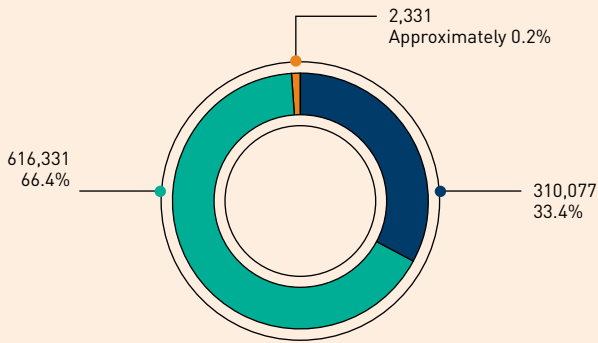
1. Processing of steel products

- i. Processing of flat carbon steel products
- ii. Processing of other flat steel products
- iii. Processing of long carbon steel products
- iv. Processing of other long steel products

2. Trading of steel products

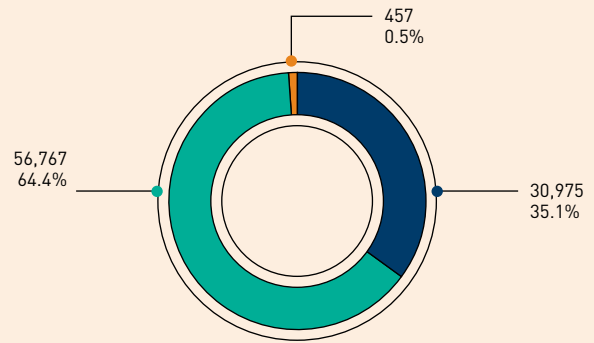
- i. Trading of flat carbon steel products
- ii. Trading of other flat steel products
- iii. Trading of long carbon steel products
- iv. Trading of other long steel products

FY2024 Segmented Revenue
(RM'000)



- Trading of Steel Products
- Processing of Steel Products
- Others

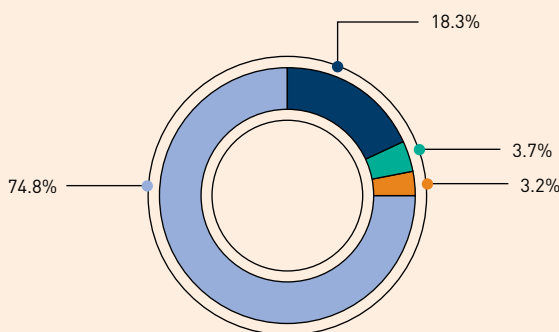
FY2024 Segmented Gross Profit*
(RM'000)



- Trading of Steel Products
- Processing of Steel Products
- Others

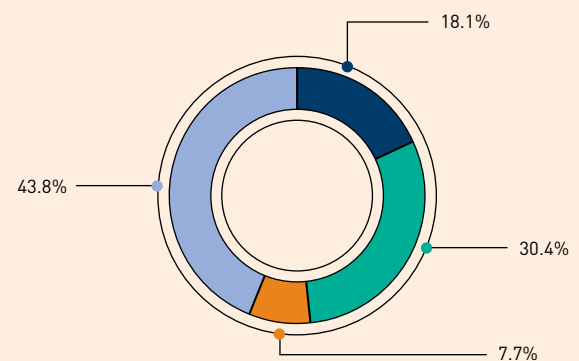
* Before inventories written down

FY2024 Segmented Revenue Processing of Steel Products
[%]



- Other Flat Steel Products
- Long Carbon Steel Products
- Other Long Steel Products
- Flat Carbon Steel Products

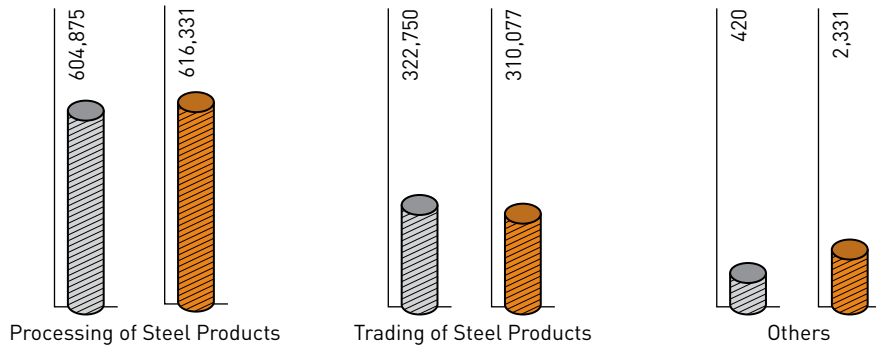
FY2024 Segmented Revenue Trading of Steel Products
[%]



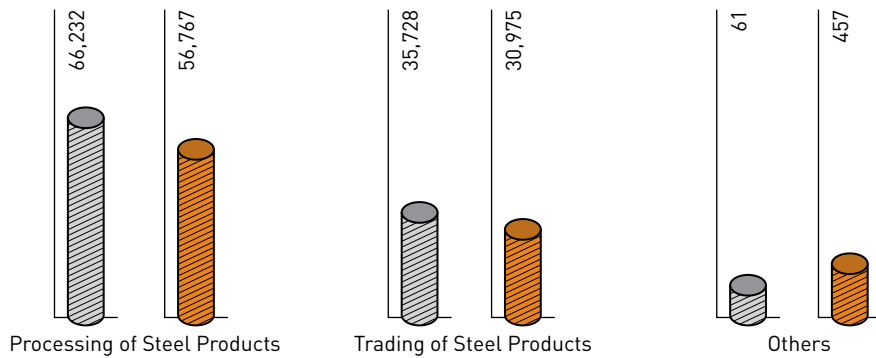
- Other Flat Steel Products
- Long Carbon Steel Products
- Other Long Steel Products
- Flat Carbon Steel Products

MANAGEMENT DISCUSSION AND ANALYSIS

FY2023 & FY2024 Segmented Revenue
(RM'000)

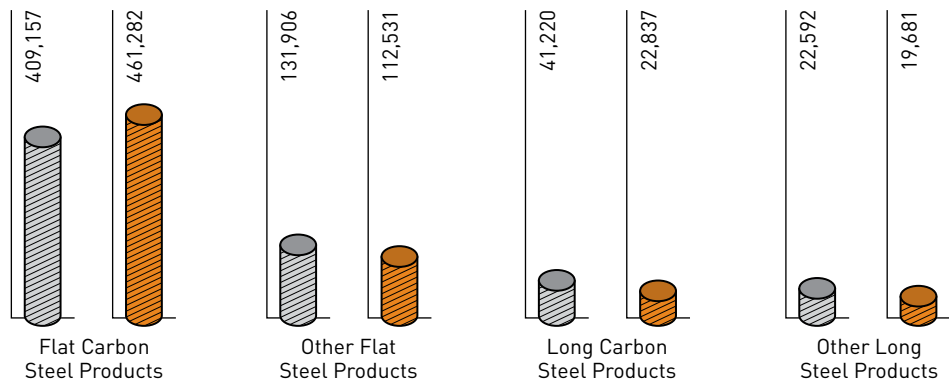


FY2023 & FY2024 Segmented Gross Profit*
(RM'000)

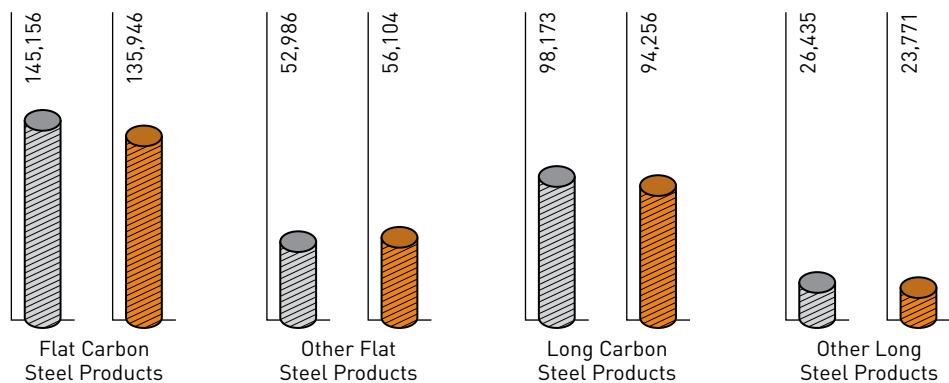


* Before inventories written down

FY2023 & FY2024 Revenue for Processing of Steel Products
(RM'000)



FY2023 & FY2024 Revenue for Trading of Steel Products
(RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

For FY2024, as part of the Board’s prudent approach in navigating prevailing market conditions, while ensuring the Group maintains financial resilience, the Board is proposing a final dividend of 1.0 sen per share amounting to RM3.41 million, which is subject to shareholders’ approval at the 18th Annual General Meeting to be held on 13 June 2025. This will bring the total dividend payout ratio to 45.3% of our group’s profit attributable to owners of the Company for FY2024, above our customary practice of distributing up to 30% of our net profit as dividends. The Group needs to preserve some cash to strengthen the Group’s capital structure amidst a softer operating environment. It is a strategic decision aimed at fortifying Leon Fuat’s financial position and supporting long-term growth initiatives. The Group remains committed to delivering sustainable value to shareholders and believes that this measured approach will ensure continued stability and the capacity to invest in future opportunities, with bank borrowings continuing to serve as a key funding source for strategic expansions.

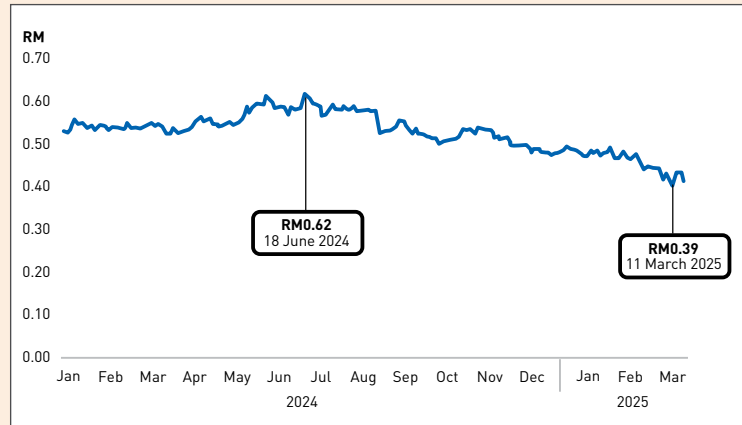
The processing segment, however, demonstrated relative resilience, supported by sustained industrial activity and infrastructure demand.



SHARE PRICE PERFORMANCE & TRADING VOLUME

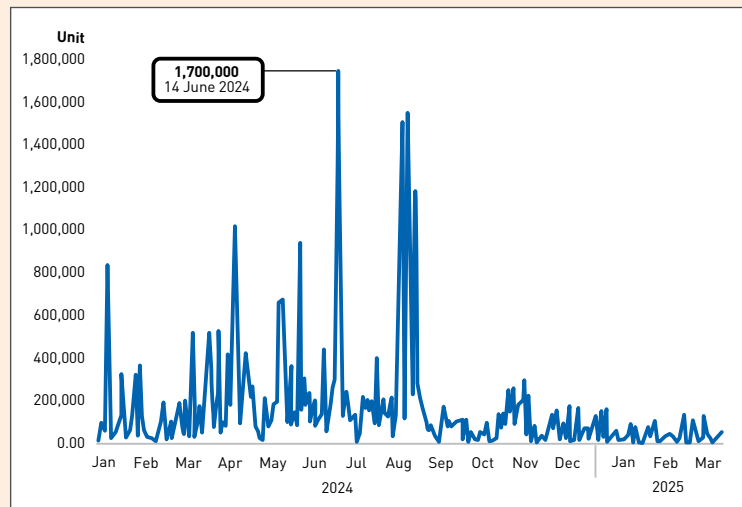
Daily Share Price Performance (Closing)

2 January 2024 – 28 March 2025



Daily Trading Volume (Closing)

2 January 2024 – 28 March 2025



As at 28 March 2025, the Group’s share price closed at RM0.405 with a total market capitalisation of approximately RM138.11 million.

For the 15 months period ended 31 March 2025, the share’s highest and lowest closing price stood at RM0.62 and RM0.39 respectively, with average daily trading volume of approximately 131,739 unit shares.

MANAGEMENT DISCUSSION AND ANALYSIS



ANTICIPATED OR KNOWN RISKS

As a key player in the steel processing and trading industry, Leon Fuat Group remains subject to the inherent risks of steel price volatility and raw material cost fluctuations, particularly for iron ore, coking coal, and nickel. These price movements are influenced by global macroeconomic conditions, supply-demand imbalances, and trade policies, posing potential challenges to cost structures, margins, and overall profitability.

In response to these risks, Leon Fuat employs a proactive approach to steel price and inventory management, continuously monitoring market conditions to optimise procurement strategies and inventory levels. This allows the Group to mitigate cost pressures and maintain sustainable profit margins despite industry fluctuations.

The Group is also exposed to foreign currency exchange volatility, particularly due to the import of flat and long stainless steel, alloy steel, and carbon steel from key international markets such as China, Europe, Japan, and Korea. To counter exchange rate fluctuations that may impact material costs, Leon Fuat adopts hedging mechanisms such as forward contracts and maintains foreign currency accounts, ensuring the flexibility to activate these strategies when required.

For the financial year under review, the Group recorded a realised foreign exchange loss of RM0.56 million, compared to a realised gain of RM0.12 million for the previous financial year. The Group will continue vigilance in managing currency risks in its foreign exchange exposure.

Inventory management remains a critical operational focus, ensuring the timely fulfilment of customer orders while minimising holding costs. For FY2024, the Group's inventory turnover period was 192 days, reflecting an upward adjustment compared to 169 days for FY2023. Given the durability and non-perishable nature of steel products, the main adverse impact of high inventory holding was from the downward trend in steel prices, resulted certain inventories need to be measured at its estimated net realisable value. Due to this reason, the inventories written down for FY2024 was RM7.02 million, increased by RM4.59 million compared to RM2.43 million for FY2023.

Inventory management remains a critical operational focus, ensuring the timely fulfilment of customer orders while minimising holding costs. For FY2024, the Group's inventory turnover period was 192 days, reflecting an upward adjustment compared to 169 days for FY2023.

Credit risk associated with trade receivables remains another area of concern, with the Group extending credit terms ranging from 14 to 90 days to customers. Any substantial delays in collections could necessitate impairment provisions on trade receivables or potential bad debt write-offs, which may impact the Group's financial performance. The Group continues to implement strict credit risk assessment procedures, customer credit monitoring, and proactive collection strategies to minimise exposure to payment defaults.

By maintaining a disciplined approach to risk management, Leon Fuat remains resilient in the face of evolving industry challenges while ensuring operational stability and financial sustainability.



**Profit Attributable
to Owners of the
Company**

FY2024

RM7.53million



**Total Dividend
Payout Ratio**

45.3%

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING STATEMENT



As we embark on the financial year ending 31 December 2025 (“FY2025”), Leon Fuat Group remains cautiously optimistic about sustaining a resilient financial performance, underpinned by our unwavering commitment to operational efficiency and strategic market positioning. While the previous year saw a notable acceleration in domestic economic growth, we anticipate a more complex operating environment ahead, shaped by evolving global economic trends and sectoral developments.



The unfolding global financial and economic landscape in 2025 is expected to be influenced by a mix of stabilisation and volatility, with growth projected at 3.3% for both 2025 and 2026, according to the latest World Economic Outlook (“WEO”) by International Monetary Fund (“IMF”). This remains below the historical average of 3.7% (2000–2019), reflecting the ongoing effects of monetary policy tightening, geopolitical tensions, and structural shifts in key economies. Inflation is expected to moderate to 4.2% in 2025, with a more gradual convergence to target levels across emerging and advanced markets¹.

On the domestic front, Malaysia’s economy is forecasted to grow between 4.5% and 5.5% in 2025, supported by robust domestic demand, sustained employment growth, and strategic policy initiatives.

Following a stronger-than-expected GDP growth of 5.1% in 2024, the momentum is expected to continue, driven by the upward revision of the minimum wage, civil servant salary adjustments, and expansion in investment activity. The ongoing realisation of approved investments and the implementation of catalytic initiatives under national master plans, including the New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy, will further stimulate infrastructure and industrial growth. While exports are expected to expand at a more moderate pace amid global policy uncertainties, continued progress in multi-year private and public sector projects will provide strong support for domestic economic resilience².



¹ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

² <https://www.bnm.gov.my/-/monetary-policy-statement-06032025>

MANAGEMENT DISCUSSION AND ANALYSIS

Against this backdrop, Leon Fuat is strategically positioned to navigate these evolving dynamics, leveraging its strong customer relationships, operational efficiencies, and expanded processing capabilities to sustain its competitive advantage. The Group's comprehensive suite of advanced machinery, including state-of-the-art cutting, levelling, shearing, profiling, bending, and polishing equipment, alongside expanded metal and perforated metal processing as well as welded steel pipe forming machines, remains a cornerstone of its commitment to quality and precision engineering. As of 31 December 2024, the Group's extensive asset base includes 117 major machines, collectively with carrying amount at RM90.93 million, reinforcing its technological capabilities and production efficiencies across its facilities.



Machinery & Equipment	No. of Units
Coil levelling machine	7
Slitter line	3
Pipe forming line	5
CNC oxy-gas and plasma cutting machine	3
CNC oxy-gas cutting machine	4
CNC plasma cutting machine	5
CNC laser cutting machine	9
CNC waterjet cutting machine	2
Shearing machine	11
Portable plasma cutting machine	6
Portable oxy-gas cutting machine	5
Expanded metal machine	3
Bandsaw machine	35
High precision CNC press brake machine	7
Surface grinding machine	3
Punching machine	2
External pipe blasting machine	3
Polishing machine	2
Rolling machine	1
Perforated Metal Machine	1
Total	117

Looking ahead, the Group anticipates significant growth in its welded steel pipe manufacturing segment, propelled by the expansion of facilities to accommodate larger-sized steel pipes. The construction of an additional welded steel pipe manufacturing plant remains on track, with full commissioning in 2024. This expansion marks a strategic step forward in enhancing production capacity and broadening market reach, ensuring Leon Fuat remains well-positioned to capitalise on infrastructure-driven demand and evolving industry requirements. With a disciplined approach to capital structure management, the Group remains committed to ensuring sustainable growth, financial stability, and long-term value creation for shareholders and stakeholders alike.



HARNESSING POTENTIAL THROUGH PROGRESS

SUSTAINABILITY REPORT

AN OVERVIEW OF OUR REPORT

Forging The Future

As a specialised steel trading, processing and manufacturing company, Leon Fuat Berhad (“Leon Fuat” or “the Group”), acknowledges the importance of integrating Environmental, Social and Governance (“ESG”) considerations into our business, aiming to leave a positive impact on society and the environment.

We are pleased to present our Sustainability Report for the financial year 2024, offering a detailed account of our ongoing journey and the progress we have made thus far. We continue to refine our processes and operations to align with modern best practices, viewing it as our responsibility to shape a better future for generations to come.

Advancing Sustainability

Leon Fuat drives sustainability by integrating ESG practices into our operations, business plans and organisational goals.

Currently, 97.1% of our delivery fleet are green trucks powered by Euro5 diesel, with lower sulphur content and carbon monoxide emissions. We continue to reduce our dependence on purchased electricity by harnessing renewable energy generated from the solar panels at Leon Fuat Metal. Any surplus electricity generated is exported to the grid under the Net Energy Metering Scheme.

The Group is committed to making a positive difference through impactful community investments and CSR initiatives. Guided by our dedicated CSR team, we are focused on building strong relationships with communities and creating long-term value. In FY2024, Leon Fuat contributed RM38,200 to seven (7) organisations, reflecting our dedication to being a responsible corporate citizen.

Collectively, these initiatives reflect our resolve to drive progress towards a sustainable future, creating a positive environmental and societal impact.

Reporting Scope and Boundary

Our Sustainability Report details Leon Fuat’s ESG activities and performance from 1 January to 31 December 2024 (“FY2024”). We have disclosed data from the past three (3) financial years to provide deeper insights.

The ESG performance of Leon Fuat’s three (3) main subsidiaries are disclosed in this report:

1. Leon Fuat Hardware Sdn. Bhd. (“LF Hardware”)
2. Leon Fuat Metal Sdn. Bhd. (“LF Metal”)
3. Supreme Steelmakers Sdn. Bhd. (“Supreme Steelmakers”)

Reporting Frameworks and Standards

This Sustainability Report is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities and Sustainability Reporting Guide (3rd edition). We are also guided by the Global Reporting Initiative (“GRI”) Standards and the United Nations Sustainable Development Goals (“UN SDGs”).



Assurance

All data contained in this report has been internally sourced and reviewed by the respective business divisions and information owners within the Group. We remain committed to continually improving our data collection and analysis procedures to strengthen the credibility and reliability of our disclosures. Certain data from previous years have been updated to reflect improvements in data collection.

The Sustainability Report for FY2024 is subject to an internal review conducted by the outsourced internal auditors. The subject matters reviewed include the eleven (11) material matters disclosed in this report. In terms of the review scope, save for the comparative figures and the qualitative descriptions, the internal review focused on and verified the reasonableness of the current year’s sustainability performance data and their corresponding initiatives disclosed in this report.

Respond To Our Report

In enhancing our reporting, we value the input of our stakeholders and welcome any questions, feedback or suggestions you may have. Kindly reach out to us using the contact details provided below.

Tan Kien Yap

Chief Financial Officer
Email: tanky@lfb.com.my

Wisma Leon Fuat

No. 11, Lorong Keluli 1B,
Kawasan Perindustrian Bukit Raja Selatan,
Seksyen 7, 40000 Shah Alam,
Selangor Darul Ehsan.

SUSTAINABILITY REPORT

Our Memberships and Associations

To remain up-to-date on industry trends and informed on important matters impacting the industry, Leon Fuat stays actively engaged by holding memberships in the following industry associations.

 Federation of Malaysian Manufacturers	 Malaysia Institute of Human Resource Management
 Federal Territory and Selangor Tinsmith Association	 The Selangor & Kuala Lumpur Foundry & Engineering Industries Association
 Malaysia Steel and Metal Distributor's Association	

STRENGTHENING SUSTAINABILITY

ECONOMIC PROSPERITY



Economic Value Generated (Revenue)

RM915.79 million

RESPONSIBLE GOVERNANCE



Confirmed incidents of bribery and corruption

ZERO



Whistleblowing cases reported

ZERO



Substantiated complaints of customer privacy breaches or data loss

ZERO

ENVIRONMENTAL STEWARDSHIP



Percentage of green trucks in our fleet

97.1%



Scope 2 GHG emissions avoidance

1,468 tCO₂e



Total waste diverted from disposal

59.8%

SOCIAL RESPONSIBILITY



Number of work-related fatalities

ZERO



Substantiated cases of human rights violations

ZERO



Reported cases of discrimination

ZERO



Total training hours of all employees

2,382 Hours



Customer satisfaction scores across all subsidiaries

> 80%

SUSTAINABILITY REPORT

OUR JOURNEY FORWARD

Since 2017, sustainable practices have transformed our organisation, integrating ESG considerations into our core values. Today, we remain focused on achieving our ESG aspirations and sustainability targets.




















SUSTAINABILITY REPORT

DEFINING OUR SUSTAINABILITY APPROACH

Laying the ESG Strategy

Our ESG Strategy promotes responsible business practices by integrating sustainability considerations into our corporate strategy. It is grounded in four (4) sustainability pillars that align with our Stakeholder Groups, UN SDGs and material sustainability matters.

Our Vision						
Steel is our business. Excellence is our commitment						
Leon Fuat's Shared Values						
 <p>Drive a performance culture of integrity and accountability</p>	 <p>Commitment to products and services quality</p>	 <p>Strengthen business processes to provide better service to customers</p>	 <p>Manage cash resources for operational effectiveness</p>			
Our Material Sustainability Matters						
ECONOMIC PROSPERITY	RESPONSIBLE GOVERNANCE	ENVIRONMENTAL STEWARDSHIP	SOCIAL RESPONSIBILITY			
<ul style="list-style-type: none"> Operational Excellence Responsible Procurement 	<ul style="list-style-type: none"> Corporate Governance and Anti-Corruption Data Privacy and Cybersecurity 	<ul style="list-style-type: none"> Climate Change and Energy Effluent and Waste Management Water Efficiency 	<ul style="list-style-type: none"> Occupational Safety and Health Noise Management Labour Practices and Standards Diversity and Inclusiveness Product Quality and Customer Satisfaction Corporate Social Responsibility 			
Our Contribution to UN SDGs						
						
Our Key Stakeholder Groups						
						
Investors/ Shareholders	Government/ Regulatory Authorities	Management	Customers	Employees	Vendors/ Suppliers	Communities

SUSTAINABILITY REPORT

Establishing Our Policy

Our Sustainability Policy articulates the Group's efforts towards our objectives. It strategically equips us to manage emerging risks and leverage opportunities, driving our ESG progress forward.



ECONOMIC PROSPERITY

- Adopt a sustainable business model that emphasises quality products, value-added services and ethical practices
- Prioritise delivering superior returns to our shareholders while considering the long-term impacts of our actions
- Conduct regular assessments to identify and mitigate any potential risks associated with our supply chain, ensuring compliance with ethical and responsible sourcing practices
- Drive the continuous innovation of sustainable products and services



RESPONSIBLE GOVERNANCE

- Adhere strictly to laws, regulations and industry standards relevant to our operations by regularly assessing our compliance mechanisms and updating policies as needed to meet evolving legal requirements
- Maintain transparent and open communication with our stakeholders
- Uphold the highest level of ethics and integrity in our business operations, encouraging a culture of honesty, fairness and accountability
- Implement robust risk management strategies, identifying potential risks associated with environmental impact, social issues and governance concerns and proactively taking measures to mitigate them



ENVIRONMENTAL STEWARDSHIP

- Continuously improve energy efficiency, monitor and reduce our carbon footprint
- Ensure compliance with environmental regulations and legal requirements
- Prevent environmental pollution and improve the quality of environmental management
- Embrace the principles of a circular economy, with a focus on recycling, reusing and reducing waste
- Develop initiatives to extend the lifecycle of products, promoting responsible consumption and production
- Monitor water consumption and implement water conservation practices in our facilities



SOCIAL RESPONSIBILITY

- Prioritise the health, safety and well-being of our employees by implementing stringent safety guidelines and protocols
- Conduct regular health and safety training to foster a safe and healthy work environment
- Support the well-being and growth of our employees by cultivating a workplace culture that encourages their development
- Encourage employee growth and development through training programmes, career advancement opportunities and performance recognition
- Foster a culture of diversity and inclusion by implementing policies and practices that promote equal opportunities and eliminate discrimination
- Engage in community development initiatives


SUSTAINABILITY REPORT

Supporting Global Responsibility

The UN SDGs call on all nations to create a sustainable and inclusive global society by 2030. We identified seven (7) SDGs that closely align with our initiatives, representing key areas where we can make the most positive impact.

	<p>Target 3.8: Achieve universal health coverage</p> <ul style="list-style-type: none"> • Provides healthcare and insurance coverage as part of our employee benefits package • Enhanced employee healthcare benefits at LF Metal in FY2024 by upgrading insurance coverage to offer better protection and support
	<p>Target 7.2: Increase global percentage of renewable energy</p> <ul style="list-style-type: none"> • Added three (3) solar-powered streetlights at LF Metal, enhancing our energy efficiency • Exported 942,136 kWh of surplus electricity from solar panels at LF Metal to the grid under the Net Energy Metering Scheme in FY2024
	<p>Target 8.8: Protect labour rights and promote safe working environments</p> <ul style="list-style-type: none"> • Reviewed and updated our Health and Safety Policy in 2024 to align with the Occupational Safety and Health (Amendment) Act 2022 • Applied Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) methods to systematically identify, mitigate, and eliminate operational risks • Conducted scheduled noise risk assessments, annual audiometric tests, and noise monitoring in factory environments to ensure safe noise levels • Provided Personal Protective Equipment (“PPE”) to all individuals entering factory premises, ensuring adherence to safety standards • Delivered ongoing health and safety training to employees, reinforcing safe work practices and reducing workplace incidents
	<p>Target 9.4: Upgrade all industries and infrastructures for sustainability</p> <ul style="list-style-type: none"> • Enhanced production efficiency by investing in modern factory machinery, such as fibre laser cutting technology, which accelerates output and reduces energy consumption • Upgraded 97.1% of delivery trucks to green trucks powered by green diesel, resulting in lower carbon monoxide emissions and sulphur content
	<p>Target 12.4: Responsible management of chemicals and waste</p> <ul style="list-style-type: none"> • Established a waste management system to ensure proper handling, treatment, and disposal of all scheduled and non-scheduled waste categories • Regularly monitored and documented effluent discharge quality to maintain compliance with legal and environmental standards <p>Target 12.7: Promote sustainable public procurement practices</p> <ul style="list-style-type: none"> • Established procurement procedures to uphold fair business practices, ensuring supplier compliance with ethical standards • Conducted rigorous supplier evaluations and regular performance assessments to ensure adherence to corporate values
	<p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards</p> <ul style="list-style-type: none"> • Reduced our carbon footprint by adopting green diesel for delivery vehicles and increasing solar power usage to enhance energy efficiency • Enhanced climate-related disclosures by evaluating climate-related risks and opportunities over the short, medium and long-term

SUSTAINABILITY REPORT



16
PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Target 16.5: Substantially reduce corruption and bribery in all their forms

- Implemented a comprehensive Anti-Bribery Management System to identify and mitigate bribery risks within our business activities
- Introduced a due diligence questionnaire for suppliers, covering compliance systems and anti-bribery measures
- Zero confirmed incidents of bribery and corruption recorded for the past three (3) years

Target 16.6: Develop effective, accountable and transparent institutions

- Established a comprehensive suite of corporate governance policies to uphold transparency, accountability, and ethical practices across the Group, including:
 - Code of Ethics and Conduct
 - Anti-Bribery Policy
 - Directors' Fit and Proper Policy
 - Whistleblowing Policy
 - Board Charter
 - Personal Data Protection Notice

Forming Effective Governance

Leon Fuat's three-tiered Sustainability Governance Structure clearly defines responsibilities for sustainability practices across the organisation. The Board of Directors ("the Board") presides over sustainability strategies, policies, targets, and climate-related risks and opportunities. The Sustainability Committee ("SC") supervises management-level activities, while the Sustainability Task Force Committee ("STFC") guides day-to-day activities, ensuring alignment with broader objectives and translating ambitions into actions.



Leon Fuat's Sustainability Governance Structure







SUSTAINABILITY REPORT




BUILDING STRONG RELATIONSHIPS

Engaging Our Stakeholders

Engaging with stakeholders through effective communication and collaboration fosters meaningful, mutually-beneficial relationships. Continuous dialogue ensures we stay informed of evolving trends, developments, and expectations, allowing us to embrace new opportunities and remain relevant.

Areas of Interest	Our Responses	Engagement Method
 <p>INVESTORS/SHAREHOLDERS The ownership, voting rights, financial contributions, and expectations of investors and shareholders shape the Group's direction, enabling us to deliver high-quality steel products.</p> <ul style="list-style-type: none"> Financial and operational performance Company reputation Mitigation and adaptation to climate change 	<ul style="list-style-type: none"> Quarterly financial results and annual reports Uphold good governance practices Outline carbon reduction strategies Monitor sustainability performance and targets 	<p>Ongoing</p> <ul style="list-style-type: none"> Investor relations published on corporate websites <p>Quarterly</p> <ul style="list-style-type: none"> Financial results announcements <p>Annually</p> <ul style="list-style-type: none"> Annual General Meeting
 <p>GOVERNMENT/REGULATORY AUTHORITIES The government and regulatory authorities play an important role in providing regulatory frameworks and legal authorisations necessary for operations.</p> <ul style="list-style-type: none"> Anti-bribery and corruption Corporate governance practices Regulatory compliance 	<ul style="list-style-type: none"> Compliance with ISO 37001:2016 Anti-Bribery Management System ("ABMS") Establishment of Good Corporate Governance and Whistleblowing Policy Full compliance with regulatory requirements 	<p>As needed</p> <ul style="list-style-type: none"> Meetings Seminars/Webinars Reporting
 <p>MANAGEMENT The management is responsible for guiding and overseeing our organisational operations to achieve strategic goals and ensure sustained success.</p> <ul style="list-style-type: none"> Risk management Service requirements 	<ul style="list-style-type: none"> Risk Management Framework adhering to international principles Compliant with ISO 9001:2015 Quality Management System 	<p>As needed</p> <ul style="list-style-type: none"> Coordination meetings <p>Quarterly</p> <ul style="list-style-type: none"> Business unit meetings <p>Annually</p> <ul style="list-style-type: none"> ISO management review
 <p>CUSTOMERS Customers drive Leon Fuat's success by engaging in transactions and providing valuable feedback that informs product and service enhancements.</p> <ul style="list-style-type: none"> Product quality and safety Customer data privacy 	<ul style="list-style-type: none"> Compliant with ISO 9001:2015 Quality Management System Compliant with Personal Data Protection Act 2010 	<p>As needed</p> <ul style="list-style-type: none"> Meetings Feedback survey <p>Annually</p> <ul style="list-style-type: none"> Satisfaction assessment

SUSTAINABILITY REPORT

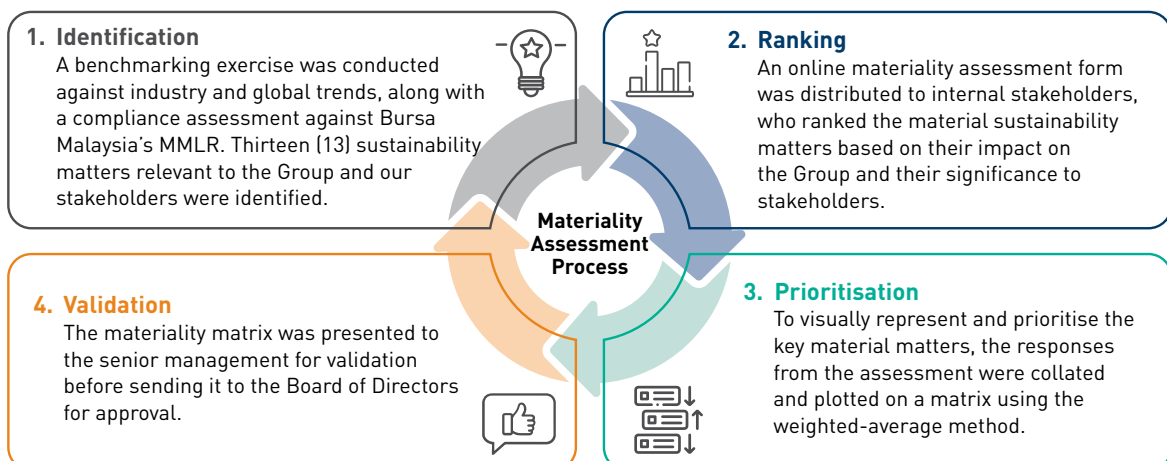
Areas of Interest	Our Responses	Engagement Method
 EMPLOYEES Employees serve as the valuable human capital of Leon Fuat, actively contributing their skills and efforts to propel the Group toward our objectives and overall success.		
<ul style="list-style-type: none"> • Capacity building • Occupational health and safety • Fair labour practices • Whistleblowing policy/procedures 	<ul style="list-style-type: none"> • Provide relevant upskilling and development opportunities • Compliant with Occupational Safety and Health (Amendment) Act (2022) • Compliant with laws governing work hours and wages • Promote transparent communication with employees 	Ongoing <ul style="list-style-type: none"> • Internal communications As needed <ul style="list-style-type: none"> • Workshops and trainings • Staff meetings Annually <ul style="list-style-type: none"> • Employee performance appraisals • Annual dinner
 VENDORS/SUPPLIERS Vendors and suppliers collaborate with Leon Fuat to provide essential goods and services, ensuring a reliable supply chain and contributing to the overall efficiency of operations.		
<ul style="list-style-type: none"> • Fair procurement practices • Support of local suppliers 	<ul style="list-style-type: none"> • Supplier Selection Procedure • Supplier Performance Assessment • 8.0% of procurement is sourced from local suppliers 	As needed <ul style="list-style-type: none"> • Product quality feedback Bi-annually <ul style="list-style-type: none"> • Performance reviews • Procurement processes
 COMMUNITY The community plays a reciprocal role, shaping and being shaped by the Group's actions, contributions and engagement, fostering a mutually beneficial relationship.		
<ul style="list-style-type: none"> • Community development and support 	<ul style="list-style-type: none"> • Local community development • Philanthropy 	As needed <ul style="list-style-type: none"> • Community impact programmes

EVALUATING OUR PRIORITIES

Measuring Materiality

Our materiality assessment process targets the most impactful ESG matters for our business and stakeholders. Thorough understanding of these matters helps us shape our strategy, allocate resources, manage risks and opportunities and prioritise high relevance areas.

Our thirteen (13) key sustainability matters remained pertinent in FY2024 and will continue to be reflected in our matrix.



SUSTAINABILITY REPORT

Mapping the Matrix

The materiality matrix highlights our ESG priorities, balancing stakeholder importance and business impact. It informs strategic decision-making and shapes our ESG goals and actions, driving our sustainability agenda. The matrix identified the top five (5) material matters as follows: Operational Excellence, Product Quality and Customer Satisfaction, Occupational Health and Safety, Corporate Governance and Anti-Corruption as well as Labour Practices and Standards.



ECONOMIC PROSPERITY	RESPONSIBLE GOVERNANCE	ENVIRONMENTAL STEWARDSHIP	SOCIAL RESPONSIBILITY
<ul style="list-style-type: none"> 1 Operational Excellence 8 Responsible Procurement 	<ul style="list-style-type: none"> 4 Corporate Governance and Anti-Corruption 6 Data Privacy and Cybersecurity 	<ul style="list-style-type: none"> 7 Climate Change and Energy 9 Effluent and Waste Management 13 Water Efficiency 	<ul style="list-style-type: none"> 2 Product Quality and Customer Satisfaction 3 Occupational Safety and Health 5 Labour Practices and Standards 10 Diversity and Inclusiveness 11 Corporate Social Responsibility 12 Noise Management

SUSTAINABILITY REPORT

Aligning Material Matters

We aligned each material matter with relevant UN SDGs and key stakeholder groups, illustrating the interconnected nature of our sustainability efforts.

Material Matter		Stakeholder Groups	UN SDGs
ECONOMIC PROSPERITY			
Operational Excellence	Continually enhance efficiency and productivity by optimising processes, investing in advanced technologies to drive sustainable growth and long-term profitability		
Responsible Procurement	Prioritise suppliers who adhere to ethical practices, environmental sustainability, and quality standards through rigorous screening and assessment procedures		
RESPONSIBLE GOVERNANCE			
Corporate Governance and Anti-Corruption	Adhere to corporate governance practices, ensuring transparency and accountability at all levels through comprehensive anti-corruption measures and strict compliance with regulations		
Data Privacy and Cybersecurity	Safeguard sensitive data from unauthorised access and cyber threats by implementing stringent data privacy policies and advanced cybersecurity measures		
ENVIRONMENTAL STEWARDSHIP			
Climate Change and Energy	Enhance energy efficiency and reduce emissions by leveraging renewable energy and optimising energy use across our operations		
Water Efficiency	Implement water conservation strategies, optimising usage and reducing waste throughout our operations to ensure efficient and sustainable water management		
Effluent and Waste Management	Ensure responsible waste management by minimising waste generation, promoting recycling, and ensuring safe treatment and disposal of effluents, in line with environmental regulations		
SOCIAL RESPONSIBILITY			
Occupational Health and Safety	Maintain a robust health and safety management system, providing training, ensuring compliance with industry regulations, and actively working to minimise risks in our operations		
Noise Management	Adopt noise management strategies to mitigate the impact of our operations on workers and surrounding communities, ensuring compliance with noise regulations and minimising disruptions		
Labour Practices and Standards	Adhere to all fair and ethical labour practices, promoting equal opportunities, fair compensation, and professional development for our workforce		
Diversity and Inclusiveness	Embrace diversity and inclusiveness, fostering a culture that values individuals from all backgrounds and contributes to a more equitable workplace		
Product Quality and Customer Satisfaction	Ensure product quality and customer satisfaction by adhering to quality standards, continuously improving our processes, and maintaining transparent communication to meet our customers' evolving needs		
Corporate Social Responsibility	Focus on giving back to communities by engaging in projects that drive positive social and environmental impact		

SUSTAINABILITY REPORT

Envisioning A Low Carbon Future

Climate change poses growing risks to our supply chain. The Group recognises the increasing importance of addressing climate concerns and adopting eco-friendly innovations in the steel industry. We are refining our strategies and exploring opportunities to reduce our emissions and contribute to a low-carbon future.

Governance

The Board of Directors oversees climate-related risks and opportunities, while the Management team, led by the Sustainability Committee, is responsible for managing and implementing relevant initiatives.

Board’s oversight on climate-related risks and opportunities

- Provides strategic oversight of ESG-related matters, including climate-related risks and opportunities and its integration into the Group’s strategy
- Approves sustainability strategies proposed by the Sustainability Committee
- Conducts an annual review of sustainability policies, initiatives, and performance progress

Management’s role in assessing and managing climate-related risks and opportunities

- The SC, led by the Executive Director and Chief Financial Officer, is responsible for assessing and managing climate-related risks and opportunities
- The SC drives sustainability initiatives, implementing strategies and reporting outcomes to the Board
- Conducts assessments of climate-related risks and opportunities, providing strategic recommendations for the Board’s consideration
- Ensures active engagement from management in addressing the evolving sustainability landscape

Strategy

The resilience of the Group’s strategy is contingent upon our ability to adapt to changing conditions and emerging risks. We assessed potential climate-related risks, impacts, and opportunities by evaluating both transition and physical risks over short (1-5 years), medium (6-10 years), and long-term (>11 years) periods.

Transition Risks: Climate-Related Risks, Potential Impacts and Opportunities

Transition risks arise from the shift to a low-carbon economy, driven by regulatory changes and market shifts.

Description of Risks	Potential Impact	Opportunities
Policy and Legal Medium-term (6-10 years) to long-term (>11 years)		
Stringent environmental regulations aimed at reducing carbon emissions, including Carbon Border Adjustment Mechanisms (“CBAM”), emissions trading systems, and carbon taxes	<ul style="list-style-type: none"> • Increased operational costs from regulatory tightening and carbon pricing result in higher prices, potentially reducing the competitiveness of exported goods • Ongoing compliance with evolving climate-related regulations, adding further financial and operational burdens 	<ul style="list-style-type: none"> • Adopting energy-efficient technologies reduces carbon intensity, mitigating the impact of potential carbon pricing and regulatory costs • Staying ahead of climate regulations reduces legal risks and improves market positioning, attracting eco-conscious investors
Technology Short-term (1-5 years) to long-term (>11 years)		
Technological advancements, including low-carbon steel production and alternative materials, are driven by the steel industry’s need for decarbonisation.	<ul style="list-style-type: none"> • Increased capital investments in low-carbon technologies and research and development for sustainable steel production • Potential competitive disadvantage for failing to innovate and invest in advanced technologies 	<ul style="list-style-type: none"> • Adopting renewable technologies, such as solar panels at LF Metal, reduces purchased electricity consumption and leads to long-term savings • Investing in advanced technologies and decarbonisation gives Leon Fuat a competitive edge and aligns it with emerging sustainability standards

SUSTAINABILITY REPORT

Description of Risks	Potential Impact	Opportunities
Market Short-term (1-5 years) to long-term (>11 years)		
Shifting market preferences and growing demand for low-carbon products drive the adoption of alternative materials and solutions.	<ul style="list-style-type: none"> Reduced revenue from declining demand for traditional steel products, risking market share loss to sustainable competitors 	<ul style="list-style-type: none"> Marketing our sustainability commitment attracts eco-conscious customers, capitalises on the demand for low-carbon products, and enhances brand reputation
Supply Chain Short-term (1-5 years) to long-term (>11 years)		
The shift toward a low-carbon economy may require significant changes in our supply chain and procurement practices	<ul style="list-style-type: none"> Operational disruptions from suppliers not meeting sustainability standards result in delays, increased costs, or lower-quality materials 	<ul style="list-style-type: none"> Prioritising sustainable suppliers enhances operational resilience and appeals to sustainability-focused customers

Physical Risks: Climate-Related Risks, Potential Impacts and Opportunities

Physical risks result from climate change impacts, such as extreme weather and rising temperatures, affecting assets and operations.

Description of Risks	Potential Impact	Opportunities
Acute Short-term (1-5 years) to long-term (>11 years)		
Potential short-term extreme climate-related events, i.e. heat waves, flooding, landslides, etc	<ul style="list-style-type: none"> Extreme weather events may disrupt supply chains, damage infrastructure, and pose safety risks, affecting operational continuity 	<ul style="list-style-type: none"> Thorough risk assessment, resilient infrastructure, diversified sourcing and effective inventory management can help mitigate potential impacts and ensure continued production
Chronic Long-term (>11 years)		
Potential long-term effects such as changes in precipitation patterns and increasing temperature	<ul style="list-style-type: none"> Long-term climate-related impacts may increase capital costs and insurance premiums 	<ul style="list-style-type: none"> Investing in climate-resilient infrastructure and energy-efficient technologies reduces long-term costs, mitigates risks, and lowers insurance premiums

Risk Management

The Group employs a risk management approach to identify and evaluate risks that may impact our operations. Potential climate risks will be assessed based on their likelihood and impact, ensuring that all identified risks are integrated into strategic decision-making and operational planning.



Metrics and Targets

The Group monitors and discloses our annual Scope 1, 2, and limited Scope 3 GHG emissions, including emissions from business travel and employee commutes. Our GHG emissions are calculated in accordance with the methodology outlined within the GHG Protocol Corporate Accounting and Reporting Standard.

Metric	Unit	Description
GHG Emissions	tCO ₂ e	Quantifies Scope 1, 2 and 3 (limited to business travels and employee commute) GHG emissions
Waste	MT	Measures total amount of waste generated
Energy Usage	GJ	Tracks total fuel and electricity consumption
Water Usage	m ³	Measures total water consumption

SUSTAINABILITY REPORT

ECONOMIC PROSPERITY



In a dynamic business landscape, creating value for our stakeholders and communities is essential to our economic sustainability and long-term resilience. We strategically invest resources to maintain financial performance, deliver exceptional products, and offer employment opportunities, supporting surrounding communities, and driving economic growth and prosperity.

Material Sustainability Matters

- Operational Excellence
- Responsible Procurement

Our Shared Values

- Commitment to products and services quality
- Manage cash resources for operational effectiveness

Key Stakeholders



Driving Operational Efficiency

Our strong economic performance highlights the success of our operational excellence, driven by effective resource allocation. This approach contributes to robust value-creation in alignment with our sustainability objectives. With this focus, we aim to build long-term resilience by leveraging our assets and providing prosperity to our stakeholders.

Optimising Night Shifts for Enhanced Productivity

Our night shift schedules are strategically planned to align with order volumes and delivery demands, ensuring flexibility and swift turnaround. Currently, three (3) machines at LF Metal are consistently assigned to night shifts, with allocations adjusted based on order volume. This adaptive approach enables optimum resource utilisation and productivity while fulfilling delivery targets.

Our investment in advanced technologies, such as fibre laser cutting, has been a key driver of these improvements. Fibre laser cutting accelerates production and consumes less power than conventional laser technologies. This enhancement boosts productivity and energy efficiency at LF Metal and Supreme Steelmakers.

In FY2024, our Group's three (3) main subsidiaries demonstrated strong economic growth, reflecting operational excellence driven by strategic and efficient resource allocation.

ECONOMIC VALUE GENERATED		Revenue RM915.79 million FY2023: RM918.56* million
ECONOMIC VALUE DISTRIBUTED		
Operating costs RM822.10 million FY2023: RM810.56* million	Community Investments RM0.04 million FY2023: RM0.01 million	Government (tax) RM1.03 million FY2023: RM6.62* million
Payment to provider of capital (dividends) RM5.12 million FY2023: RM5.12 million	Employee wages and benefits RM35.56 million FY2023: RM32.58* million	
NET ECONOMIC VALUE GENERATED		RM51.95 million FY2023: RM63.68* million

* Data has been restated.

SUSTAINABILITY REPORT

Optimising Our Supply Chain

Efficient supply chain management is key to promoting sustainability and achieving excellence across our steel processing value chain. From the selection of materials to the delivery of the final product, we uphold high standards with our suppliers, securing optimal product quality and cost-effectiveness.

Our business purchasing and sourcing activities are guided by the Group’s procurement procedures, which ensure a fair and transparent process. We require all suppliers, service providers, and partners to comply with these procedures, fostering mutually beneficial relationships and maintaining the integrity of our procurement process. Priority is given to suppliers who align with our operational values and ethical standards. Additionally, all new suppliers undergo a rigorous vendor registration process and are subject to regular performance evaluations to ensure ongoing compliance.

Supplier Selection Procedure

Our selection process involves a comprehensive rating system to determine the most suitable suppliers. Key selection criteria include:

- ✓ Reputation
- ✓ Affordability
- ✓ Product Quality
- ✓ Service Standards



Supplier Performance Assessment

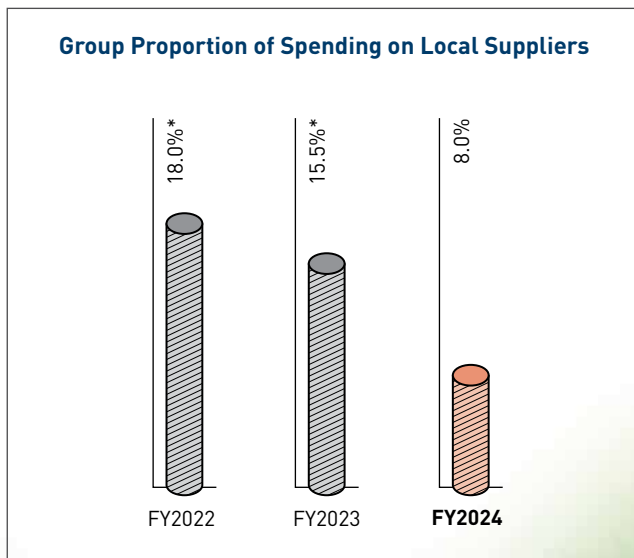
We conduct an annual assessment to update supplier ratings, using performance indicators such as:

- ✓ Compliance Level
- ✓ Service Quality
- ✓ Punctuality



Leon Fuat’s due diligence questionnaire for new suppliers covers essential aspects such as compliance systems and anti-bribery and corruption prevention measures.

In FY2024, local suppliers accounted for 8.0% of our total supplier distribution.



* Data has been restated.



SUSTAINABILITY REPORT



RESPONSIBLE GOVERNANCE




We resolve to foster a corporate culture rooted in integrity and accountability at Leon Fuat. Our guidelines, policies, and code of conduct define our principles, ensuring high ethical standards throughout our operations.

Material Sustainability Matters

- Corporate Governance and Anti-Corruption
- Data Privacy and Cybersecurity

Our Shared Values

 Drive a performance culture of integrity and accountability

Key Stakeholders




Maintaining Responsible Governance

Sound corporate governance underpins the stability and credibility of our operations, earning stakeholders' trust. It is the foundation of our decision-making processes, ensuring clarity and accountability. Our commitment to high standards of integrity, enforced through a zero-tolerance approach to bribery and corruption, fosters an ethical workplace and enhances long-term sustainability.

LEON FUAT'S CORPORATE POLICIES

 <p>Code of Ethics & Conducts</p>	 <p>Directors' Fit and Proper Policy</p>	 <p>Board Charter</p>
 <p>Anti-Bribery Policy</p>	 <p>Whistleblowing Policy</p>	 <p>Remuneration Policy for Directors and Senior Management</p>

 For more information on our corporate policies, please visit: <https://www.leonfuat.com.my/corporate-governance.php>

Regulatory Compliance

We strictly adhere to regulatory requirements, including compliance with company and securities laws, governance standards, and MMLR.

Key laws and regulations applicable to the Group

- Capital Markets and Services (Amendment) Regulations 2021
- Companies Act 2016
- Employment Act 1955 (Amendment) 2022
- Environmental Quality (Amendment) Act 2024
- Factories and Machinery Act 1967
- Income Tax Act 1967
- Minimum Wages Order 2018
- Occupational Safety and Health (Amendment) Act (2022)

SUSTAINABILITY REPORT

To ensure continued adherence to these laws and regulations, we consistently update our internal policies to reflect current legal and regulatory requirements. Our efforts include:



Employee Training

Participation in compliance training programmes to maintain awareness and understanding of new regulations



Stakeholder Communication

Effective dissemination of policy updates to all stakeholders to ensure broad understanding and adherence



External Audits and Risk Assessments

Engaging independent third parties to audit our operations and assess risks, focusing on workplace health and safety, corruption, environmental concerns, and other compliance-related matters

During the reporting period, our Group did not incur any significant fines or non-monetary sanctions for non-compliance with social, economic, or environmental laws and regulations.

Anti-Bribery Management System (“ABMS”)

Introduced in FY2020, the ABMS promotes ethical operations by identifying and addressing bribery risks within our business activities through a preventative, risk-based approach. Aligned with the requirements of ABMS ISO 37001, it is supported by a comprehensive Anti-Bribery Manual defining its scope and operational details.

Anti-Bribery Compliance Function (“ABCF”)

To ensure effective oversight, our ABCF is responsible for managing and maintaining the ABMS documentation, overseeing its implementation, and handling bribery-related concerns.

Document Controller

- Manages ABMS documentation
- Guides personnel on ABMS and bribery issues
- Addresses and reports bribery concerns to the Chief
- Investigates reports assigned by the Chief

Chief of ABCF

- Oversees ABMS implementation
- Reports ABMS performance to the Board
- Plans and reviews bribery risk assessments
- Appoints investigation team for raised concerns

Deputy Chief of ABCF

- Oversees ABMS implementation
- Provides guidance on ABMS and bribery issues
- Assists the Chief on ABMS related matters

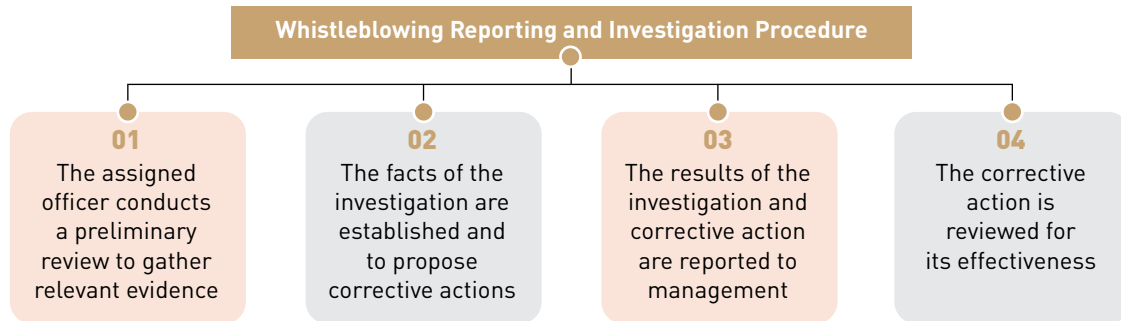
Members of ABCF

- Advise personnel on ABMS and bribery issues
- Address and report bribery concerns to the Chief
- Investigate reports assigned by the Chief

SUSTAINABILITY REPORT

Grievance Mechanism and Whistleblowing Procedures

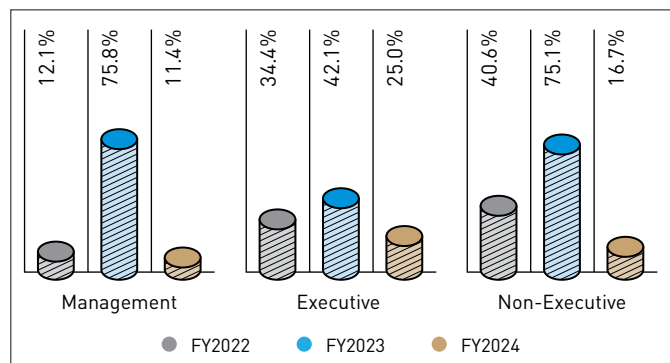
Our grievance mechanism is designed to address any suspected misconduct or non-compliance within the Group. Employees can file a complaint by emailing the personnel designated to handle the cases. All reports made in good faith will be treated impartially and confidentially. Whistleblowers are protected from retaliation, and their identities remain confidential throughout the process.



Bribery Prevention Through Communication and Training

We ensure the effective communication of our anti-bribery policies to all employees through a range of channels, including the employee handbook, orientation programmes for new hires, and regular anti-bribery training sessions.

Employee Category	Percentage of employees who have received training on anti-corruption		
	FY2022	FY2023	FY2024
Management	12.1%	75.8%	11.4%
Executive	34.4%	42.1%	25.0%
Non-Executive	40.6%	75.1%	16.7%



In FY2024, we upheld our track record, recording zero (0) incidents of bribery and corruption as well as whistleblowing incidents across the Group.

	FY2022	FY2023	FY2024
Operations assessed for corruption risk	0%	0%	0%
No. of confirmed bribery and corruption incidents	0	0	0
No. of incidents of whistleblowing	0	0	0



SUSTAINABILITY REPORT


Data Privacy and Cybersecurity

In today’s predominantly digital and cloud-based work environment, implementing effective cybersecurity measures is vital to safeguarding uninterrupted operations. By prioritising these measures, we can better protect our business from potential threats.


The Personal Data Protection Act of 2010 (“PDPA 2010”) guides Leon Fuat’s approach to data privacy and cybersecurity. This act sets the legal framework for how we collect, use, disclose, and maintain personal data. Additionally, we provide our employees and customers with a Personal Data Protection Notice, communicating the purposes for processing their personal data and disclosures.

Cybersecurity Measures

To safeguard data and enhance our network security, we have implemented a robust suite of cybersecurity measures.




Anti-virus and firewalls provide continuous protection against malicious software and potential cyber threats





Access control systems ensure that only authorised personnel have access to sensitive data


Personal Data Protection Notice ensures transparent data practices in accordance with PDPA 2010



Password-protected systems secure access to our payroll and ERP systems

Cloud-based data backup offers reliable solutions to mitigate the risk of data loss



Data encryption safeguards sensitive information with advanced technologies

In FY2024, LF Hardware further enhanced its cybersecurity measures to maintain a secure and resilient infrastructure.

Installing the Sangfor Firewall (NSF1100A)

- ✓ Strengthening network and server security operations, ensuring seamless security management, and bolstering defenses against cyber threats

Deploying Aruba Instant On Access Points

- ✓ Installing secure access points throughout our building to support guest access, scalable network management, and enhanced security - all while ensuring easy setup and remote management

There have been no substantiated complaints related to data privacy or cybersecurity breaches within the past three (3) years.

	FY2022	FY2023	FY2024
No. of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

SUSTAINABILITY REPORT



ENVIRONMENTAL STEWARDSHIP



Producing steel in the most sustainable manner requires strong leadership and a resolve to leverage technological advances. This means modernising our processes, reducing emissions and minimising waste. The Group’s green initiatives are designed to integrate the core functions of steel production with a focus on environmentally friendly and sustainable practices.

Material Sustainability Matters

- Climate Change and Energy
- Water Efficiency
- Effluent and Waste Management

Our Shared Values

- Strengthen business processes to provide better service to customers
- Manage cash resources for operational effectiveness

Key Stakeholders



Building Climate Resilience

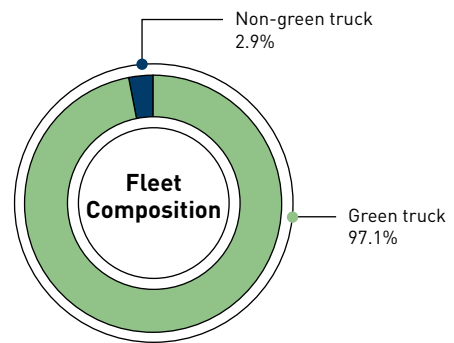
As a major user of energy and natural resources, we play a vital role in addressing climate change. Our green initiatives, including the integration of green diesel and the adoption of renewable energy, continue to yield positive results.

In FY2024, we continued to reduce our carbon footprint through using Euro5 diesel for our fleet and harnessing solar power for four (4) of our factories and streetlights around our facilities.

Adopting Euro5 Diesel

To reduce GHG emissions from fuel consumption, we have focused on integrating Euro5 diesel, also known as green diesel, into our fleets. Compared to Euro2 diesel, Euro5 offers superior environmental benefits, with lower carbon monoxide emissions (0.5g/km versus 1.0g/km) and significantly reduced sulphur content (10ppm compared to 500ppm).

At present, 97.1% of our fleet consists of green diesel trucks, with only 2.9% conventional diesel trucks.



Utilising Solar Power

Beginning in FY2021, we installed solar panels at two (2) LF Metal factories, expanding to two (2) more in FY2022. The total installed solar capacity across all four (4) factories now reaches approximately 2,300 kilowatts (“kW”).

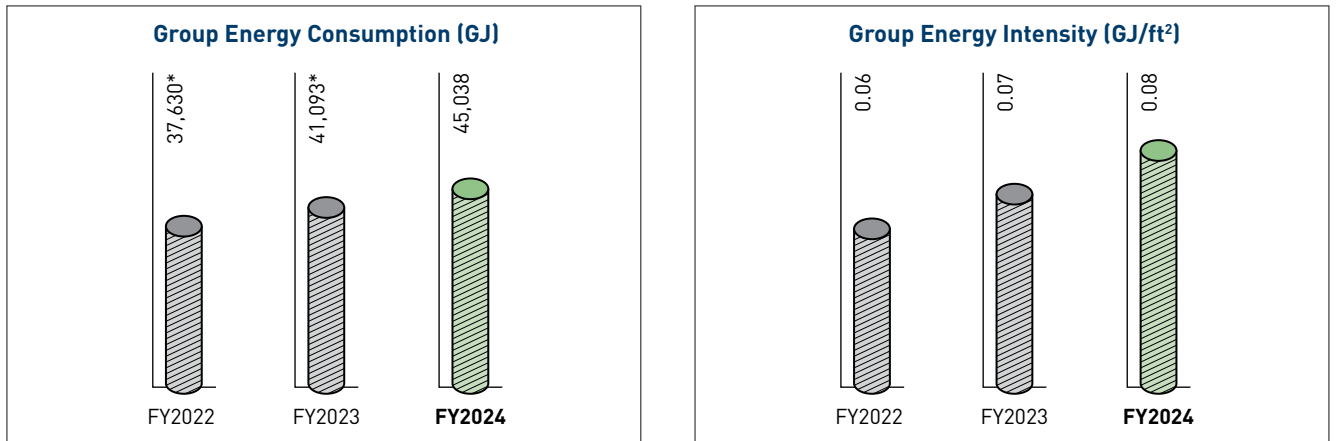
In FY2023, we replaced twenty-four (24) conventional 400W streetlights around the LF Metal factory with solar-powered alternatives, aiming for annual energy savings of 42,048 kWh. This year, we further enhanced energy efficiency by adding three (3) solar-powered streetlights.



SUSTAINABILITY REPORT

Total Energy Consumption and Intensity

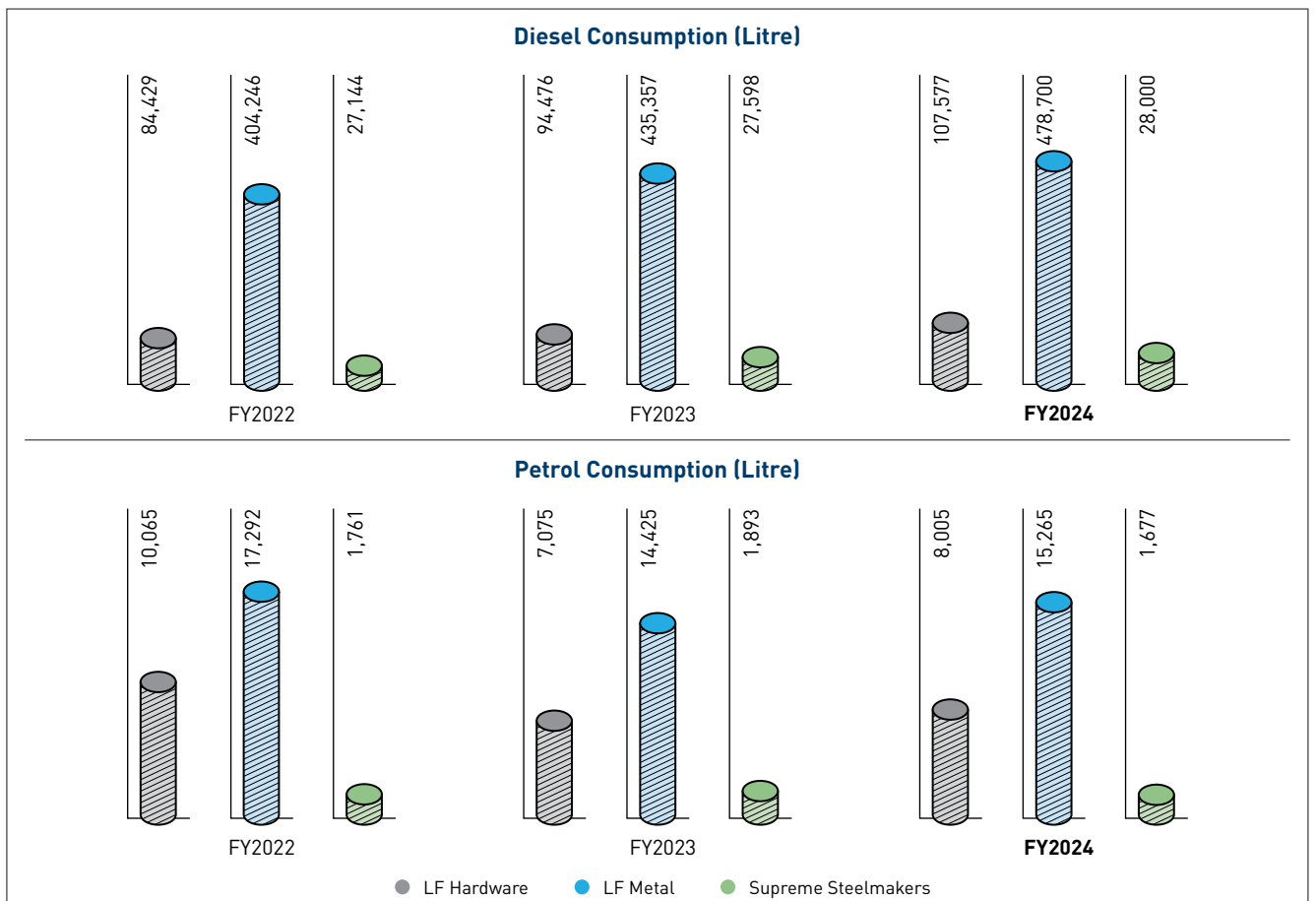
Our Group's total energy consumption, including fuel, electricity, and renewable energy generated from our solar panels reached 45,038 GJ.



* Data has been restated.

Fuel Consumption

In FY2024, the Group recorded a consumption of 614,276 litres of diesel, while petrol consumption amounted to 24,948 litres. The rise in diesel usage at LF Metal this year was driven by a strategic decision to manage outstation deliveries using our own fleet of trucks, implemented in response to a cost increase by our regular transporters.

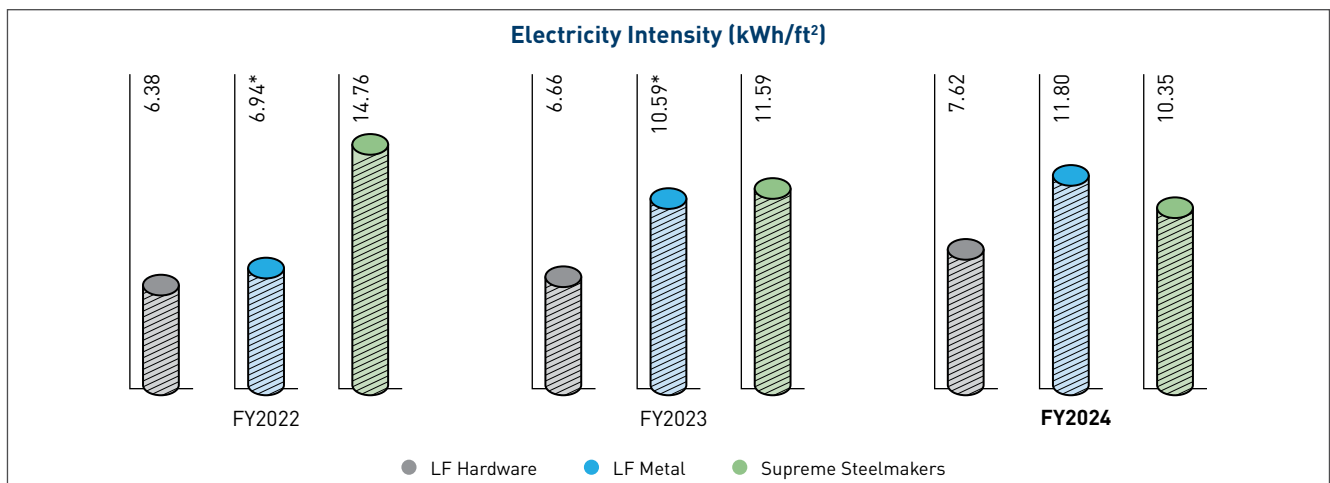
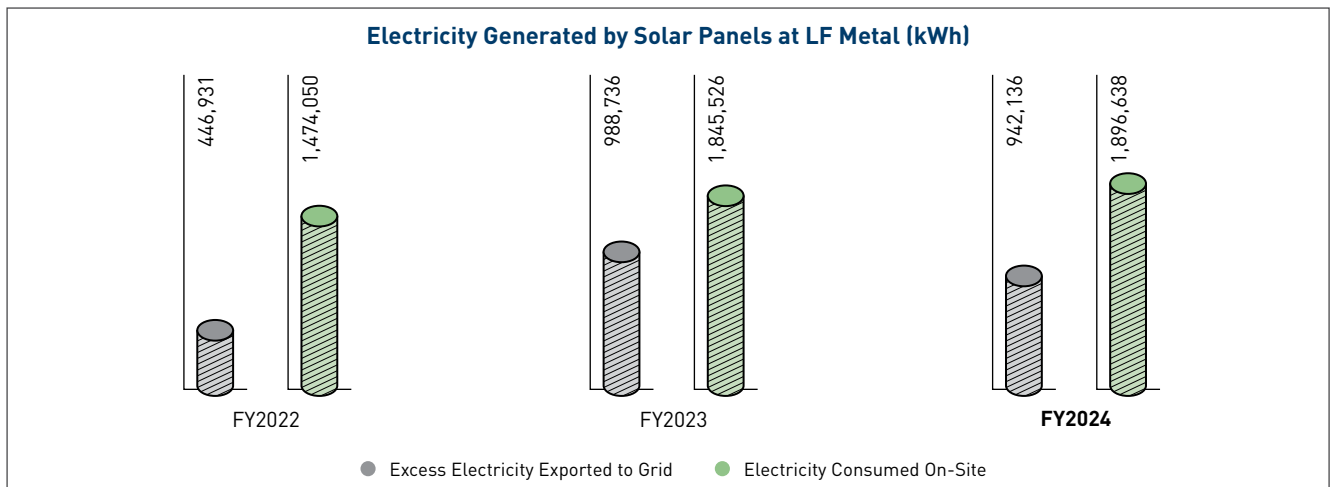
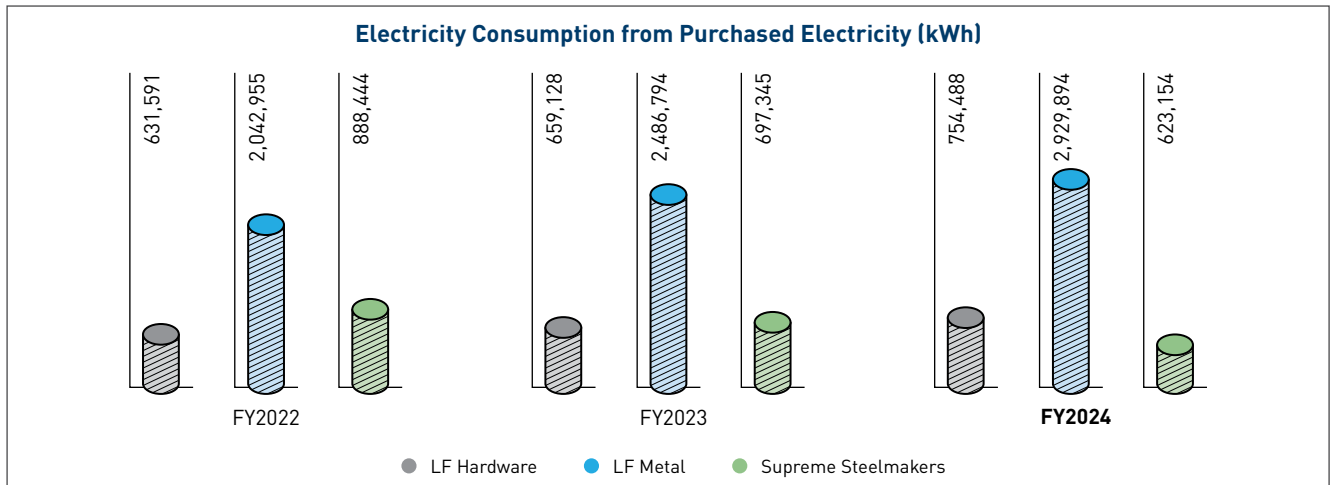


● LF Hardware ● LF Metal ● Supreme Steelmakers

SUSTAINABILITY REPORT

Electricity Consumption and Intensity

In FY2024, we consumed a total of 4,307,536 kWh of electricity purchased from the grid. Our solar panels at LF Metal generated 2,838,774 kWh, of which 1,896,638 kWh were utilised on-site, while the excess 942,136 kWh was exported to the grid under our participation in the Net Energy Metering Scheme.



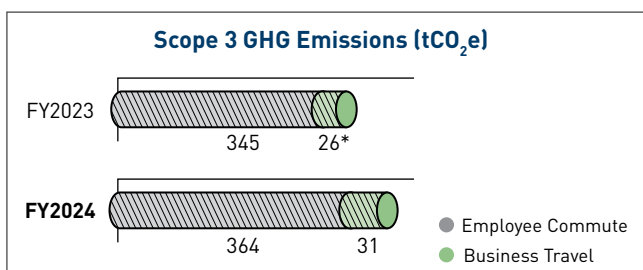
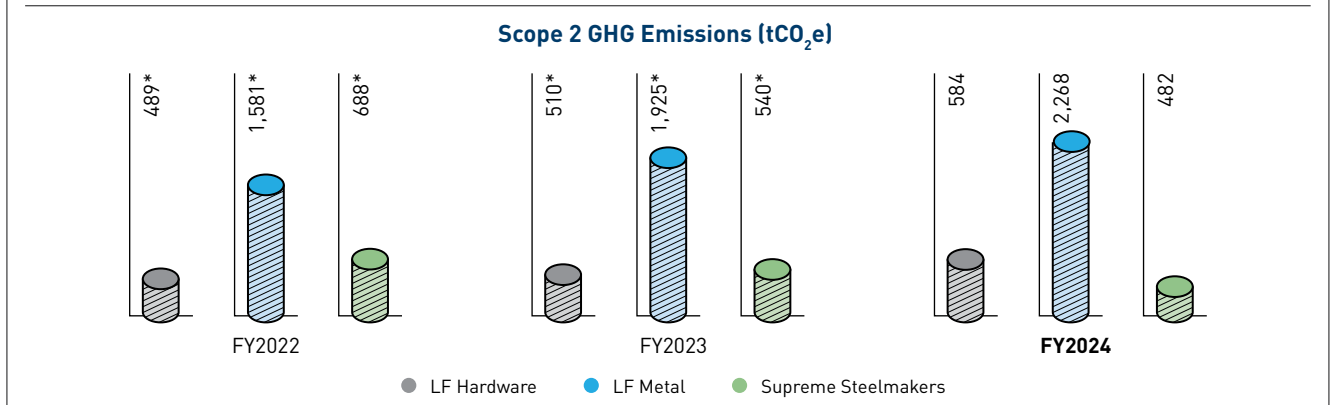
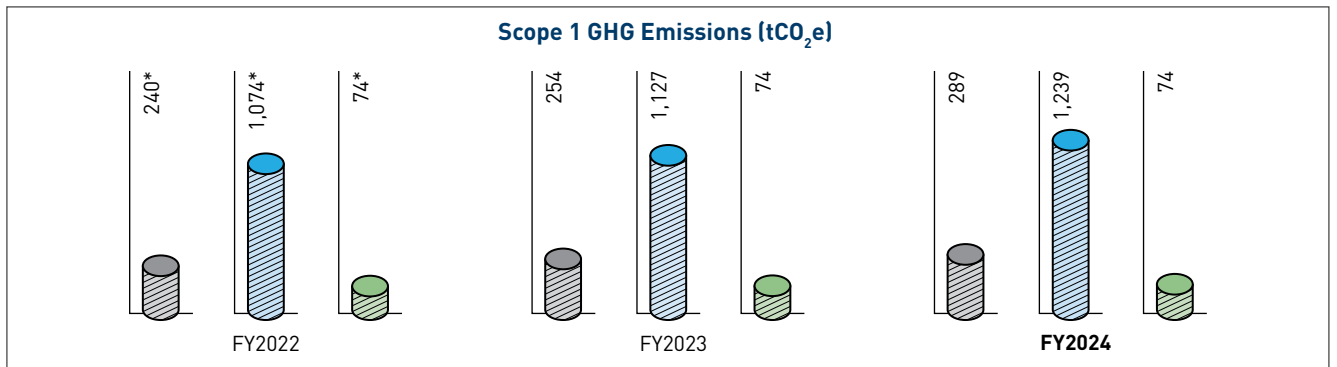
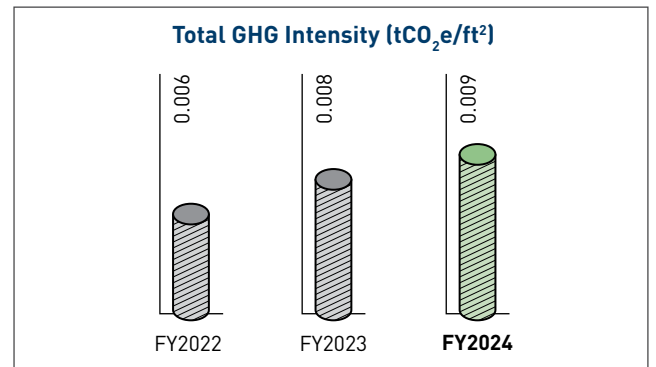
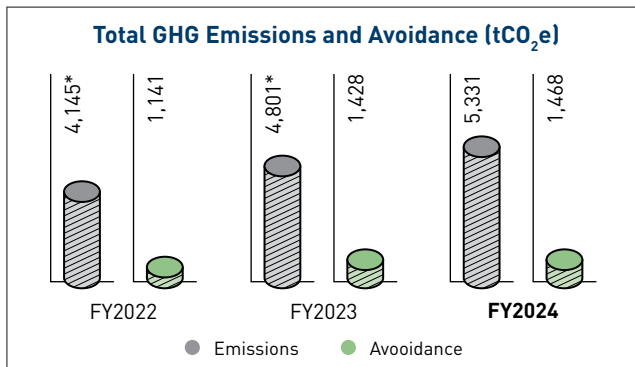
* Data has been restated.

SUSTAINABILITY REPORT

GHG Emissions

Our GHG emissions reporting encompasses three (3) key areas: Scope 1, for direct emissions from diesel and petrol combustion; Scope 2, for indirect emissions linked to purchased electricity; and limited Scope 3, covering emissions from employee commuting and business travel, which we began tracking in FY2023.

In FY2024, the total emissions across our three (3) primary subsidiaries totalled 5,331 tCO₂e. This included 1,602 tCO₂e from Scope 1, 3,334 tCO₂e from Scope 2, and 395 tCO₂e from Scope 3 emissions. Furthermore, our on-site solar panels enabled us to avoid 1,468 tCO₂e of Scope 2 emissions.



- Notes:
1. Business Travel data for FY2023 is limited to LF Metal.
 2. Calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standards.
 3. Scope 1 GHG emissions were calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2022, 2023 and 2024.
 4. Scope 2 GHG emissions were calculated using the latest 2022 Grid Emission Factor (GEF) published by the Suruhanjaya Tenaga (Energy Commission) in Malaysia.
 5. Scope 3 GHG emissions were calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2023 and 2024.

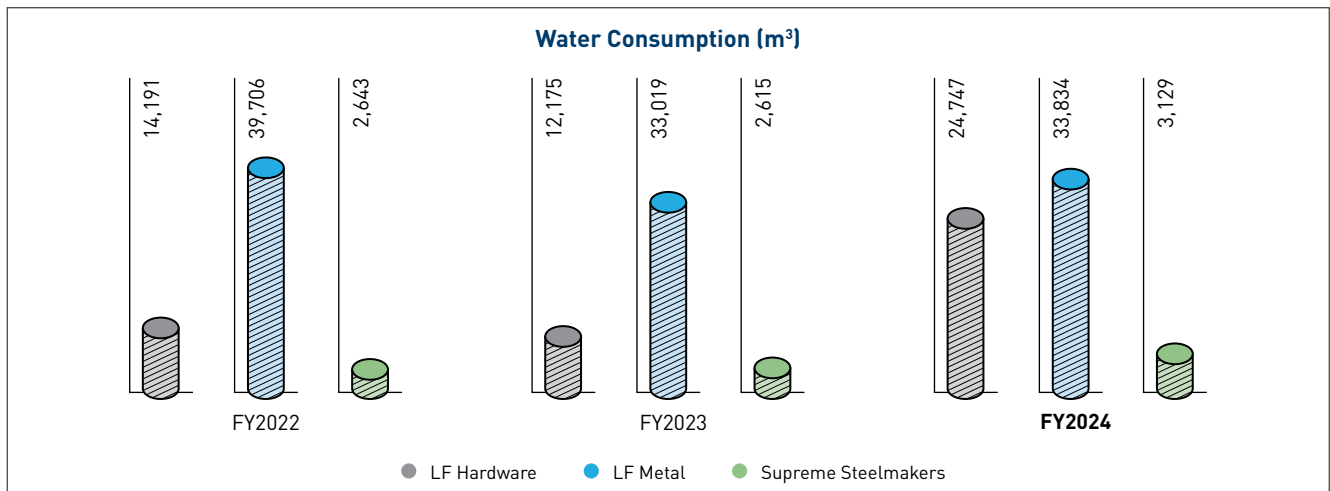
* Data has been restated.

SUSTAINABILITY REPORT

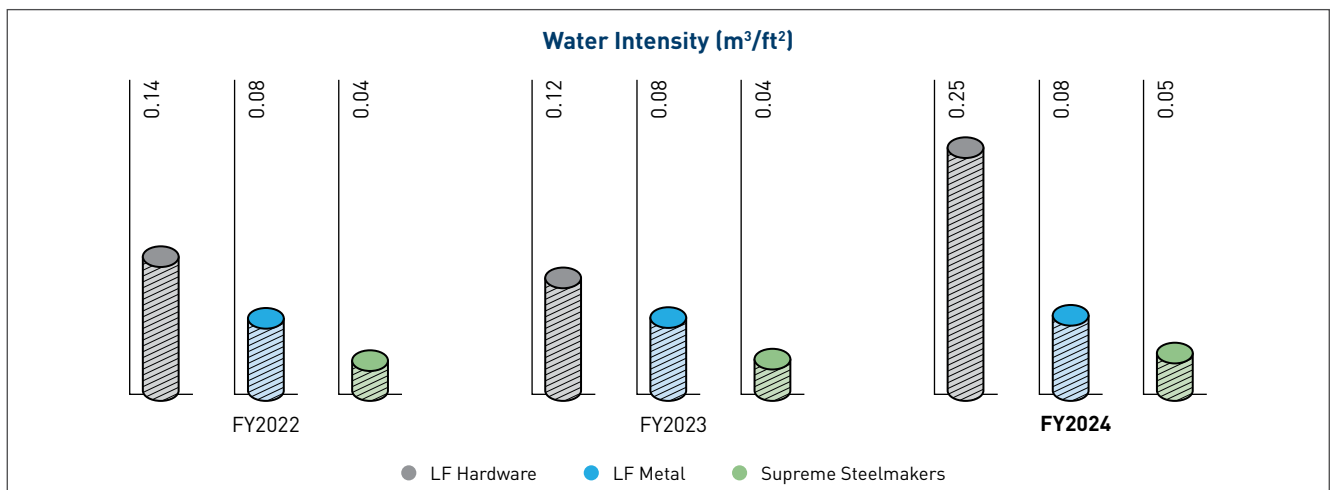
Water Efficiency

Water is primarily used in the cooling and descaling stages of our steel manufacturing process. Monitoring our water consumption is an essential practice that enables us to optimise our water management strategies, ensuring the preservation of this valuable resource.

In FY2024, the total water usage across our three (3) main subsidiaries amounted to 61,710 m³. LF Metal represented the highest usage at 33,834 m³, driven by significant water requirements from its extensive machinery operations and a comparatively larger workforce. Supreme Steelmakers recorded the smallest consumption, utilising 3,129 m³.



LF Hardware experienced an increase in water consumption intensity, which was traced to an undetected pipe leak occurring since December 2023. This issue has now been identified and resolved. LF Metal maintained a consistent water consumption intensity of 0.08 m³/ft², reflecting stable water usage levels.



SUSTAINABILITY REPORT

Managing Waste and Effluent Responsibly

Managing waste and effluent is critical for the Group to minimise our environmental impact and ensure regulatory compliance in our operations. Through the implementation of waste reduction strategies and effluent management, we reduce waste generation and mitigate pollution risks.

Leon Fuat is committed to complying with the Environmental Quality Act of 1974 ("EQA 1974") and the Local Government Act of 1976, particularly in relation to the management, disposal, and treatment of both scheduled and non-scheduled waste, as well as the discharge of effluents. To ensure strict adherence to these regulations, we have implemented a waste management system that effectively governs the treatment and disposal of all waste categories.

The waste management system at LF Metal is overseen collaboratively by a designated Safety and Health Officer, who manages scheduled waste, and an Assistant General Manager, responsible for non-scheduled and recyclable waste. Both work closely with the production and procurement teams to ensure the effective implementation and adherence to waste management protocols.

Scheduled Waste

In FY2024, LF Metal reported a total of 2.30 tonnes in SW104 waste generation, while SW409 was recorded at 0.24 tonnes. Supreme Steelmakers reported zero scheduled waste generation for the year, as no lubricating oil changes were carried out.

Amount of Scheduled Waste Generated (tonnes)

Code	Description	LF Metal			Supreme Steelmakers		
		FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
SW104	Dust, slag, dross or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium, excluding slag from iron and steel factory	3.42	1.84	2.30	0	0	0
SW306	Spent lubricating oil	0	0	0	2.11	2.30	0
SW409	Disposed items contaminated with chemicals, pesticides, mineral oil or scheduled wastes	0.93	0.18	0.24	0	0	0

Non-Scheduled Waste

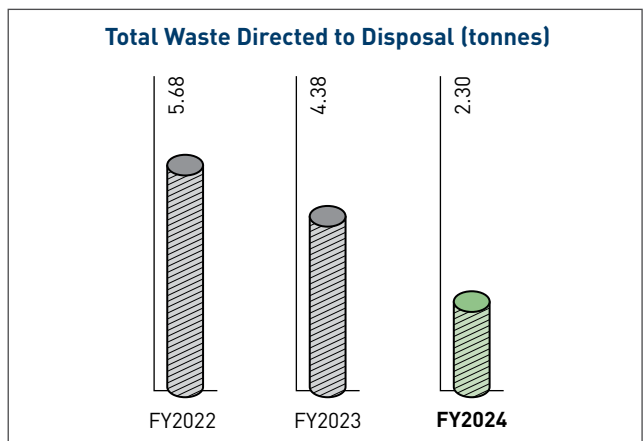
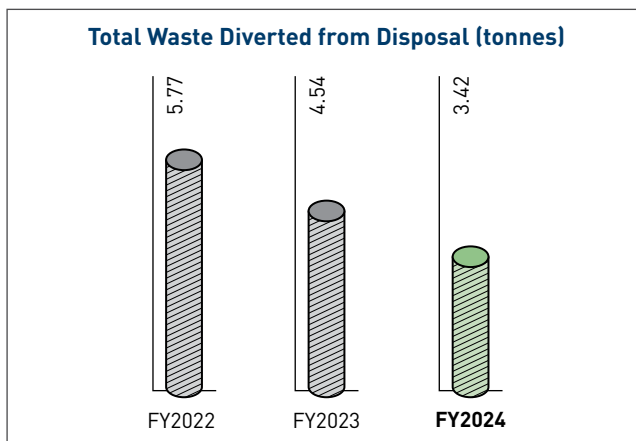
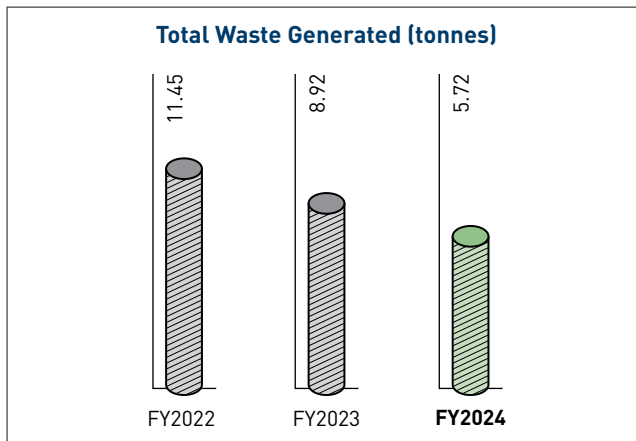
Over the past three (3) reporting years, the Group has effectively reduced non-scheduled waste by introducing recycling bins in office spaces and transitioning from paper-based communication to digital platforms. As a result, total non-scheduled waste generated this year was 3.17 tonnes, reflecting approximately 30.9% decrease from FY2023.

Amount of Non-Scheduled Waste Generated (tonnes)

Types of Waste	LF Hardware			LF Metal			Supreme Steelmakers		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
General	0.10	0.21	0.09	4.84	4.28	-	-	0.06	-
Papers	0.05	0.05	0.07	-	-	2.77	-	-	-
Plastics	-	-	-	-	-	0.24	-	-	-

SUSTAINABILITY REPORT

Our three (3) subsidiaries collectively generated a combined total of 5.72 tonnes of scheduled and non-scheduled waste, with 59.8% successfully diverted from disposal through recycling and waste recovery initiatives.



Effluent

We continuously monitor and document the quality of LF Metal’s effluent discharge to ensure full compliance with the legal limits set by the EQA 1974. Effluent samples are collected biannually by our waste contractor, and the results are consistently monitored to ensure they remain well within the minimum standards specified in Standards A and B of the EQA 1974.

Effluent Sampling Results (mg/L)

Parameters	Std. A	Std. B	FY2022	FY2023	FY2024
Chemical Oxygen Demand (COD)	120	200	67	58	38
Biological Oxygen Demand (BOD)	20	50	18	17	12
Total Suspended Solids (TSS)	50	100	15	23	1
Oil and Grease	20	20	0	0	0
Ammoniacal Nitrogen (NH ₃ -N)	50	50	11	16	8

SUSTAINABILITY REPORT



SOCIAL RESPONSIBILITY



Balancing economic growth, environmental sustainability, and community well-being is a key consideration for Leon Fuat. Our Corporate Social Responsibility (“CSR”) initiatives are ingrained in the welfare of our employees, the local community, and broader society. Our CSR practices demonstrate our dedication to making meaningful contributions to society and the communities we serve.

Material Sustainability Matters

- Occupational Safety and Health
- Noise Management
- Labour Practices and Standards
- Diversity and Inclusiveness
- Product Quality and Customer Satisfaction
- Corporate Social Responsibility

Our Shared Values



Strengthen business processes to provide better service to customers



Commitment to products and services quality

Key Stakeholders



Championing Workplace Safety

Our workforce adheres to rigorous health, safety and environment (“HSE”) protocols, actively minimising workplace hazards and fostering a culture of accountability. Our emphasis on maintaining a secure work environment is driven by our intent to protect our employees’ physical and mental well-being, which in turn enhances overall productivity

Our HSE system complies with the Occupational Health and Safety Management Standard (“OHSAS”) 18001:2007, ensuring effective management of occupational safety and health (“OSH”) risks. LF Metal reviewed and updated its Occupational Safety and Health system in January 2024 to comply with the Occupational Safety and Health (Amendment) Act 2022, including obtaining Certificates of Fitness for all machinery and maintaining full operational safety.

Safety and Health Policy

Our Safety and Health Policy guides our efforts to foster a safety-conscious culture across the Group. We achieve this through frequent training sessions focused on developing and maintaining safe workplace practices. Our mission is to achieve zero injuries among our employees, contractors, and the communities in which we operate.

In line with our policy, we have implemented a detailed Safety and Health Manual to ensure operational safety through a detailed control system overseen by the Safety and Health Committee.

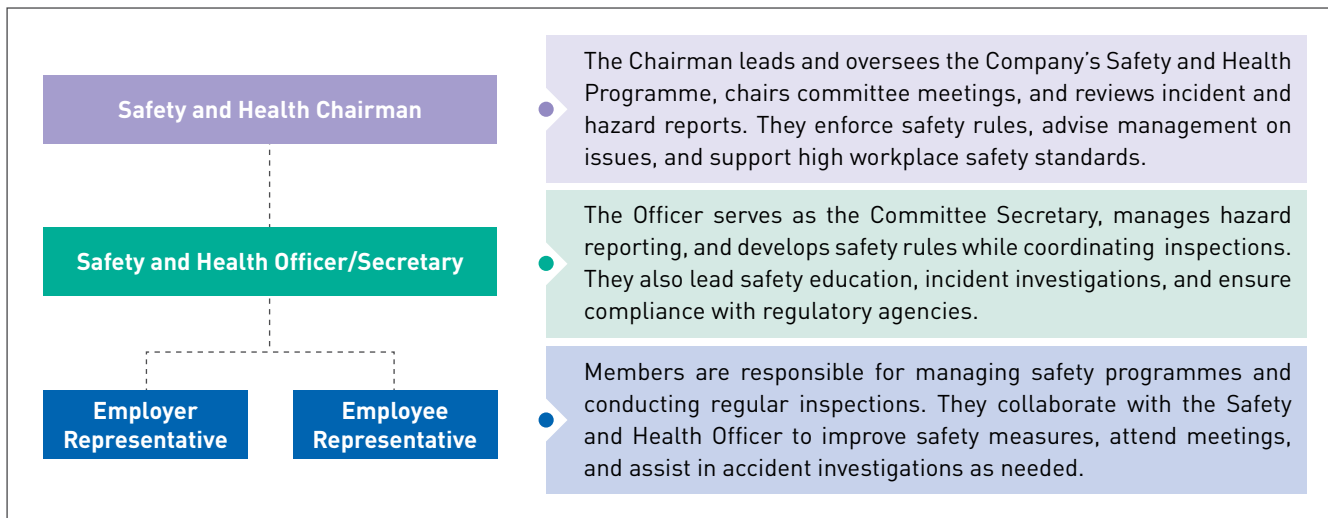
- It outlines the roles and responsibilities of the Safety and Health Committee, fire safety protocols, and essential safety procedures tailored to our steel trading and processing facilities.
- Routine inspections are conducted to uphold and enhance safety and health standards.



SUSTAINABILITY REPORT

Safety and Health Committee

Our three-tiered Safety and Health Committee fosters a collaborative and comprehensive approach to OSH management through strong leadership, coordinated oversight, and active employee participation.



Safety Risk Management

The Group employs a HIRARC methodology to systematically identify, mitigate and eliminate risks where possible. This structured approach strengthens our ability to proactively address potential hazards, fostering an environment where safety is prioritised.

HIRARC

- Established in FY2017 as a mechanism to identify potential hazards and establish effective control measures.
- Evaluates risk levels associated with a particular activity by considering:
 - Severity of injury or illness resulting from a hazard; and
 - Likelihood of the injury or illness occurring.

The Group identified a work process at LF Metal with higher OSH risks and has evaluated its risk control measures.

Work Process: Moving out slitted coils from mandrel.

Risk Control Measures:

- Implement Standard Operating Procedures (“SOPs”), provide comprehensive training, ensure PPE usage (safety shoes, helmet, gloves);
- Install slitted coil support; and
- Install sensors, safety guards, interlocking devices, and enforce safe work practices.

2-Minute Hazard Report Card

- Complements the HIRARC process by quickly assessing hazard severity to determine whether activities should proceed or halt, reinforcing a proactive, safety-first approach.

SUSTAINABILITY REPORT

Personal Protective Equipment (“PPE”)

The Group has issued a memorandum regarding the use of PPE for individuals entering the factory premises of LF Metal and Supreme Steelmakers. This directive applies to visitors, employees, and external logistics or transport personnel, ensuring adherence to safety standards.

The PPE provided includes safety helmets, ear protection, safety goggles, dust masks, gloves, safety footwear, and other necessary protective equipment, which must be worn when engaging in hazardous tasks or in areas where safety risks are present.

During the reporting period, the three (3) main subsidiaries collectively recorded a total of 951,445 working hours, with a lost time incident rate of 6.10.

Health and Safety Performance

	FY2022	FY2023	FY2024
Total Hours Worked	832,897	928,225	951,445
No. of Work-related Fatalities	0	1	0
No. of Lost Time Incidents	20	17	29
Lost Time Incident Rate	4.80	3.66	6.10

Note:

1. The Lost Time Incident Rate (“LTIR”) is calculated based on the number of workplace incidents resulting in workplace injury-related absences, expressed per 200,000 hours worked.

Health and Safety Training

Our focus on OSH is reinforced through continuous training, covering key areas such as safe machinery handling, fire safety procedures, first aid, the proper use of PPE based on operational requirements. These initiatives help employees understand the importance of safe work practices, thereby reducing the risk of accidents and injuries.

In FY2024, a total of 345 hours of health and safety training were provided, with thirty-nine (39) employees in attendance.

Note:

1. The total hours of OSH training are calculated by multiplying the duration of each training programmes by the number of attendees to align with the calculation method used for total training hours of employee development programmes.



Total Hours of OSH Training

345

Number of Employees Trained on HSE Standards **39**

(FY2023: 71) • (FY2022: 111)



Managing Noise Safety

In Leon Fuat’s steel manufacturing environment, prolonged exposure to elevated noise levels poses significant occupational health risks. Through rigorous testing and implementing noise control measures, we safeguard our employees from the adverse effects of excessive noise exposure.

Leon Fuat complies with all relevant noise regulations, including the Occupational Safety and Health (Noise Exposure) Regulations 2019. Noise Risk Assessments are conducted every five (5) years to assess workers’ exposure to noise and evaluate the effectiveness of existing noise control measures, with the next assessment scheduled for FY2027.

LF Metal conducts audiometric testing annually, with seventy-six (76) employees participating in FY2024. Our primary focus is to elevate staff awareness through Noise Awareness Training and safety briefings on potential auditory issues. Furthermore, we equip employees with hearing protectors, such as Anti-Noise Ear Shields, to effectively mitigate noise exposure at our plants.

SUSTAINABILITY REPORT

Engaging Our Employees

From talent acquisition to retention, we uphold responsible principles and business practices to enhance the overall well-being and job satisfaction of our employees. Facilitating a fair, inclusive and supportive environment, we provide continuous opportunities for improvement and offer progressive benefits to attract and nurture top talent.

The Group has recorded zero substantiated complaints of human rights violations over the past three (3) years.



We ensure a minimum notice period prior to significant operational changes, maintaining transparency and allowing employees adequate time to prepare.

Upskilling and Developing Talent

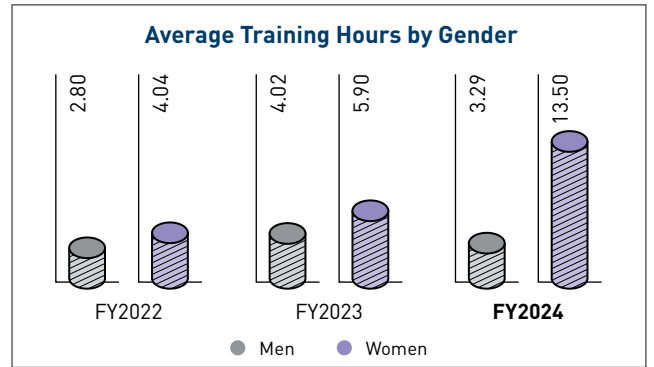
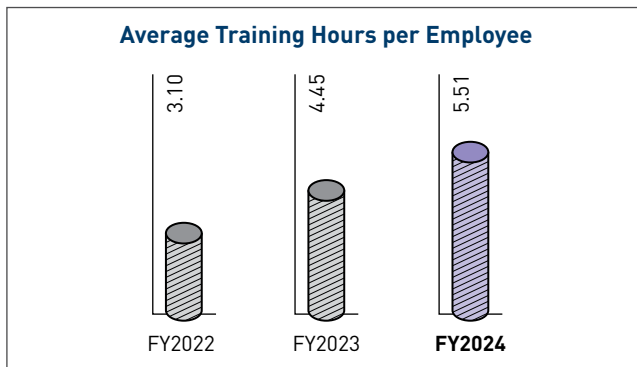
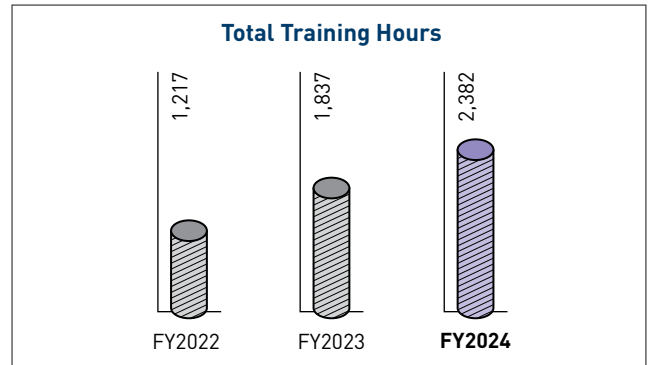
The Group achieves performance excellence through continuous development and innovative incentive programmes. We support the professional growth of our employees with a variety of training initiatives, emphasising regular on-the-job training and upskilling to enhance competencies and effectiveness.

Type of Training	List of Training Programmes
Leadership, Ethics & Governance	<ul style="list-style-type: none"> Vistage Small Business ("VSB") Programme (12 sessions) Vistage Chief Executive ("VCE") Programme (11 sessions) Federation of Malaysian Manufacturers ("FMM") Business Ethics & Governance Seminar 2024 PECB Certified ISO 37001 Lead Auditor
E-Invoicing and Taxation	<ul style="list-style-type: none"> E-Invoicing Strategy and Application Training (3 sessions) Employer's Tax Obligation in Mandarin Roadmap for E-Invoicing Implementation and Transformation Strategies (5 sessions) Malaysia E-Invoicing Framework – Mechanism, Process, and Planning Recent Tax Developments
Business Systems & Automation	<ul style="list-style-type: none"> Microsoft Power Automate Essentials Systems, Applications, and Products ("SAP") Training (8 sessions) User Training for Focus 9 Enterprise Resource Planning
Labour and Industrial Relations	<ul style="list-style-type: none"> Department of Labour Peninsular Malaysia Labour Convention 2024 FMM Industry 4.0 Conference 2024 Labour Symposium Programme Seminar on Worker Accommodation Certification
Quality Management	<ul style="list-style-type: none"> ISO 9001:2015 Internal Auditor Training (QMS05) (2 sessions) Understanding & Implementing ISO 9001 Quality Management System (2 sessions)
Technical	<ul style="list-style-type: none"> Forklift Training
Sustainability	<ul style="list-style-type: none"> Carbon Accounting and Reporting: From Basics to Best Practices
Safety and Health	<ul style="list-style-type: none"> OSH Coordinator Programme First Aid, Cardiopulmonary Resuscitation ("CPR") & Automated External Defibrillator ("AED") Course (2 sessions) Working Safely at Height (2 sessions) Engagement Session with Employers: Briefing on Safety Rules 24th Conference and Exhibition on Occupational Safety and Health ("COSH") & 6th Scientific Conference on Occupational Safety and Health ("SCICOSH") 2024 OSH Safety Webinar Series – June 2024: OSHA 2022 Amendments OSH Compliance Support Workshop: Sharing of Best Practices Safe Handling of Forklift Truck & Crane – Basic Programme HIRARC, Chemical Health Risk Assessment ("CHRA"), Ergonomic & Manual Handling in the Workplace Emergency Response Plan & Preparedness Combined Drill Training Lifting Supervisor

SUSTAINABILITY REPORT

In FY2024, we allocated 2,382 training hours to these initiatives, combining virtual and in-person sessions for greater accessibility and engagement.

Employee Category	Total Training Hours		
	FY2022	FY2023	FY2024
Senior Management	126	127	202
Management	212	333	595
Executive	276	355	782
Non-Executive	603	1,022	803



Employee Category	Average Training Hours		
	FY2022	FY2023	FY2024
Senior Management	12.55	12.70	20.20
Management	6.43	10.08	16.99
Executive	4.52	6.24	12.22
Non-Executive	2.09	3.27	2.49

Employee Benefits and Welfare

We prioritise the well-being and growth of our employees through a range of benefits and development opportunities. Our benefits package includes healthcare and insurance coverage, professional development programmes, and paid examination leave to support academic pursuits.

Annual Leave	Marriage Leave	Parental Leave	Compassionate Leave
Examination Leave	Healthcare	Retirement Provision (EPF)	Disability and Invalidation Coverage

This year, LF Metal upgraded its insurance coverage to offer enhanced medical protection for its employees. We actively promote educational initiatives, with department heads offering counselling sessions to support learning and career development. Employees at LF Metal are encouraged to acquire new skills, with up to five (5) days of paid examination leave to assist in their academic and professional goals.

SUSTAINABILITY REPORT

Employee Engagement

At LF Metal, we are dedicated to cultivating a workplace culture that is engaging, inclusive, and supportive. Our approach centres on empowering employees, developing their skills, and enhancing their well-being to promote both personal and professional growth.

Onboarding and Orientation

Engagement begins from day one through our structured onboarding and orientation programme. New hires undergo a two-session induction process:

- Session 1 provides an overview of the Group's values, mission, and operations, fostering alignment with our corporate ethos.
- Session 2 focuses on department-specific SOPs, ensuring a practical understanding of day-to-day expectations and workflows.

This tailored onboarding experience ensures that every employee, regardless of role, integrates smoothly into our culture and processes.

Recognition and Rewards

Motivating and rewarding our employees is crucial to sustaining high performance. Our engagement initiatives include:

- **Quarterly Reward Meals:** Celebrating top-performing sales teams with recognition meals.
- **Recognition Awards and Bonuses:** Honouring exceptional performance across various levels and roles.

Healthcare and Wellness Programmes

In FY2024, LF Metal organised monthly healthcare and wellness programmes starting in June 2024, designed to foster physical and mental well-being while creating a supportive environment for employees to excel both professionally and personally.

- June: Health Screening Programme
- July: Mental Health Awareness Day
- August: Breakfast Day – featuring Yakult drinks
- September: Healthy Snacking Day
- November: Orange Bliss
- December: Cookie Decorating and Healthful Treat

These initiatives reflect our commitment to promoting holistic wellness across the organisation.



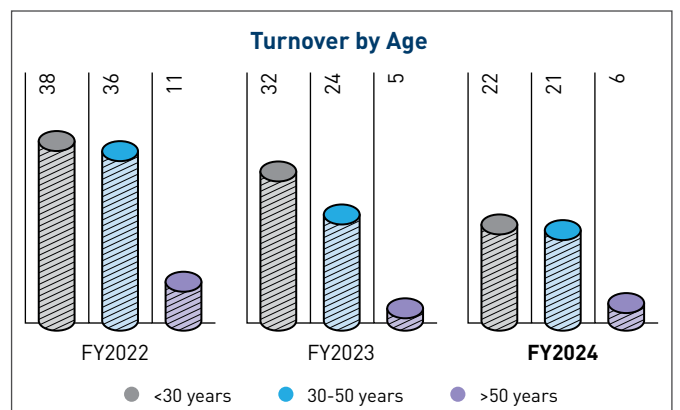
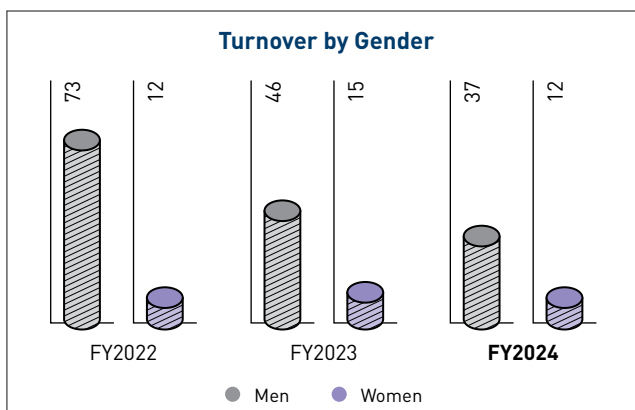
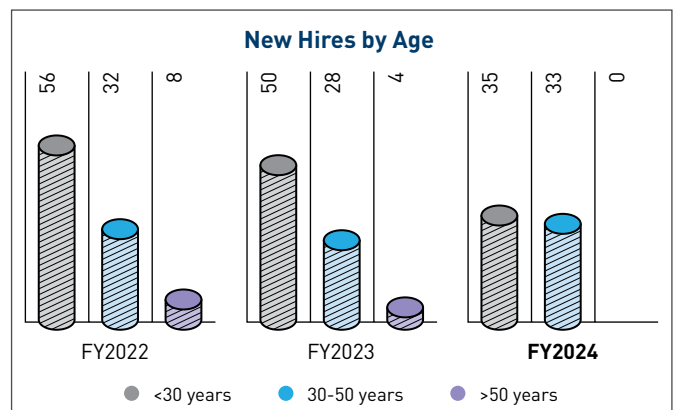
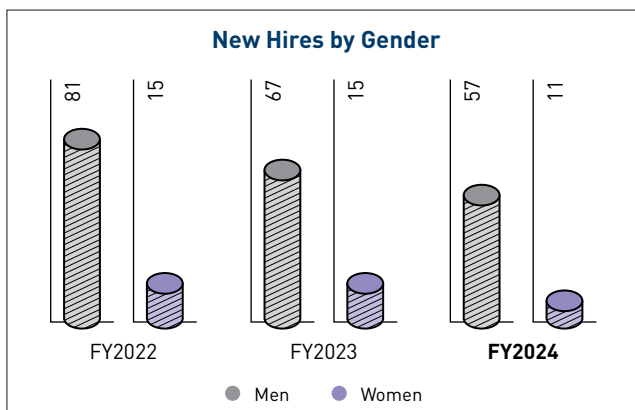
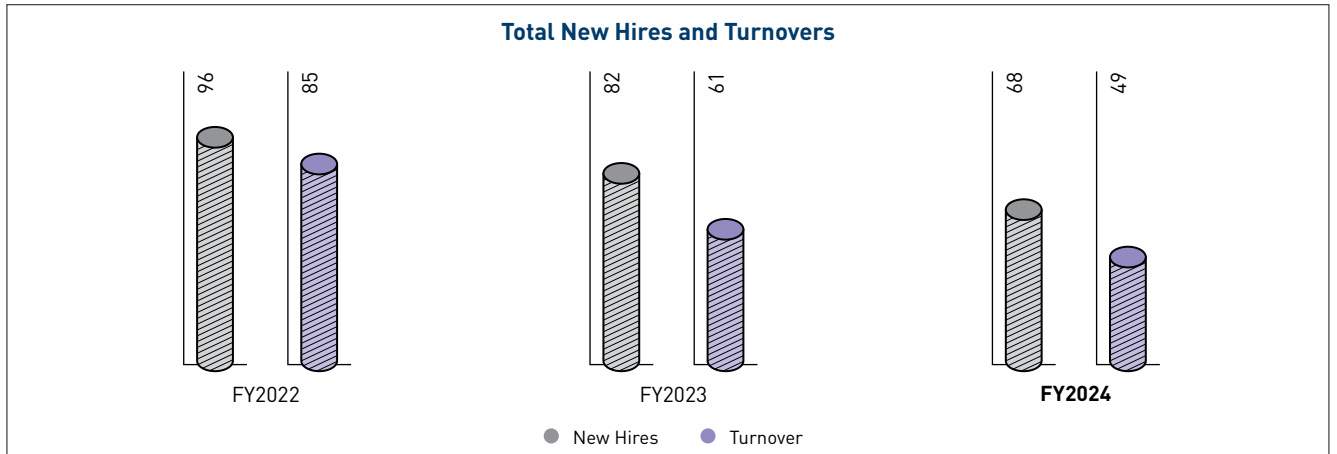
Annual Events

Our annual events, such as the Annual Dinner offers opportunities for team bonding, celebrate our collective achievements, and reinforce our inclusive workplace culture.

SUSTAINABILITY REPORT

Employee New Hires and Turnover

In FY2024, the Group welcomed sixty-eight (68) new hires and recorded forty-nine (49) employee turnovers.

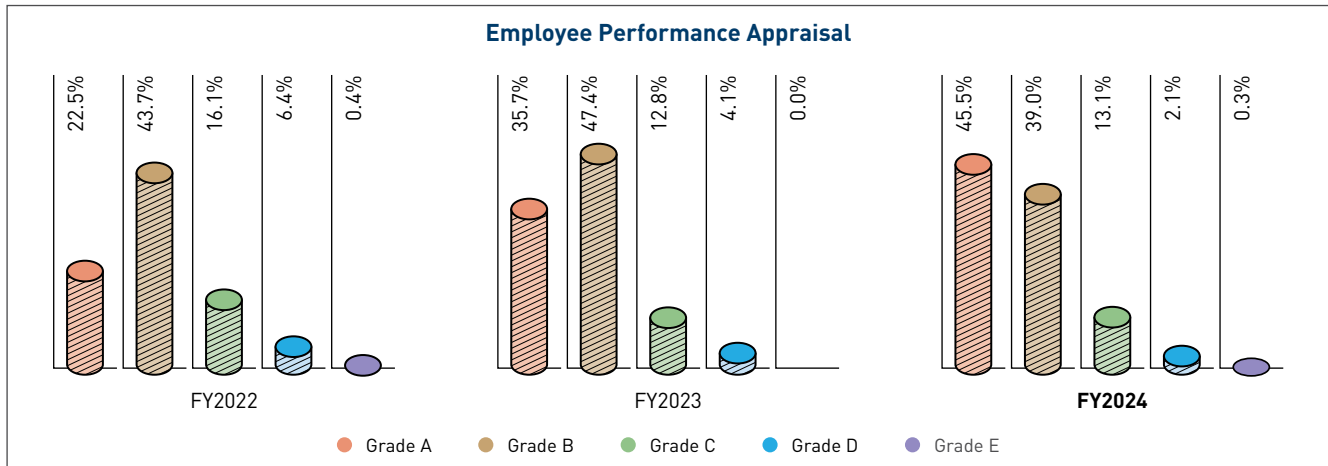


Employee Category	Total number of employee turnover		
	FY2022	FY2023	FY2024
Senior Management	0	0	0
Management	0	1	3
Executive	8	9	7
Non-Executive	77	51	39

SUSTAINABILITY REPORT

Employee Appraisal

As part of our career development efforts, we conduct annual assessments to evaluate employee performance and identify development needs. In FY2024, all two hundred ninety-one (291) LF Metal employees underwent performance evaluations. Notably, a substantial number of employees exhibited exceptional performance, with 45.5% achieving Grade A and 39.0% receiving Grade B.



Parental Leave

In FY2024, the Group achieved a 100% return-to-work rate for three (3) female and six (6) male employees who utilised parental leave. Additionally, one (1) male employee at Supreme Steelmakers returned to work in 2024 after taking parental leave in 2023. All employees remained with the company twelve (12) months later.

	FY2022		FY2023		FY2024	
	Men	Women	Men	Women	Men	Women
No. of employees who took parental leave	0	0	12	8	6	3
No. of employees who returned after parental leave	0	0	12	5	6	3
No. of employees who returned to work after parental leave and were still employed 12 months later	0	0	10	4	7	3

Fostering Equity and Diversity

Fostering equity and diversity is crucial to creating a thriving, inclusive workplace. By embracing diverse perspectives and backgrounds, we enhance innovation, drive better decision-making and contribute to a more engaged and productive workforce.

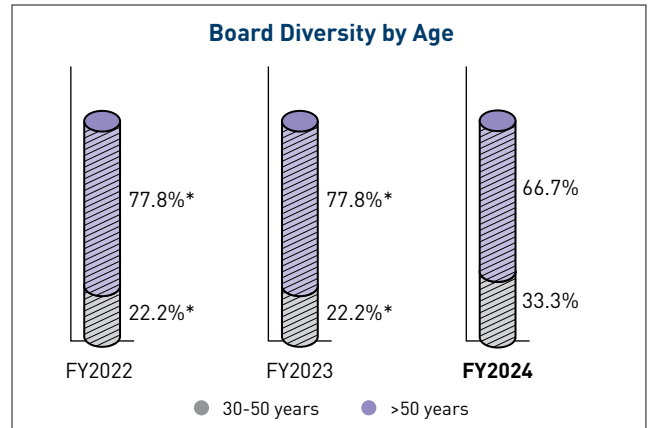
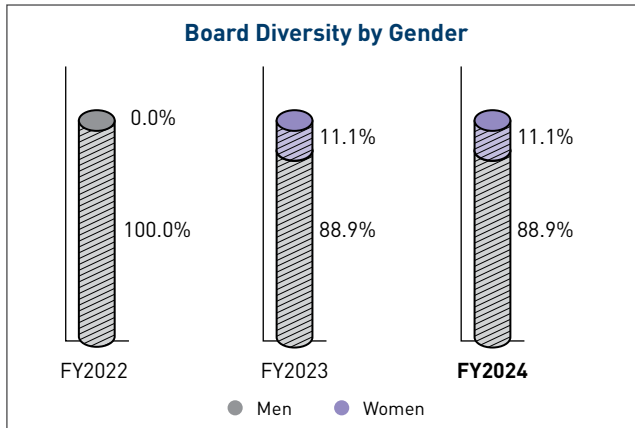
Leon Fuat is dedicated to fostering an equitable and inclusive workplace, embracing diversity across cultural, ethnic, age, and gender dimensions. This is supported by our zero-tolerance Discrimination and Harassment Policy, which is consistently communicated through comprehensive employee training to ensure awareness and strict compliance at all levels.

At LF Metal, we further strengthen this initiative by promoting anonymous feedback channels, encouraging employees to report any concerns related to discrimination, bias, or harassment without fear of retaliation. Our proactive measures have contributed to a safe and inclusive environment, reflected by zero reported discrimination cases within the Group in FY2024.

SUSTAINABILITY REPORT

Board Diversity

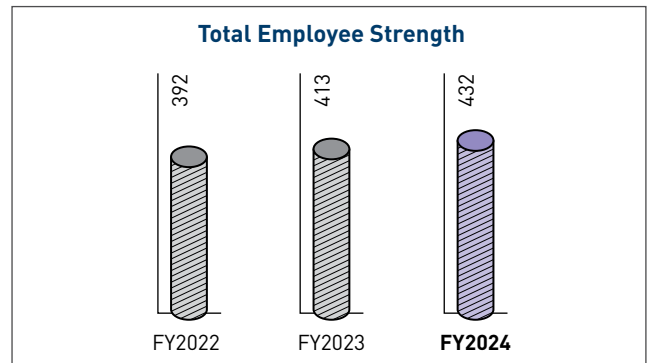
Since FY2023, Leon Fuat Berhad’s Board has a female member, represented 11.1% of the Board members, with the majority aged fifty (50) and above, bringing extensive experience to our leadership.



* Data has been restated.

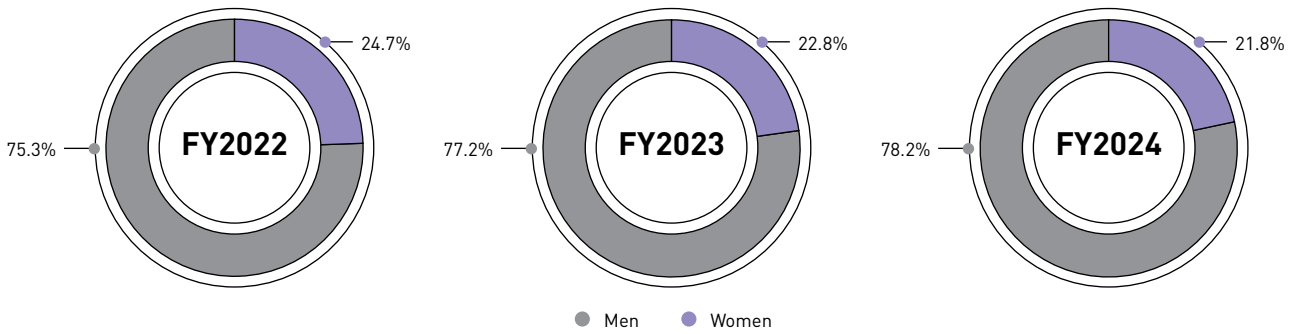
Workforce Diversity

In FY2024, our Group saw a 4.6% growth in our workforce. Our workforce distribution has remained consistent over the past three (3) years, with men aged thirty (30) and fifty (50) comprising the majority due to the labour-intensive nature of the steel processing industry. Nevertheless, we continue to actively advocate for and welcome individuals of all genders, ethnicities and nationalities to be part of our diverse team, contributing their unique perspectives and talents across our organisation.

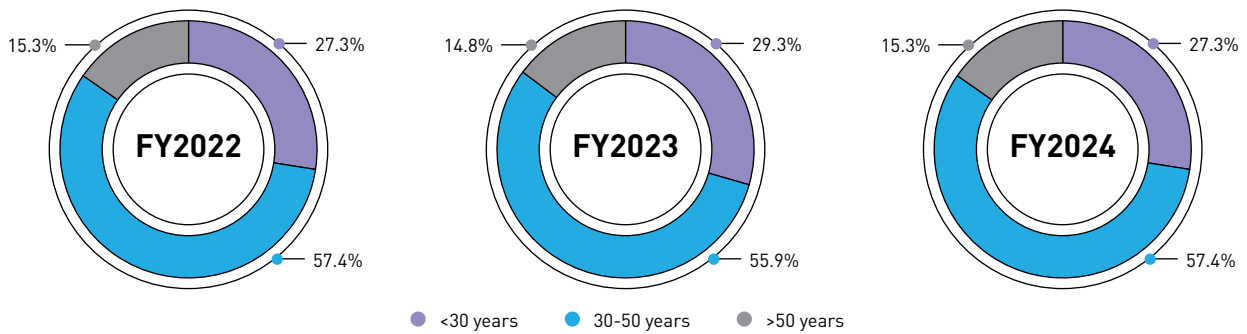


SUSTAINABILITY REPORT

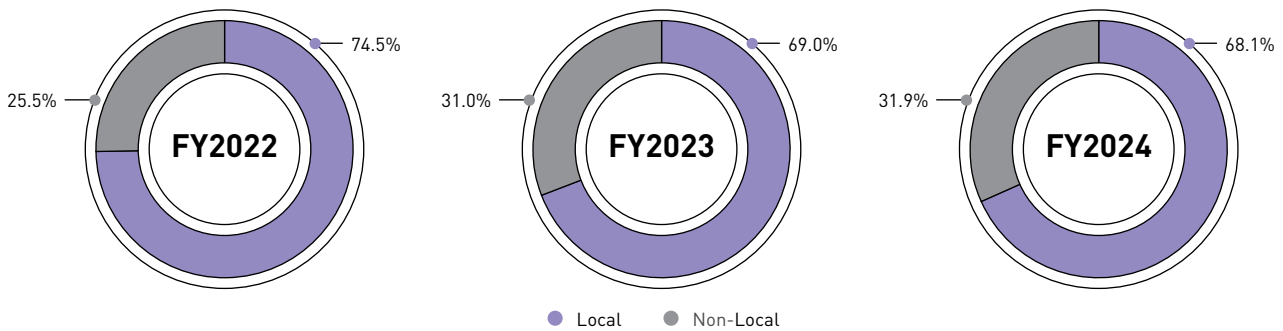
Employee Diversity by Gender



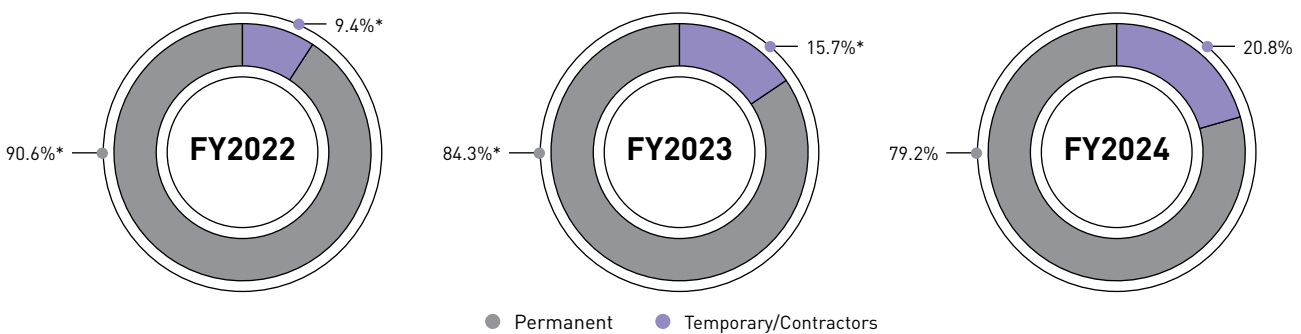
Employee Diversity by Age



Employee Diversity by Nationality



Employee Composition



* Data has been restated.

SUSTAINABILITY REPORT

Gender Diversity by Employee Category (%)

Employee Category	Gender	FY2022	FY2023	FY2024
Senior Management	Men	100.0	100.0	100.0
	Women	0.0	0.0	0.0
Management	Men	48.5	48.5	51.4
	Women	51.5	51.5	48.6
Executive	Men	19.7	19.3	26.6
	Women	80.3	80.7	73.4
Non-Executive	Men	89.2	90.1	90.7
	Women	10.8	9.9	9.3

Age Diversity by Employee Category (%)

Employee Category	Age	FY2022	FY2023	FY2024
Senior Management	<30	0.0	0.0	0.0
	30-50	20.0	20.0	20.0
	>50	80.0	80.0	80.0
Management	<30	3.0	3.0	2.9
	30-50	87.9	87.9	80.0
	>50	9.1	9.1	17.1
Executive	<30	26.2	19.3	21.9
	30-50	59.0	64.9	62.5
	>50	14.8	15.8	15.6
Non-Executive	<30	31.3	34.8	31.9
	30-50	54.9	52.1	55.1
	>50	13.9	13.1	13.0

Delivering Excellence in Products and Services

The Group recognises the correlation between delivering high-quality products and providing exceptional service to achieve customer satisfaction. Our dedication to consistently exceeding customer expectations, paired with our focus on providing responsive service, strengthens our reputation and fosters enduring relationships with our valued clients.

All three (3) of our subsidiaries are certified under ISO 9001:2015 (Quality Management Systems), enabling us to identify areas for continuous improvement.

ISO 9001(Quality Management Systems)

LF Hardware

ISO 9001:2015

Scope: Distribution of Steel Materials and Provision of Steel Cutting Services.

Date of issue: 12/12/2019

Date of expiry: 11/12/2025

LF Metal

ISO 9001:2015

Scope: Distribution of Steel Materials and Provision of Steel Processing Services, Manufacture of Steel Pipe Products.

Date of issue: 12/01/2004

Date of expiry: 30/07/2027

Supreme Steelmakers

ISO 9001:2015

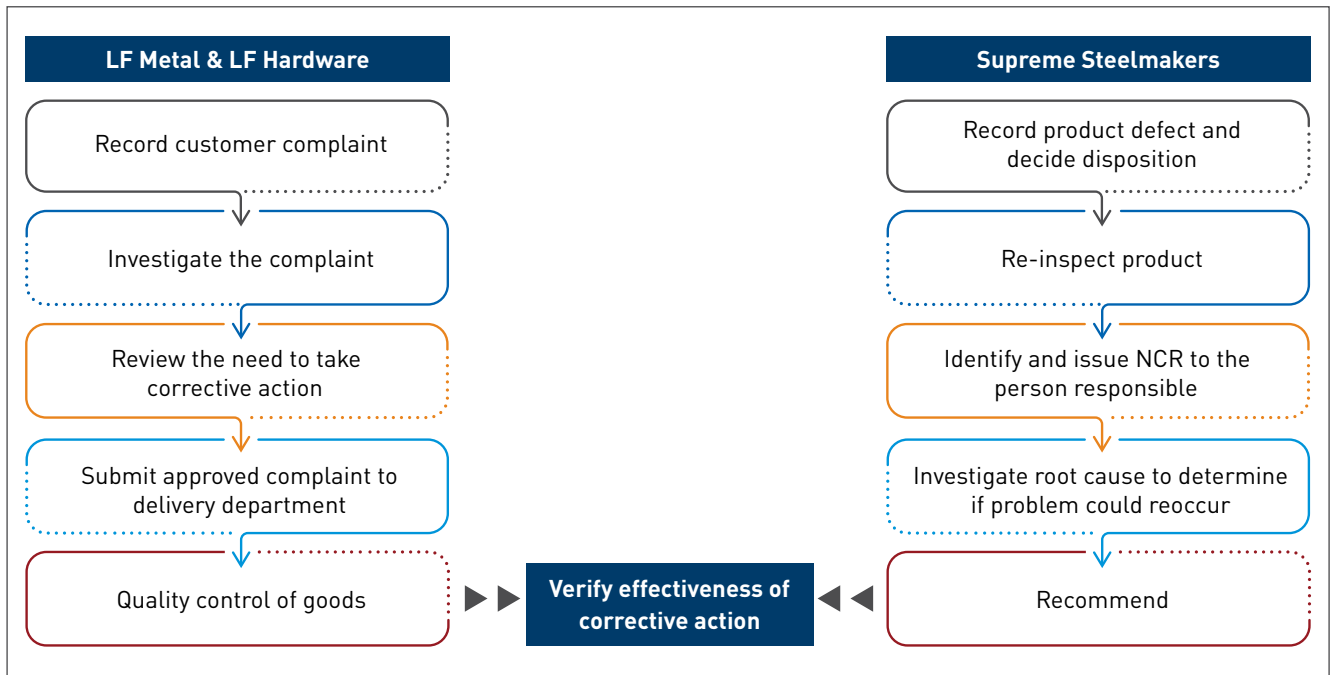
Scope: Provision in the Steel Cutting, Steel Bending and Distribution of Steel Materials for Commercial Use.

Date of issue: 18/01/2010

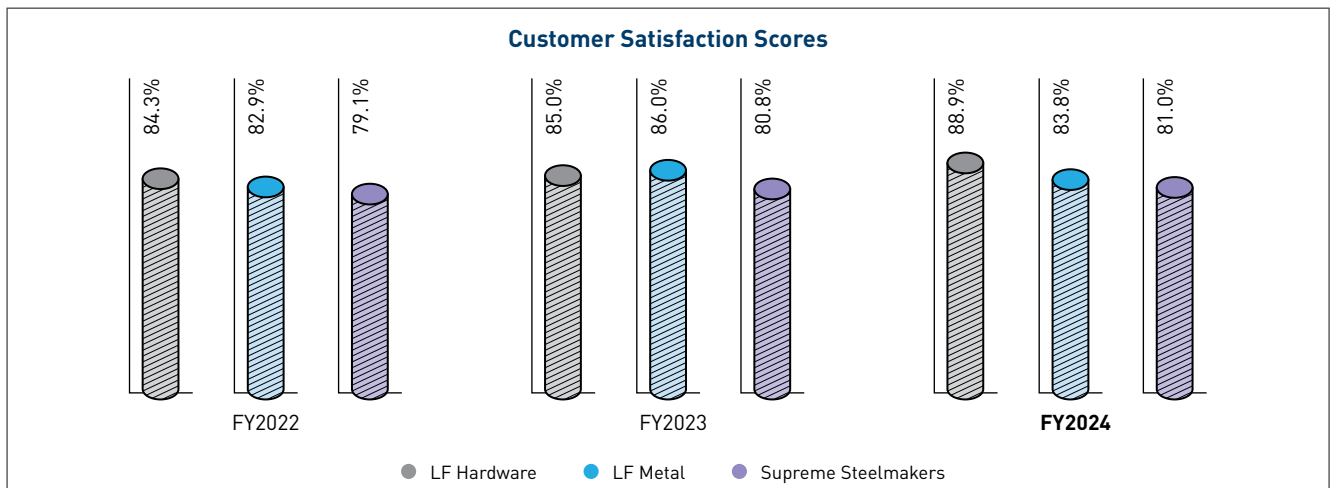
Date of expiry: 17/01/2028

SUSTAINABILITY REPORT

We adopt a comprehensive approach to product quality and customer satisfaction. By engaging customers regularly and conducting annual satisfaction surveys, we gather valuable insights. Our reliable complaint procedure, backed by the Customer Return Note system, ensures systematic tracking and prompt resolution of any concerns.



We uphold the highest standards in the quality of our steel products, with customer satisfaction serving as a key measure of our success. LF Hardware achieved an impressive 88.9%, LF Metal reached 83.8%, and Supreme Steelmakers attained 81.0%.



SUSTAINABILITY REPORT

Making A Difference

As a responsible corporate citizen, we prioritise the communities we serve and the broader social landscape. Fostering positive relationships with communities is vital to our CSR objectives. Our initiatives build stakeholder trust, create long-term value, and shape our reputation and sustainability.

Leon Fuat strives to make a positive impact through meaningful community investments and CSR initiatives, led by our dedicated CSR team. Special requests from organisations are carefully considered based on our funding capacity and the consensus of our eight-member charity committee, ensuring alignment with our goal of making a meaningful difference in the community.

	FY2022	FY2023	FY2024
Total amount invested in CSR programmes	RM3,000	RM9,650	RM38,200
Number of individual or organisation beneficiaries	3 organisations and 1 individual	10 organisations	7 organisations

CSR Programmes in FY2024

- RM10,000 contribution to the Federal Territory and Selangor Tinsmith Association for its Anniversary cum Charity & Administrative Fundraising Dinner on 27th April 2024
- RM5,000 to the Malaysia Metal Recyclers Association ("MMRA") for its 13th Anniversary Dinner on 24th May 2024
- RM10,000 to the Negeri Sembilan Foundry & Engineering Industries Association for its 48th Anniversary Dinner on 28th June 2024
- RM5,000 to the *Persatuan Peniaga Logam Jentera dan Bahan Binaan Pahang* ("PJGBBP") for its 30th Anniversary Dinner on 28th June 2024
- RM3,000 to *Kelab Senaman Kesihatan Kwang Hua Klang Selangor* for its 17th Anniversary Fundraising Dinner on 10th August 2024
- RM5,000 to Perak Chinese Hardware Dealers' Association for its 85th Anniversary Dinner on 31st August 2024
- RM200 to OSK Foundation (*Pertubuhan Kebajikan Chin Chun Hu*) for charity in September 2024

OUR PATH FORWARD

Recognising the impact of steel-making on our daily lives, Leon Fuat considers sustainability a key driver of our business success. With over 50 years in the steel industry, we leverage our experience by investing in technology to optimise processes and secure long-term sustainability. Advancements in operational efficiency, energy consumption and worker health and safety underscore our commitment to positive change.

Our focus on ESG values enriches our value proposition and strengthens our resilience against industry challenges. It paves the way to a better, greener and more promising future for our stakeholders, employees and the community at large.

SUSTAINABILITY REPORT

PERFORMANCE DATA TABLE

Governance

Indicator	Unit	FY2022	FY2023	FY2024
Anti-Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
• Management	%	12.1	75.8	11.4
• Executive	%	34.4	42.1	25.0
• Non-Executive	%	40.6	75.1	16.7
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0	0	0
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	0	0
Technology, Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	18.0	15.5	8.0

Environment

Indicator	Unit	FY2022	FY2023	FY2024
Energy, Emissions and Climate Resilience				
Bursa C4(a) Total energy consumption	MWh	10,453	11,415	12,511
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	1,388	1,455	1,602
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	2,758	2,975	3,334
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (business travel and employee commuting)	tCO ₂ e	-	371	395
Waste and Effluent Management				
Bursa C10(a) Total waste generated	Metric tonnes	11.45	8.92	5.72
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	5.77	4.54	3.42
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	5.68	4.38	2.30
Water Consumption				
Bursa C9(a) Total volume of water used	m ³	56,540	47,809	61,710

Social

Indicator	Unit	FY2022	FY2023	FY2024
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	1	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	4.80	3.66	6.10
Bursa C5(c) Number of employees trained on health and safety standards	Number	111	71	39
Human Rights, Labour Practices and Standards				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
Talent Attraction and Development				
Bursa C6(a) Total hours of training by employee category				
• Senior Management	Hours	126	127	202
• Management	Hours	212	333	595
• Executive	Hours	276	355	782
• Non-Executive	Hours	603	1,022	803

SUSTAINABILITY REPORT

Social

Indicator	Unit	FY2022	FY2023	FY2024
Bursa C6(c) Total number of employee turnover by employee category				
• Senior Management	Number	0	0	0
• Management	Number	0	1	3
• Executive	Number	8	9	7
• Non-Executive	Number	77	51	39
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
• Senior Management (Male)	%	100.0	100.0	100.0
• Senior Management (Female)	%	0.0	0.0	0.0
• Management (Male)	%	48.5	48.5	51.4
• Management (Female)	%	51.5	51.5	48.6
• Executive (Male)	%	19.7	19.3	26.6
• Executive (Female)	%	80.3	80.7	73.4
• Non-Executive (Male)	%	89.2	90.1	90.7
• Non-Executive (Female)	%	10.8	9.9	9.3
Age group by employee category				
• Senior Management (<30)	%	0.0	0.0	0.0
• Senior Management (30-50)	%	20.0	20.0	20.0
• Senior Management (>50)	%	80.0	80.0	80.0
• Management (<30)	%	3.0	3.0	2.9
• Management (30-50)	%	87.9	87.9	80.0
• Management (>50)	%	9.1	9.1	17.1
• Executive (<30)	%	26.2	19.3	21.9
• Executive (30-50)	%	59.0	64.9	62.5
• Executive (>50)	%	14.8	15.8	15.6
• Non-Executive (<30)	%	31.3	34.8	31.9
• Non-Executive (30-50)	%	54.9	52.1	55.1
• Non-Executive (>50)	%	13.9	13.1	13.0
Bursa C3(b) Percentage of directors by gender and age				
Male	%	100.0	88.9	88.9
Female	%	0.0	11.1	11.1
<30	%	0.0	0.0	0.0
30 - 50	%	22.2	22.2	33.3
>50	%	77.8	77.8	66.7
Bursa C6(b) Percentage of employees that are contractors or temporary staff				
• Permanent	%	90.6	84.3	79.2
• Contract	%	9.4	15.7	20.8
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	3,000	9,650	38,200
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4	10	7

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Leon Fuat Bhd has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location (Page)
GRI 2: General Disclosures 2021	2-1 Organisational details	31
	2-2 Entities included in the organisation's sustainability reporting	31
	2-3 Reporting period, frequency and contact point	31
	2-4 Restatements of information	44-45 51-53, 65-66
	2-5 External assurance	-
	2-6 Activities, value chain and other business relationships	31, 45
	2-7 Employees	65
	2-8 Workers who are not employees	-
	2-9 Governance structure and composition	37
	2-10 Nomination and selection of the highest governance body	-
	2-11 Chair of the highest governance body	-
	2-12 Role of the highest governance body in overseeing the management of impacts	37, 42
	2-13 Delegation of responsibility for managing impacts	37, 42
	2-14 Role of the highest governance body in sustainability reporting	37
	2-15 Conflicts of interest	-
	2-16 Communication of critical concerns	-
	2-17 Collective knowledge of the highest governance body	-
	2-18 Evaluation of the performance of the highest governance body	-
	2-19 Remuneration policies	-
	2-20 Process to determine remuneration	-
	2-21 Annual total compensation ratio	-
	2-22 Statement on sustainable development strategy	34
	2-23 Policy commitments	35
	2-24 Embedding policy commitments	35
	2-25 Processes to remediate negative impacts	47
	2-26 Mechanisms for seeking advice and raising concerns	48
	2-27 Compliance with laws and regulations	46
	2-28 Membership associations	32
	2-29 Approach to stakeholder engagement	38-39
	2-30 Collective bargaining agreements	-
GRI 3: Material Topics 2021	3-1 Process to determine material topics	39
	3-2 List of material topics	41
	3-3 Management of material topics	44-69

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GRI Standard	Disclosure	Location (Page)
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	42-43
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	45
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	48
	205-2 Communication and training about anti-corruption policies and procedures	47-48
	205-3 Confirmed incidents of corruption and actions taken	48
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-
	301-2 Recycled input materials used	-
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	51
	302-2 Energy consumption outside of the organisation	-
	302-3 Energy intensity	51
	302-4 Reduction of energy consumption	-
	302-5 Reductions in energy requirements of products and services	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	54
	303-2 Management of water discharge-related impacts	56
	303-3 Water withdrawal	-
	303-4 Water discharge	56
	303-5 Water consumption	54
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	53
	305-2 Energy indirect (Scope 2) GHG emissions	53
	305-3 Other indirect (Scope 3) GHG emissions	53
	305-4 GHG emissions intensity	53
	305-5 Reduction of GHG emissions	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	55-56
	306-2 Management of significant waste-related impacts	55
	306-3 Waste generated	55-56
	306-4 Waste diverted from disposal	56
	306-5 Waste directed to disposal	56
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	63
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	61
	401-3 Parental leave	64

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Location (Page)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	59
	403-2 Hazard identification, risk assessment, and incident investigation	58
	403-3 Occupational health services	57-58
	403-4 Worker participation, consultation, and communication on occupational health and safety	58
	403-5 Worker training on occupational health and safety	59
	403-6 Promotion of worker health	61
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58-59
	403-8 Workers covered by an occupational health and safety management system	58
	403-9 Work-related injuries	59
	403-10 Work-related ill health	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	61
	404-2 Programmes for upgrading employee skills and transition assistance programmes	60
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	64-67
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	64
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	-
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	69
	413-2 Operations with significant actual and potential negative impacts on local communities	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	49



**PIONEERING
VALUE
THROUGH
EXPERTISE**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Leon Fuat Berhad (“Board”) is committed to ensuring that the Company and its subsidiaries (“Group”) continue to support the recommendations of the Malaysian Code on Corporate Governance (“MCCG”) and comply with the Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) (“Bursa Securities”) as part of the Board’s fundamental duties and responsibilities to protect and enhance shareholders’ value and achieve the corporate objectives.

This Statement provides an overview of the application of the principles of MCCG which should be read together with the Corporate Governance (“CG”) Report that sets out details of the application of the corporate governance practices by the Group in the financial year ended 31 December 2024 (“FY2024”). The CG Report is published on the Company’s website at www.leonfuat.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Company continues to be led and managed by the Board with diverse background and experience with abroad range of skills and expertise. The Board continues to fulfil its fiduciary and leadership duties in pursuit of the Group’s objectives, including reviewing strategic plans, overseeing business conduct, identifying risks and reviewing the adequacy and integrity of the internal control systems of the Group and ensuring sound governance practices.

The Board delegates specific responsibilities and oversight functions to the Audit Committee, Remuneration Committee and Nomination Committee, each with its own terms of reference, to assist the Board in the execution and ensure proper and effective discharge of its fiduciary duties and responsibilities.

The positions of the Chairman, Executive Deputy Chairman and Group Managing Director are separated, each with clear and distinct divisions of responsibilities with details outlined in the Board Charter to ensure appropriate balance of roles and duties.

The Board Charter sets out among others, the principles and guidelines in the performance of the Board’s functions, which include formal schedule of matters specifically reserved for its decision, delegation and/or approval covering issues relating to strategy and management, financial reporting, board appointment and remuneration, corporate governance, regulatory and compliance, major transactions and internal controls.

The Company Secretary plays a key role in ensuring the effectiveness of board procedures and compliance with applicable laws and requirements. The Company Secretary works closely with the Chairman and Board to ensure smooth and effective functioning of the Board besides playing an advisory role and keep the Board abreast on legal and statutory requirements, changes to rules and legislation relevant to the Company, corporate governance practices and developments of corporate guidelines applicable to the Group. The Board has full and unrestricted access to the Company Secretaries.

The Code of Ethics and Conduct serves as a guide for the ethical principles and standards of good conduct expected of Directors, Management and employees of the Group, ensuring integrity and accountability.

The Whistle-Blowing Policy provides an appropriate platform for reporting by employees and other stakeholders of genuine concerns on malpractice, wrongdoing or risk that may have an impact to the Group and outlines the reporting procedures and channels for appropriate actions to be taken. The Whistle-Blowing Policy is published on the Company’s website and will be regularly reviewed by the Board to remain consistent with the Board’s objectives and responsibilities.

The Board is committed to fighting against bribery in the organisation and working environment and all business dealings involving the Group and has implemented the Anti-Bribery and Corruption Policy and management system based on the principles of the Anti-Bribery Management System (MS ISO 37001). In line with the adoption of the Anti-Bribery and Corruption Policy, the Group has identified at each subsidiary level the chief in the anti-bribery compliance functions as the contact point for reporting of bribery related issues or any grievances in the workplace. The Anti-Bribery and Corruption Policy is published on the Company’s website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors' Fit and Proper Policy sets out, amongst other, the fit and proper criteria to be considered for appointment and re-election of Directors of the Company and its subsidiaries. The Board seeks to ensure that board appointments are made based on assessment of character and integrity, experience and competence, time and commitment. The fit and proper assessment on a Director may also be conducted whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety. The Directors' Fit and Proper Policy is published on the Company's website.

The Board has established a process to review conflict of interest ("COI") or potential COI whereby all the Directors and Key Senior Management of the Group are required to declare quarterly at the scheduled meetings of the Board and Audit Committee of any interest in any competing business with that of the Group, which may pose a COI or interfere with the exercise of their judgement in their capacity as Directors or Key Senior Management of the Group which would be disadvantageous to the Group or its interest. Declarations from the Directors and Key Senior Management of the Group would also be required as and when any interest/COI situation arises for declaration purposes.

A Director who is in any way, whether directly or indirectly, interested in a transaction entered into or proposed to be entered into by the Company, shall declare his interest and shall not participate in the deliberation and voting on the proposed transaction at the board meeting.

For Board and Board Committees' meetings, the meetings' agendas and materials are compiled and distributed to the Directors at least seven (7) days before the meetings. The timely receipt of the meetings papers allows effective review by the Directors of the matters to be tabled, form an opinion and be prepared for discussion prior to arriving at a sound and informed decision. The information provided can be of financial or non-financial in nature, quantitative or qualitative and whenever required, key management and/or senior management personnel will be invited to attend these meetings to explain and clarify on the matters being discussed to facilitate effective deliberation and decision by the Board.

The annual meetings schedule for the Board and Board Committees would be prepared in advance before the end of the preceding financial year to facilitate effective planning and organisation by the Directors for the upcoming year. The Board meets regularly with at least five (5) meetings convened during a financial year in the discharge of its functions, with additional meetings convened as and when required for review of urgent matters. For decision by the Board which is administrative in nature or matters which the Board has discussed pending confirmation or follow ups by Management prior to final decision with no significant changes to the proposal tabled to the Board previously, circular resolutions of the Board and/or Board Committee will be passed for expediency.

To ensure compliance with the Listing Requirements, the Directors and Principal Officers of the Group would be advised and reminded every quarter of the closed periods for dealings in the securities of the Company based on the targeted date of announcements of the Group's interim financial results.

The Directors are expected to devote sufficient time to carry out their duties and responsibilities and are required to notify the Chairman of the Board through the Company Secretary of changes in their other directorship as soon as practicable for notification to the Board. All the members of the Board hold less than five (5) directorships in listed issuers, in compliance with Paragraph 15.06 of the Listing Requirements.

The Board held five (5) meetings during FY2024. Details of the attendance records are as follows:

Directors	Attendance
Dato' Lim Cheng Poh	5 out of 5
Dato' Sri Ooi Bin Keong	5 out of 5
Ooi Seng Khong	5 out of 5
Ooi Kong Tiong	5 out of 5
Ng Kok Teong	5 out of 5
Ooi Shang How	5 out of 5
Chan Kee Loin	5 out of 5
Thien Shy Wei	5 out of 5
Wong Sze Yan ⁽¹⁾	5 out of 5

Note:

⁽¹⁾ Appointed on 1 February 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board takes cognisance that continuous development programmes are important for Directors to equip themselves and enhance their skills and knowledge and keep abreast of regulatory updates, emerging trend and developments in the industry relevant to the Group.

The training programmes attended by the Directors during the financial year under review are summarised as follows:

Name	Date of Training	Subject
Dato' Lim Cheng Poh Dato' Sri Ooi Bin Keong Ooi Seng Khong Ooi Kong Tiong Ng Kok Teong Chan Kee Loin Thien Shy Wei	20 September 2024	Recent Tax Developments: E-invoicing in Malaysia, Transfer Pricing, Tax Audit and Investigations
Ooi Shang How	20 September 2024	Recent Tax Developments: E-invoicing in Malaysia, Transfer Pricing, Tax Audit and Investigations
	4 & 5 November 2024	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)
Wong Sze Yan	29 & 30 April 2024	MAP Part I
	20 September 2024	Recent Tax Developments: E-invoicing in Malaysia, Transfer Pricing, Tax Audit and Investigations

II. BOARD COMPOSITION

Currently, the Company has nine (9) board members, comprises five (5) Executive Directors and four (4) Non-Executive Directors, with three (3) including the Chairman being Independent Non-Executive Directors and a Non-Independent Non-Executive Director, which complies with the requirements of Paragraph 15.02(1) of the Listing Requirements.

As provided in the Directors' Fit and Proper Policy, the Board in its selection criteria for board membership would ensure that besides the skills, experience, educational and professional background, diversity including race, age and gender will also be sought and considered to provide a range of perspectives and insights for effective discharge of the Board's function.

The Board will also seek to develop diversity in the workforce within the Group including senior roles held by female executives when vacancies arise and suitable candidates are identified. In compliance with the Listing Requirements, the Board has a woman director to meet the requirements of female board representation.

Details of the diversity in the age, gender, nationality and composition of the employees of our three (3) main subsidiaries in respect of FY2024 are disclosed in our Sustainability Report in this Annual Report.

The Board, through the Nomination Committee and facilitated by the Company Secretary, performed an annual internal review of its size, composition and assessed the performance of the Board, Board Committees and individual Director. The Nomination Committee has also been tasked to carry out assessment of the independence of Independent Directors annually, upon their admission and whenever new interests or relationships arise, ensuring their continued objectivity and suitability for the role.

The Board was satisfied that for the financial year under review, the performance of the Board, Board Committees and Directors have been satisfactory with effective performance of respective functions and discharge of roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nomination Committee

The current composition of Nomination Committee is set out below.

Directors	Positions
Chan Kee Loin ⁽¹⁾	Chairman, Non- Independent Non-Executive Director
Thien Shy Wei	Member, Independent Non-Executive Director
Wong Sze Yan ⁽²⁾	Member, Independent Non-Executive Director

The Nomination Committee held three (3) meetings during the financial year under review. Details of the attendance records are as follows:

Directors	Attendance
Chan Kee Loin	3 out of 3
Thien Shy Wei	3 out of 3
Wong Sze Yan	2 out of 2

Notes:

⁽¹⁾ Re-designated on 9 April 2024.

⁽²⁾ Appointed on 1 February 2024, two Nomination Committee meetings were held since then.

The Terms of Reference of the Nomination Committee are available on the Company's website.

Activities of the Nomination Committee

During the FY2024, the Nomination Committee carried out the following activities in the discharge of its duties:

1. Reviewed and recommended to the Board the proposed appointment of Mr. Wong Sze Yan as an Independent Non-Executive Director recommended by the Management, after due consideration of the assessment criteria outlined in the Directors' Fit & Proper Policy with key factors encompassing 'Character and Integrity', 'Experience and Competence' and 'Time and Commitment', the current composition of the Board and required mix of skills and expertise of the Directors which the Nomination Committee considered would be suitable and qualified.
2. Reviewed the existing Board's structure, size and composition, as well as the effectiveness of the Board and Board Committees. The annual evaluation of the Board and Board Committee, and individual Director self and peer evaluation was conducted in-house through the adopted evaluation questionnaires facilitated by the Company Secretary.

Upon review of the outcome, the Nomination Committee and the Board were satisfied with the Board size and composition and that all the Directors had performed their respective roles and functions effectively during the financial year, and all the Board Committees were assessed to be effective as a whole in discharging their roles and responsibilities. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly documented.

3. Reviewed the independence of the Independent Non-Executive Directors of the Company and noted that all the Independent Non-Executive Directors have satisfied the independence test under the Listing Requirements and free from management. The Nomination Committee and the Board were satisfied that there were no issues of independence in the Board of the Company and the Independent Non-Executive Directors continue to demonstrate objective, independent view and judgement in board deliberations.
4. Reviewed the tenure of the Independent Non-Executive Directors of the Company and considered Practice 5.3 under the MCG governing the tenure of independent directors. The Nomination Committee noted that in accordance with the MCG, shareholders' approval had been sought at the Company's last annual general meeting (AGM) held on 23 May 2023 to retain the Independent Directors serving more than 9 years and the relevant resolutions were duly passed through a 2-tier voting process.
5. Reviewed the proposal from the Management and recommended to the Board the retention and re-designation of Mr. Chan Kee Loin who had served as an Independent Director for twelve (12) years in June 2024, as a Non-Independent Non-Executive Director of the Board, considering his accumulated knowledge of the Group's operations and has demonstrated competence in advising the management of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

6. Reviewed the term of office and performance of the Audit Committee in accordance with the Listing Requirements and was satisfied that the Audit Committee and its members have carried out and discharged their duties and responsibilities in accordance with its Terms of Reference.
7. In accordance with the Constitution of the Company, one-third (1/3) of the Directors shall retire from office and subject themselves to re-election at least once every three (3) years. For the financial year under review, the Board, via the Nomination Committee has reviewed and determined the Directors retiring from office and has recommended their re-election subject to shareholders' approval at the 2024 AGM of the Company.
8. Reviewed the training needs of the Directors and together with the Board to ensure that all Directors continue to possess the required skills and knowledge and keep abreast with emerging trends and latest developments relevant to the Group and other regulatory developments to effectively discharge their duties.
9. Reviewed the activities carried out by the Nomination Committee for inclusion in the Annual Report.
10. Reviewed its Terms of Reference to ensure its adequacy for the current circumstances, the Company's policies and/or compliance with applicable rules and regulations.

III. REMUNERATION

The current composition of Remuneration Committee is set out below.

Directors	Positions
Thien Shy Wei	Chairman, Independent Non-Executive Director
Chan Kee Loin ⁽¹⁾	Member, Non-Independent Non-Executive Director
Wong Sze Yan ⁽²⁾	Member, Independent Non-Executive Director

The Remuneration Committee held four (4) meetings during the financial year. Details of the attendance records are as follows:

Directors	Attendance
Thien Shy Wei	4 out of 4
Chan Kee Loin	4 out of 4
Wong Sze Yan	3 out of 3

Notes:

⁽¹⁾ Re-designated on 9 April 2024.

⁽²⁾ Appointed on 1 February 2024, three Remuneration Committee meetings were held since then.

The Terms of Reference of the Remuneration Committee are available on the Company's website.

The Remuneration Committee is responsible for reviewing the remuneration framework including packages of the Executive Directors of the Company and its subsidiaries and Key Management Personnel. The Board recognises that fair remuneration is important to attract, retain and motivate Directors and Key Management Personnel to effectively manage the Company and achieve its business objectives.

In determining the remuneration packages of the Directors and/or Key Management Personnel, the Remuneration Committee is guided by the following criteria in the adopted Remuneration Policy of the Group:

- The remuneration to Board members and Key Management Personnel involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- The level and composition of remuneration is reasonable and sufficient to reward, retain and motivate Directors and Key Management Personnel of the quality required to run the Company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks, commensurate with the position and responsibilities of the Directors and Key Management Personnel;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Payment of performance-related remuneration to Executive Directors and/or Key Management Personnel is linked to individual and corporate performance measured against the achievement of pre-determined performance targets which are closely aligned to the Company's objectives;
- There should be appropriate procedures and framework in place for setting key performance targets whether financial or non-financial and the Company applies pre-determined benchmarks which must be met in rewarding the Executive Directors and/or Key Management Personnel accordingly; and
- Remuneration of Non-Executive Directors is determined with regards to the Company's needs to maintain suitably and experienced Board members in accordance with competitive pressures in the market place.

Activities of the Remuneration Committee

During the FY2024, the Remuneration Committee carried out the following activities to discharge its duties:

1. Reviewed and adjusted the remuneration packages of the Executive Directors of the Company and/or its subsidiaries and Key Management Personnel to ensure the remuneration packages offered to the Directors and Key Management Personnel are reasonable and competitive in light of the Company's performance in order to attract, motivate and retain the individual towards the achievement of performance and business objective of the Group.
2. Reviewed and recommended to the Board the bonus entitlement of the Executive Directors of the Company and its subsidiaries measured against the achievement of pre-determined targets and performance of the Company and individual subsidiary companies. When determining the remuneration packages and compensation, the Remuneration Committee will adhere to the criteria outlined in the adopted Remuneration Policy to ensure fairness and align with the Company's objectives.
3. Reviewed and recommended to the Board the adjusted Directors' fees and meeting allowances for the Non-Executive Directors of the Company for tabling to the shareholders for approval at the 2024 AGM of the Company.
4. Reviewed and recommended to the Board the remuneration of the new Independent Non-Executive Director of the Board consistent with the existing remuneration packages offered to the Non-Executive Directors.
5. Reviewed the activities carried out by the Remuneration Committee for inclusion in the Annual Report.
6. Reviewed its Terms of Reference to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations.

Remuneration

Details of the remuneration paid to and/or provided for the Directors for the FY2024, categorised into appropriate component is as follows:

	Fees RM	Meeting Allowance RM	Salaries RM	Bonus RM	Other Emoluments ⁽¹⁾ RM	Total RM
Group						
Non-Executive Directors						
Dato' Lim Cheng Poh	140,000	5,000	-	-	-	145,000
Chan Kee Loin	120,000	6,000	-	-	-	126,000
Thien Shy Wei	120,000	6,000	-	-	-	126,000
Wong Sze Yan	110,000	5,000	-	-	-	115,000
Executive Directors						
Dato' Sri Ooi Bin Keong	330,000	-	864,000	144,000	163,782	1,501,782
Ooi Seng Khong	190,000	-	864,000	180,000	159,394	1,393,394
Ooi Kong Tiong	330,000	-	691,200	57,600	125,113	1,203,913
Ng Kok Teong	260,000	-	604,800	50,400	117,502	1,032,702
Ooi Shang How	190,000	-	604,800	126,000	120,648	1,041,448
Total	1,790,000	22,000	3,628,800	558,000	686,439	6,685,239

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	Fees RM	Meeting Allowance RM	Salaries RM	Bonus RM	Other Emoluments ⁽¹⁾ RM	Total RM
Company						
Non-Executive Directors						
Dato' Lim Cheng Poh	140,000	5,000	-	-	-	145,000
Chan Kee Loin	120,000	6,000	-	-	-	126,000
Thien Shy Wei	120,000	6,000	-	-	-	126,000
Wong Sze Yan	110,000	5,000	-	-	-	115,000
Executive Directors						
Dato' Sri Ooi Bin Keong	120,000	-	-	-	-	120,000
Ooi Seng Khong	120,000	-	-	-	-	120,000
Ooi Kong Tiong	120,000	-	-	-	-	120,000
Ng Kok Teong	120,000	-	-	-	-	120,000
Ooi Shang How	120,000	-	-	-	-	120,000
Total	1,090,000	22,000	-	-	-	1,112,000

Note:

⁽¹⁾ Other emoluments comprise estimated monetary value of benefits-in-kind, employer's contribution to Employees Provident Fund, Social Security Organisation and Employment Insurance Scheme.

Total remuneration paid to and/or provided for the top five (5) Key Management Personnel including salary, bonus, directors' fees, benefits-in-kind and other emoluments for the FY2024, analysed into bands of RM50,000 is as follows:

Remuneration band	Number of Key Management Personnel
RM500,001 to RM550,000	1
RM550,001 to RM600,000	1
RM650,001 to RM700,000	1
RM700,001 to RM750,000	1
RM1,000,001 to RM1,050,000	1

The names of Key Management Personnel and their remuneration components are not disclosed due to confidentiality and security concerns.

Note:

Successive bands of RM50,000 are not shown entirely as they are not represented.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee is entrusted by the Board to oversee the financial reporting and the Group's risk management and internal control systems, ensuring transparency and accountability. The Audit Committee is supported by the Risk Management Working Group ("RMWG") comprising senior management team headed by the Executive Directors from the operating subsidiaries for effective review and governance of risk management and processes.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

As an integral component of the Group's corporate governance, the Audit Committee and RMWG, in their ongoing risk assessment and management efforts, will assume, amongst others, the following duties and responsibilities:

- Reviewing and discussing with Management the risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management;
- Reviewing and discussing with the Management the risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputation risk, as well as the guidelines, policies and processes for monitoring and mitigation of such risks;
- Reviewing the reports from the Internal Auditors on the outcome of risk management reviews and assessments;
- Reviewing the Statement on Risk Management and Internal Control prepared for the Group for inclusion in the Annual Report;
- Reviewing the reports on identified risk topics as the Audit Committee deems appropriate from time to time;
- Having unrestricted access to the Management for accurate and complete information pertaining to the Group; and
- Discharging any other duties or responsibilities delegated to the Audit Committee by the Board.

The risk assessment approach is summarised as follows:

- Identify relevant business objectives;
- Identify events that could affect the achievement of objectives;
- Determine risk tolerance;
- Assess inherent likelihood and impact of the risks;
- Evaluate the portfolio of risks and determine risk responses; and
- Assess residual likelihood.

The internal audit function of the Group is carried out by the outsourced Internal Auditors which performed the audit review based on the approved internal audit plan. The Internal Auditors report directly and functionally to the Audit Committee and provide the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

Further details of the Group's risk management and internal control are presented in the Statement on Risk Management and Internal Control set out in this Annual Report.

The Audit Committee has established policies and procedures to review and assess the performance, suitability and independence of the External and Internal Auditors. Evaluation of the performance of the External and Internal Auditors has been conducted by the Audit Committee annually based on the established guidelines and procedures having regard to the independence, competency, reliability and compliance, and relevant recommendations were made to the Board to re-appoint the External Auditors and Internal Auditors of the Company. The evaluation process and assessment results were properly documented and recorded.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The External Auditor Policy adopted by the Audit Committee requires the former partners of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.) to observe a cooling-off period of at least three (3) years before being considered for appointment as a member of the Audit Committee, ensuring independence and objectivity.

For the year under review, written confirmation has been obtained from the External Auditors on their independence in accordance with the independence requirements of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants as an integral part of the evaluation of the External Auditors. Confirmations have also been obtained from the External Auditors that their firm and relevant partner in-charge had duly registered with the Audit Oversight Board of the Securities Commission Malaysia.

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

I. COMMUNICATION WITH STAKEHOLDERS

- **Corporate Disclosure Policies and Procedures**

The Board has formalised an Investors Relation Policy which serves as the guide for the Group when communicating with shareholders and public including investors, analysts and other stakeholders to facilitate effective communication with the Company. The Company ensures that all shareholders and stakeholders have equal access to the information of the Company, including the Company's business strategies and updates, stock and financial performance in a timely manner.

The Board ensures that the Company complies with all applicable corporate disclosure laws and regulations. The release of the Group's financial and non-financial information in any form to the public shall be made in accordance with the Group's internal policies and procedures and complies with applicable laws and regulations. The draft announcements of the Company are prepared by the Company Secretary in consultation with the Executive Director and/or the Chief Financial Officer for review before it is circulated to the Board for subsequent review and approval.

The Investors Relation Policy is published on the Company's website and the Board will regularly review the same and make any changes it deemed necessary or desirable to remain consistent with the Board's objectives and responsibilities.

- **Dissemination of Information**

The Company's website provides a platform where the public can access to the Company's information including its products and services, share prices, financial results, future plans and media releases as well as the Company's announcements made to Bursa Securities. All announcements made by the Company are uploaded to its website as soon as practicable after the same are released to Bursa Securities.

II. CONDUCT OF GENERAL MEETING

The general meeting remains the principal forum for dialogue and interaction with the shareholders of the Company and continues to serve as a platform for shareholders to engage directly with members of the Board and senior management on the business performance and operations of the Group and provide opportunities for them to communicate their feedback to the Board and Management.

The notice convening the 17th AGM of the Company held on 13 June 2024 was issued to the shareholders on 30 April 2024, more than the requisite 21 days' notice period prescribed by the Companies Act 2016 and the Listing Requirements.

The notice convening the AGM which sets out the business to be transacted at the AGM, was advertised in the newspaper giving shareholders sufficient time to prepare and/or to appoint proxy holder(s) to attend and vote for their behalf.

In line with paragraph 8.29A of the Listing Requirements, all the resolutions tabled for shareholders' approval at the 17th AGM were voted on by poll, and the Company has appointed a scrutineer to validate the poll results. The Company will explore the suitability of electronic voting and leverage on technology for its future general meetings.

All the Directors of the Company and Key Management Personnel attended the AGM of the Company held on 13 June 2024.

This Statement was reviewed and approved by the Board on 11 April 2025.

DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at the financial year ended 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2024, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records with reasonable accuracy to ensure that the financial statements of the Group and of the Company comply with the Companies Act 2016.

AUDIT COMMITTEE REPORT

COMPOSITION OF AUDIT COMMITTEE

Directors	Positions
Wong Sze Yan	Chairman, Independent Non-Executive Director
Chan Kee Loin	Member, Non-Independent Non-Executive Director
Thien Shy Wei	Member, Independent Non-Executive Director

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year. Details of the attendance records are as follows:

Directors	Attendance
Wong Sze Yan	5 out of 5
Chan Kee Loin	5 out of 5
Thien Shy Wei	5 out of 5

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are published on the Company's website.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee carried out the following activities in discharging its duties:

- i. Reviewed and deliberated the unaudited quarterly financial results and audited financial statements of the Group and disclosure requirements in compliance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities. The Audit Committee also enquired of and discussed with Management the scope and integrity of these reports prepared by the Management;
- ii. Reviewed and discussed with the External Auditors the following pertinent matters during the audit planning process and the conduct of the audit of the financial statements of the Group:
 - Independence of the External Auditors;
 - Consideration of fraud;
 - Related party disclosures and procedures;
 - Risk assessment and audit approach;
 - Areas of focus in relation to impact of climate-related risks on financial reporting;
 - Communication of key audit matters and matters for control improvements;
 - Accounting developments including the adoption of MFRSs and amendments/improvements to MFRSs that have been issued but yet to be effective; and
 - Proposed audit fees.

AUDIT COMMITTEE REPORT

- iii. Reviewed the nature and extent of non-audit services provided by the External Auditors to the Company, if any;
- iv. Conducted private sessions with the External Auditors without the presence of Management on 28 February 2024 and 9 April 2024 and noted, besides the cooperation rendered by the Management, there was no limitation of scope of the audit as reported by the External Auditors and no major issue were brought to the attention of the AC;
- v. Conducted ongoing review and monitoring of the inventory reduction and rationalisation plan to optimise inventory levels and enhance the liquidity of the Group;
- vi. Reviewed the quarterly report from the Internal Auditors on the review of recurrent related party transactions ("RRPT") entered by the Group to ensure the RRPT are conducted within the transaction limits and the control procedures are in accordance with the shareholders' mandate;
- vii. Reviewed the recurrent related party transactions ("RRPT") every quarter as well as the circular to the shareholders on the proposed RRPT mandate covering the proposed limits, guidelines and procedures and satisfied that the procedures are sufficient to ensure that the RRPT are conducted at arm's length 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. The declarations by the members of Audit Committee that they do not have any interests with respect to any RRPT with the Group were noted;
- viii. Reviewed and overseen the risk management measures reported by the Risk Management Working Group ("RMWG") during the quarterly Audit Committee meetings;
- ix. Reviewed the internal audit reports including follow-up audit reports presented by the Internal Auditors and sought clarifications from Management and the Internal Auditors on the issues highlighted;
- x. Reviewed the updates and reports presented by the Internal Auditors on the progress of risk assessment review, the quantitative and qualitative risk appetite and exposures and the risk mitigation measures undertaken by the Management of the key subsidiaries every quarter;
- xi. Conducted regular private sessions with the Internal Auditors without the presence of Management on 28 February 2024, 28 May 2024, 28 August 2024 and 27 November 2024 and noted that there were no significant internal control deficiencies reported by the Internal Auditors nor there any lack of cooperation and assistance provided by the Management to the Internal Auditors;
- xii. Conducted annual evaluation of the External Auditors' performance, considering the audit team's competency, independence, audit scope and planning, amongst others criteria. Upon being satisfied with the service performance and independence of the External Auditors (in accordance with relevant auditing standards and requirements), the Audit Committee had recommended to the Board for approval the re-appointment of the External Auditors;
- xiii. Conducted annual evaluation of the performance, resources and competency of the Internal Auditors and was satisfied with their effectiveness and performance;
- xiv. Reviewed and satisfied with the result of the limited Quality Assessment Review ("QAR") conducted by an independent consultant on the outsourced internal audit functions of the Group;
- xv. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company;
- xvi. Reviewed the Terms of Reference of the Audit Committee and Policy on the Evaluation of the External and Internal Auditors; and
- xvii. Reviewed any conflict of interest ("COI") situation within the Group. The AC noted that save for the declaration of RRPTs involving the interests of certain Directors, none of the Directors and key senior management have declared any COI or potential COI situations within the Group for the financial year ended 31 December 2024.

AUDIT COMMITTEE REPORT

REVIEW OF AUDIT COMMITTEE

During the financial year, the Board through the Nomination Committee undertook an annual review of the Audit Committee and was satisfied that the Audit Committee had been functioning effectively and its members had discharged their duties and responsibilities in accordance with its Terms of Reference.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to IA Essential Sdn Bhd ("IAE"), a professional independent consulting firm providing governance, risk and compliance advisory services. IAE has carried out the internal audit work with reference to the principles of the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors ("IIA"). These principles include the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders.

Besides the provision of internal audit services, IAE is engaged in facilitating the risk assessment functions of the Group. There is no other engagement between the Group and the Internal Auditors, which may create a conflict of interest or impair their objectivity and independence.

The following are the activities carried out by the Internal Auditors during the financial year based on the approved internal audit plan:

- Reviewed and reported the progress of risk assessment, the quantitative and qualitative risk appetite and exposures and the risk mitigation measures undertaken by the management of the key subsidiaries;
- Facilitated management in reporting the strategic risk landscape of the Group covering the primary risks and secondary risks such as credit, interest rate, gearing and supplier relationship, leadership, succession and ESG risks;
- Conducted review on the sales and credit control functions in LF Hardware and the inventory management function in Supreme Steelmakers, and reported to the Audit Committee the effectiveness of control procedures for the subject functions, Management's responses, and action plans to address, rectify and/or strengthen the control lapses alongside the target completion date;
- Conducted follow-up reviews to ascertain the progress of the Management's implementation of the past agreed action plans and reported to the Audit Committee; and
- Conducted quarterly reviews on the RRPT entered by the Group to ensure that the transactions were conducted within the estimated transaction limits and the control procedures were carried out in accordance with the approved shareholders' mandate.

The cost incurred for the internal audit function for FY2024 was RM199,442.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board of Directors of Leon Fuat Berhad is pleased to present the Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2024 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities.

This Statement is prepared in accordance with the disclosure requirements under the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility for maintaining a sound internal control system for the Group to safeguard the shareholders' investment and the Group's assets and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage risks. While the Board has delegated its oversight role in risk management and the system of internal controls to the Audit Committee ("AC"), the Board understands the principal risks of the business that the Group is engaged in and is collectively responsible for ensuring a sound risk management, governance and internal control framework is maintained in the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management framework adopted by the Group is aligned with the principles of the international risk management framework. It includes risk identification, assessment, mitigation, monitoring and reporting.

At the management level, the management team from the operating subsidiaries formed the Risk Management Working Group ("RMWG"). RMWG is chaired by an Executive Director, and its members comprise managerial and senior staff from each operating subsidiary.

The RMWG conducted four (4) meetings during the financial year on 7 February 2024, 14 May 2024, 13 August 2024 and 12 November 2024 to review and discuss the identified key risks and the effectiveness and adequacy of risk mitigation actions. The Audit Committee members and Internal Auditors were also invited to attend these meetings as observers and to share their views on the issues discussed.

Key Risks and Mitigation

One of the key risks encountered in the steel industry is fluctuation in the prices of steel materials. Fluctuations in the prices of steel materials are often driven by volatility in commodities, crude oil prices, and foreign currency exchange rates against the Ringgit Malaysia, which affect the Group's profitability.

To counter this risk, the Group continues monitoring the movement of steel prices and related foreign currencies and takes proactive measures, including negotiating forward contracts where necessary and adopting prudent inventory management to minimise any negative impact that may arise.

The Group also faces competition from existing competitors and potential new market entrants in the steel industry. To mitigate this risk, our Group is leveraging its competitive strengths, such as its broad range of facilities, products, and diverse customer base.

The Group's exposure to credit risks arising from the potential default of trade receivables can be caused by events and circumstances beyond management's control or anticipation. Nonetheless, management endeavours to reduce the Group's credit risk by tightening its credit control over its customers, ensuring credit review and approval are carried out in compliance with the Group's credit policy, and maintaining its exposures within the credit risk appetite and tolerance.

The Group faces market risk, primarily the interest rate fluctuations on its bank borrowing, which will influence its net profit, overall financial position and liquidity. The Group's outstanding bank borrowings as at 31 December 2024 amounted to RM522.53 million, comprising mainly trade facilities for purchases of steel materials, term loans and overdrafts. To mitigate this market risk, management is cautiously monitoring and ensuring the compliance of banks' covenants, improving its cashflow position to achieve a good credit rating, and bargaining with bankers for more favourable financing.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Controls

In addition to the above, the management has implemented various control frameworks and procedures in the Group. The Internal Auditors review these controls periodically while management strengthens them to ensure their effectiveness. In summary, these key control frameworks and procedures are as follows:

- (i) Board and management's limit of authority;
- (ii) Management organisation structure defining the level of accountability and authority of the management functions in all subsidiaries;
- (iii) Group Finance and Accounts Department overseeing the subsidiaries' quarterly management reporting, financial performance and cash flow;
- (iv) Annual group budget detailing the estimation of revenue and expenditures of the Group, which is used as a benchmark to monitor performance;
- (v) Periodic subsidiary management review discussions and updates between the directors and management staff;
- (vi) Insurances protect the Group's assets and interests and minimise its liability;
- (vii) Implementation of the ISO Quality Management System and standard operating procedures in the key subsidiaries; and
- (viii) Establishment of the Anti-Corruption and Anti-Bribery Policy and whistleblowing reporting channel to facilitate the escalation of stakeholders' grievances.

BOARD OVERSIGHT

In its role of overseeing the effectiveness of the systems of risk management and internal control, the Board, together with the AC and RMWG, diligently and comprehensively applies and uses the following processes and review mechanisms during the financial year to derive its comfort on the adequacy and effectiveness of these systems:

- The quarterly Board's review of the unaudited financial results and management reports comprising key financial data, significant financial and operational matters, and detailed analysis of the performance of the Group;
- The subsidiaries' financial performance is reviewed against the budget. Variances are highlighted and explained by the Chief Financial Officer to the Board. The Board ensures and closely follows up on business and operational issues and action plans designed and implemented by Management. The budget will be revised as appropriate when the business environment evolves;
- The AC's review of the audit findings in consultation with the External and Internal Auditors and clarifications from the Management on the corrective or improvement actions, including the deadlines for implementation thereof; and
- The review of the risk assessment report of the key subsidiaries, the new and emerging risks, and the adequacy of the current or further controls to contain the risks within the respective subsidiaries' quantitative and qualitative risk appetite.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Listing Requirements, the Management is responsible for identifying the risks relevant to the Group's business, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group's financial performance.

In producing this Statement, the Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively for the financial year ended 31 December 2024 and up to 11 April 2025, being the date of this Statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD ASSURANCE AND LIMITATION

The Board recognises that risk management and internal control systems should be continuously improved in line with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate the risks of failure to achieve business objectives. Therefore, the risk management and internal control systems in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

For the financial year under review, the Board is satisfied that the existing risk management and internal control systems are adequate and effective under the Group's present business and financial positions. These systems have been in place for the financial year under review and up to the date of issuance of this Statement. There were no material control deficiencies, losses, contingencies or uncertainties arising from weaknesses in the internal control system that would require disclosure in this Annual Report.

This Statement was reviewed and approved by the Board on 11 April 2025.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control.

Based on their review, the External Auditors reported to the Board that nothing had come to their attention that caused them to believe that this Statement had not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, or is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or form an opinion on the adequacy.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal during the financial year under review.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2024, the amount of statutory audit and non-audit fees paid/payable to the External Auditors by the Group and the Company respectively for the financial year ended 31 December 2024 were as follows:

	Group RM	Company RM
Statutory audit fees		
- Baker Tilly Monteiro Heng PLT	258,000	49,000
Non-audit fees		
- Baker Tilly Monteiro Heng PLT	8,000	8,000
Total	266,000	57,000

3. MATERIAL CONTRACT INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts of the Company and its subsidiaries involving the interests of the Directors or major shareholders, either still subsisting at the end of the financial year under review, or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

Details of the RRPT conducted pursuant to the shareholders' mandate obtained at the AGM of the Company held on 13 June 2024 are set out in Section 2.5 of the Circular to Shareholders dated 30 April 2025.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	7,493,301	(725,240)
Attributable to:		
Owners of the Company	7,526,813	(725,240)
Non-controlling interests	(33,512)	-
	7,493,301	(725,240)

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single-tier final dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2023, paid on 19 July 2024	5,115,000

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.0 sen per ordinary share amounting to RM3,410,000 in respect of the current financial year, based on the number of outstanding ordinary shares in issue as at 31 December 2024, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

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.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that 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 and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (CONTINUED)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The remuneration paid or payable to auditors of the Group and the Company during the financial year were RM292,086 and RM49,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

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

Dato' Lim Cheng Poh	
Dato' Sri Ooi Bin Keong *	
Ooi Kong Tiong *	
Ooi Seng Khong *	
Ng Kok Teong *	
Ooi Shang How *	
Chan Kee Loin	
Thien Shy Wei	
Wong Sze Yan	(Appointed on 1 February 2024)

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries 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:

Ng Kok Wee	
Ng Lam Keong	
Ooi Pek Kuan	
Ooi Shang Yao	
Dominic Kevin Sim Hong Heng	(Appointed on 1 November 2024)
Teo Chee Hiong	(Resigned on 1 November 2024)
Yoshiaki Imono	(Resigned on 20 March 2024)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1 January 2024	Bought	Sold	At 31 December 2024
Shareholdings in the ultimate holding company				
- Leon Fuat Holdings Sdn. Bhd.				
<i>Direct interests</i>				
Dato' Sri Ooi Bin Keong	2,050,000	-	-	2,050,000
Ooi Kong Tiong	1,000,000	-	-	1,000,000
Ooi Seng Khong	720,000	-	-	720,000
Ng Kok Teong	800,000	-	-	800,000
Ooi Shang How	600,000	-	-	600,000
<i>Indirect interests</i>				
Dato' Sri Ooi Bin Keong ⁽¹⁾	600,000	-	-	600,000
Ooi Kong Tiong ⁽¹⁾	600,000	-	-	600,000
Ng Kok Teong ⁽²⁾	2,300,000	-	-	2,300,000

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

	At 1 January 2024	Number of ordinary shares		At 31 December 2024
		Bought	Sold	
Shareholdings in the Company				
Direct interests				
Dato' Sri Ooi Bin Keong	200,000	-	-	200,000
Ooi Kong Tiong	200,000	-	-	200,000
Ooi Seng Khong	250,800	-	-	250,800
Ng Kok Teong	221,000	-	-	221,000
Ooi Shang How	200,000	-	-	200,000
Chan Kee Loin	100,000	-	-	100,000
Indirect interests				
Dato' Lim Cheng Poh ⁽³⁾	175,000	-	-	175,000
Dato' Sri Ooi Bin Keong ^{(1) (4)}	219,715,000	-	-	219,715,000
Ng Kok Teong ⁽⁴⁾	219,690,000	-	-	219,690,000
Thien Shy Wei ⁽³⁾	20,200	-	-	20,200

⁽¹⁾ Disclosure of shares held by children of the director who themselves are not directors of the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

⁽²⁾ Shares held through a corporation in which the director has substantial interests.

⁽³⁾ Disclosure of shares held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

⁽⁴⁾ 219,690,000 shares held through the ultimate holding company, Leon Fuat Holdings Sdn. Bhd.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Sri Ooi Bin Keong and Ng Kok Teong are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

The directors' benefits of the Group and of the Company during the financial year were as follows:

	Group RM	Company RM
Directors of the Company		
Executive directors:		
- Fees	1,300,000	600,000
- Other emoluments	4,191,575	-
- Defined contribution plan	502,416	-
- Estimated monetary value of benefits-in-kind	179,248	-
	6,173,239	600,000
Non-executive directors:		
- Fees	490,000	490,000
- Other emoluments	22,000	22,000
	512,000	512,000
Directors of subsidiaries		
Executive directors:		
- Fees	280,000	-
- Other emoluments	2,451,246	-
- Defined contribution plan	289,800	-
- Estimated monetary value of benefits-in-kind	94,939	-
	3,115,985	-
Total directors' remuneration	9,801,224	1,112,000

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for the directors and officers of the Company.

DIRECTORS' REPORT (CONTINUED)

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest/ Voting rights	
			2024	2023
Direct subsidiaries				
Leon Fuat Hardware Sdn. Bhd.	Malaysia	Trading and processing of steel products	100%	100%
Leon Fuat Metal Sdn. Bhd.	Malaysia	Trading, processing and/or manufacturing of steel and other related products	100%	100%
Supreme Steelmakers Sdn. Bhd.	Malaysia	Trading and processing of stainless steel and other steel products	100%	100%
Overum Wear Parts (Far East) Pte. Ltd. **	Republic of Singapore	Trading and processing of steel products	100%	100%
Indirect subsidiaries through Leon Fuat Metal Sdn. Bhd.				
Leon Fuat Industrial Products Sdn. Bhd.	Malaysia	Manufacturing, trading and processing of steel products	100%	100%
PCM Steel Processing Sdn. Bhd.	Malaysia	Trading, slitting and processing metal coil and sheets	100%	87% (Approximately)

* Audited by an independent member firm of Baker Tilly International.

On 1 October 2024, Overum Wear Parts (Far East) Pte. Ltd. has ceased its operation and legally continue to operate as a dormant company.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

DIRECTORS' REPORT (CONTINUED)

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

The Company does not have any interests in shares in the holding company and its other related corporations during the financial year.

ULTIMATE HOLDING COMPANY

The directors regard Leon Fuat Holdings Sdn. Bhd., a private limited liability company incorporated in Malaysia, as the ultimate holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

DATO' SRI OOI BIN KEONG

Director

OOI SENG KHONG

Director

Date: 11 April 2025

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	4	928,738,836	928,045,128	2,287,272	10,101,608
Cost of sales	5	(847,561,609)	(828,456,073)	-	-
Gross profit		81,177,227	99,589,055	2,287,272	10,101,608
Other income		3,076,327	3,334,907	175,290	45,105
Distribution costs		(15,806,161)	(13,912,201)	-	-
Administrative costs		(30,283,275)	(27,287,290)	(2,690,797)	(2,154,404)
Net (addition)/reversal of impairment losses on financial instruments		(636,581)	975,864	-	-
Other costs		(1,653,599)	(1,179,489)	(464,110)	(326,449)
Profit/(Loss) from operations		35,873,938	61,520,846	(692,345)	7,665,860
Finance costs		(24,749,809)	(21,758,981)	(179)	(178)
Profit/(Loss) before tax	6	11,124,129	39,761,865	(692,524)	7,665,682
Tax expense	7	(3,630,828)	(3,909,585)	(32,716)	(284,892)
Profit/(Loss) for the financial year		7,493,301	35,852,280	(725,240)	7,380,790
Other comprehensive (loss)/income, net of tax					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of a foreign operation		(32,832)	63,499	-	-
Total comprehensive income/(loss) for the financial year		7,460,469	35,915,779	(725,240)	7,380,790
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		7,526,813	35,998,765	(725,240)	7,380,790
Non-controlling interests		(33,512)	(146,485)	-	-
		7,493,301	35,852,280	(725,240)	7,380,790
Total comprehensive income/(loss) attributable to:					
Owners of the Company		7,493,981	36,062,264	(725,240)	7,380,790
Non-controlling interests		(33,512)	(146,485)	-	-
		7,460,469	35,915,779	(725,240)	7,380,790
Earnings per share (sen):					
Basic/Diluted	8	2.21	10.56		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	383,868,888	318,267,302	8,843	7,566
Intangible asset	10	811,568	-	-	-
Capital work-in-progress	11	6,304,428	53,351,640	-	-
Investment in subsidiaries	12	-	-	184,879,651	185,324,071
Total non-current assets		390,984,884	371,618,942	184,888,494	185,331,637
Current assets					
Inventories	13	430,371,203	370,931,184	-	-
Trade and other receivables	14	277,047,795	260,141,172	19,024	4,500
Amount due from subsidiaries	15	-	-	1,684,785	3,992,517
Dividend receivables		-	-	-	8,000,000
Tax assets		5,970,188	12,828,762	173,000	-
Deposits with licensed banks	16	7,150,235	10,654,197	6,623,496	2,011,381
Cash and bank balances	17	35,755,954	39,041,505	700,608	803,230
Total current assets		756,295,375	693,596,820	9,200,913	14,811,628
TOTAL ASSETS		1,147,280,259	1,065,215,762	194,089,407	200,143,265
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	186,422,515	186,422,515	186,422,515	186,422,515
Reserves	19	404,646,407	402,212,965	6,876,577	12,716,817
		591,068,922	588,635,480	193,299,092	199,139,332
Non-controlling interests		-	358,578	-	-
TOTAL EQUITY		591,068,922	588,994,058	193,299,092	199,139,332
Non-current liabilities					
Loans and borrowings	20	105,938,632	92,050,589	-	-
Deferred tax liabilities	21	10,753,569	7,815,908	-	-
Total non-current liabilities		116,692,201	99,866,497	-	-
Current liabilities					
Trade and other payables	22	21,578,646	32,245,500	790,315	922,933
Tax liabilities		169,838	247,117	-	81,000
Loans and borrowings	20	416,592,180	340,704,010	-	-
Contract liabilities	23	1,178,472	3,134,620	-	-
Derivative financial liabilities	24	-	23,960	-	-
Total current liabilities		439,519,136	376,355,207	790,315	1,003,933
TOTAL LIABILITIES		556,211,337	476,221,704	790,315	1,003,933
TOTAL EQUITY AND LIABILITIES		1,147,280,259	1,065,215,762	194,089,407	200,143,265

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Group	Attributable to owners of the Company							Total equity RM
	Share capital RM	Merger deficit RM	Capital reserve RM	Translation reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	
At 1 January 2024	186,422,515	(103,959,997)	923	134,081	506,037,958	588,635,480	358,578	588,994,058
Total comprehensive income/(loss) for the financial year								
Profit/(Loss) for the financial year	-	-	-	-	7,526,813	7,526,813	(33,512)	7,493,301
Other comprehensive loss for the financial year	-	-	-	(32,832)	-	(32,832)	-	(32,832)
Total comprehensive (loss)/income	-	-	-	(32,832)	7,526,813	7,493,981	(33,512)	7,460,469
Transaction with owners								
Changes in ownership interests in a subsidiary	-	-	-	-	54,461	54,461	(325,066)	(270,605)
Dividends	-	-	-	-	(5,115,000)	(5,115,000)	-	(5,115,000)
Total transactions with owners	-	-	-	-	(5,060,539)	(5,060,539)	(325,066)	(5,385,605)
At 31 December 2024	186,422,515	(103,959,997)	923	101,249	508,504,232	591,068,922	-	591,068,922

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STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Group	Note	Attributable to owners of the Company					Sub-total RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Merger deficit RM	Capital reserve RM	Translation reserve RM	Retained earnings RM			
At 1 January 2023		186,422,515	(103,959,997)	923	70,582	475,154,193	557,688,216	505,063	558,193,279
Total comprehensive income/(loss) for the financial year									
Profit/(Loss) for the financial year		-	-	-	-	35,998,765	35,998,765	(146,485)	35,852,280
Other comprehensive income for the financial year		-	-	-	63,499	-	63,499	-	63,499
Total comprehensive income/(loss)		-	-	-	63,499	35,998,765	36,062,264	(146,485)	35,915,779
Transaction with owners									
Dividends, representing total transaction with owners	25	-	-	-	-	(5,115,000)	(5,115,000)	-	(5,115,000)
At 31 December 2023		186,422,515	(103,959,997)	923	134,081	506,037,958	588,635,480	358,578	588,994,058

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
At 1 January 2023		186,422,515	10,451,027	196,873,542
Profit for the financial year, representing total comprehensive income for the financial year		-	7,380,790	7,380,790
Dividends, representing total transaction with owners	25	-	(5,115,000)	(5,115,000)
At 31 December 2023/1 January 2024		186,422,515	12,716,817	199,139,332
Loss for the financial year, representing total comprehensive loss for the financial year		-	(725,240)	(725,240)
Dividends, representing total transaction with owners	25	-	(5,115,000)	(5,115,000)
At 31 December 2024		186,422,515	6,876,577	193,299,092

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities					
Profit/(Loss) before tax		11,124,129	39,761,865	(692,524)	7,665,682
Adjustments for:					
Amortisation of intangible asset		73,779	-	-	-
Depreciation of property, plant and equipment		22,329,828	18,759,594	3,467	4,027
Dividend income		-	-	-	(8,000,000)
Fair value (gain)/loss on derivatives		(23,960)	23,960	-	-
Gain on disposal of property, plant and equipment		(183,813)	(345,196)	-	-
Impairment losses on:					
- trade receivables		796,336	497,139	-	-
- investment in a subsidiary		-	-	444,420	279,949
Interest expense		22,827,700	19,604,531	-	-
Interest income		(1,260,160)	(1,025,114)	(175,290)	(45,105)
Inventories written down		7,021,379	2,432,277	-	-
Net gain on lease termination		(1,940)	-	-	-
Net unrealised foreign exchange gain		(233,535)	(119,736)	-	-
Property, plant and equipment written off		13,767	409,757	-	-
Reversal of impairment losses on trade receivables		(159,755)	(1,473,003)	-	-
Waiver of interest income		-	107,977	-	-
Operating profit/(loss) before changes in working capital					
		62,323,755	78,634,051	(419,927)	(95,447)
Inventories		(66,630,753)	13,372,382	-	-
Trade and other receivables		(14,634,110)	(297,911)	2,307,730	(1,413,487)
Trade and other payables		(10,631,161)	1,762,112	(132,618)	19,430
Contract liabilities		(1,956,148)	897,668	-	-
Net cash (used in)/generated from operation		(31,528,417)	94,368,302	1,755,185	(1,489,504)
Interest received		891,317	960,722	160,768	45,105
Interest paid		(23,586,427)	(19,448,856)	-	-
Income tax refunded/(paid)		6,088,128	(7,347,734)	(286,716)	(237,892)
Net cash (used in)/from operating activities		(48,135,399)	68,532,434	1,629,237	(1,682,291)

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from investing activities					
Acquisition of non-controlling interest of a subsidiary	12	(270,605)	-	-	-
Capital work-in-progress paid	(a)	(6,721,525)	(22,965,823)	-	-
Changes in a deposit pledged with a licensed bank		(12,313)	(8,145)	-	-
Deposits paid for acquisition of property, plant and equipment		(1,726,163)	-	-	-
Dividends received		-	-	8,000,000	8,000,000
Proceeds from disposal of property, plant and equipment		183,940	277,500	-	-
Purchase of intangible asset		(885,347)	-	-	-
Purchase of property, plant and equipment	(b)	(9,237,828)	(5,368,910)	(4,744)	(5,209)
Net cash (used in)/from investing activities		(18,669,841)	(28,065,378)	7,995,256	7,994,791
Cash flows from financing activities					
Dividends paid	(d) 25	(5,115,000)	(5,115,000)	(5,115,000)	(5,115,000)
Drawdown of term loans		9,209,018	20,579,718	-	-
Drawdown of trade finance		5,315,017	-	-	-
Net drawdown/(repayment) of bankers' acceptances		58,822,723	(22,951,954)	-	-
Net (repayment)/drawdown of islamic financing		(3,643,915)	5,279,253	-	-
Payment of hire purchase payables		(5,497,969)	(5,536,537)	-	-
Payment of lease liabilities		(1,813,352)	(1,834,169)	-	-
Repayment of term loans		(11,250,750)	(10,793,052)	-	-
Net cash from/(used in) financing activities		46,025,772	(20,371,741)	(5,115,000)	(5,115,000)
Net (decrease)/increase in cash and cash equivalents		(20,779,468)	20,095,315	4,509,493	1,197,500
Cash and cash equivalents at the beginning of the financial year		14,103,616	(6,255,901)	2,814,611	1,617,111
Effect of exchange rate changes on cash and cash equivalents		(37,529)	264,202	-	-
Cash and cash equivalents at the end of the financial year	26	(6,713,381)	14,103,616	7,324,104	2,814,611

(a) Additions in capital work-in-progress:

	2024 RM	2023 RM
Group		
Additions in capital work-in-progress	7,061,947	33,633,347
Less: Transferred from deposits paid in prior years	-	(3,747,273)
Less: Transferred from inventories	(169,355)	(355,037)
Less: Contra against trade receivables	(7,110)	(2,253)
Less: Owing to other payables	(163,957)	(6,562,961)
Cash payments on capital work-in-progress	6,721,525	22,965,823

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(b) Purchase of property, plant and equipment:

	2024 RM	2023 RM
Group		
Purchase of property, plant and equipment	34,127,034	15,496,257
Less: Transferred from deposits paid and prepayment in prior year	-	(695,385)
Less: Transferred from inventories	-	(8,606)
Less: Financed by hire purchase arrangements	-	(7,768,448)
Less: Financed by lease arrangements	(5,018,785)	(1,633,309)
Less: Financed by term loans	(19,626,960)	-
Less: Contra against trade and other receivables	-	(200)
Less: Owing to other payables	(243,461)	(21,399)
Cash payments on purchase of property, plant and equipment	9,237,828	5,368,910
Company		
Cash payment on purchase of office equipment	4,744	5,209

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases amounting to RM2,563,610 (2023: RM2,549,105).

(d) Reconciliation of liabilities arising from financing activities:

Group	1 January	Cash flows	Non-cash		31 December
	2024		Acquisition	Others	2024
	RM	RM	RM	RM	RM
Bankers' acceptances	206,418,277	58,822,723	-	-	265,241,000
Hire purchase payables	10,307,013	(5,497,969)	-	-	4,809,044
Islamic financing	81,566,647	(3,643,915)	-	-	77,922,732
Lease liabilities	11,363,643	(1,813,352)	5,018,785	(25,475)	14,543,601
Term loans	88,021,359	(2,041,732)	19,626,960	-	105,606,587
Trade finance	-	5,315,017	-	-	5,315,017
	397,676,939	51,140,772	24,645,745	(25,475)	473,437,981
Group	1 January	Cash flows	Non-cash	Acquisition	31 December
	2023				RM
	RM	RM	RM	RM	RM
Bankers' acceptances	229,370,231	(22,951,954)	-	-	206,418,277
Hire purchase payables	8,075,102	(5,536,537)	7,768,448	-	10,307,013
Islamic financing	76,287,394	5,279,253	-	-	81,566,647
Lease liabilities	11,564,503	(1,834,169)	1,633,309	-	11,363,643
Term loans	78,234,693	9,786,666	-	-	88,021,359
	403,531,923	(15,256,741)	9,401,757	-	397,676,939

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Leon Fuat Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur. The principal place of business of the Company is located at No. 11, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The ultimate holding company is Leon Fuat Holdings Sdn. Bhd., a private limited liability company incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 April 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments to MFRSs

The Group and the Company have adopted the following applicable amendments to MFRSs for the current financial year:

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7 Financial Instruments: Disclosures	1 January 2026
MFRS 9 Financial Instruments	1 January 2026
MFRS 10 Consolidated Financial Statements	1 January 2026/Deferred
MFRS 107 Statement of Cash Flows	1 January 2026
MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128 Investments in Associates and Joint Ventures	Deferred

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for those as disclosed in Note 3.

2.6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.6 Significant accounting judgements, estimates and assumptions (continued)

The area involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or area where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year is disclosed as follows:

Write-down of obsolete or slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling price or cost, or any inventories on hand that may not be realised, as a result of events occurring after the end of the reporting period to the extent such events confirm conditions existing at the end of the reporting period. Possible changes in these estimates could result in revisions to the valuation of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories is disclosed in Note 13.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method of accounting except for those business combinations which were accounted for using merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between cost of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

(b) Non-controlling interest

At the acquisition date, components of non-controlling interest of the Group are measured at their acquisition-date fair values.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Revenue and other income

Financing components

The Group and the Company has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components as the Group and the Company expect that the period between the transfer of the promised goods or services to the customers and payment by the customers will be one year or less.

(a) Sale of goods

Revenue from sale of goods is recognised when at a point in time when control of goods is transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Sales are made with credit terms ranging from 14 days to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(b) Dividend income

Dividend income is recognised when the rights to receive payment is established.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental income

Rental income is recognised in profit or loss on time-proportion basis over the term of the lease.

(e) Management and corporate guarantee fees

Management and corporate guarantee fees are recognised when services are rendered.

3.4 Financial instruments

Financial assets - subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost or fair value through profit or loss. Financial liabilities are classified as fair value through profit or loss if it is classified as held for trading, it is a derivative, it is contingent consideration of an acquirer in a business combination or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Property, plant and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Short-term leasehold land is depreciated over the lease term between 30 years and 43 years. Long-term leasehold land is depreciated over the lease term of approximately 96 years.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Buildings	2% - approximate 4%
Furniture, fittings and electrical fittings	10% - 20%
Office equipment and renovation	10% - 50%
Forklift, plant and machinery	10%
Motor vehicles	20%

3.6 Leases

(a) Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 9 and lease liabilities as loans and borrowings in Note 20.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue. Rental income from sublease properties which recognise as other income.

3.7 Intangible asset

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
Computer software	Straight-line	5 years

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing costs incurred during the period of construction. Capital work-in-progress is not depreciated and upon completion of construction, the cost will be transferred to property, plant and equipment.

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading goods: the actual costs of purchase and incidentals in bringing the inventories into store. These costs are assigned on a weighted average cost basis.
- Spare parts: purchase costs on first-in first-out basis.

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

4. REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contract customers				
Sale of goods	928,738,836	928,045,128	-	-
Management fees	-	-	615,448	590,159
Corporate guarantee fees charged to subsidiaries	-	-	1,671,824	1,511,449
	928,738,836	928,045,128	2,287,272	2,101,608
Revenue from other sources				
Dividend income from subsidiaries	-	-	-	8,000,000
	928,738,836	928,045,128	2,287,272	10,101,608

(a) Disaggregation of revenue

The Group reports the following major segments: trading, processing and/or manufacturing and others in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods.

The information on disaggregation of revenue and gross profit into the major segments are disclosed in Note 27.

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Timing of revenue recognition				
At a point in time	928,738,836	928,045,128	-	-
Over time	-	-	2,287,272	2,101,608
	928,738,836	928,045,128	2,287,272	2,101,608

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE (CONTINUED)

(b) Transaction price allocated to the remaining performance obligation

The Group and the Company applied the practical expedient in paragraph 121(a) of MFRS 15 and did not disclose information about remaining performance for contracts that have original expected duration of one year or less.

5. COST OF SALES

	2024 RM	Group 2023 RM
Direct costs	819,647,775	801,335,982
Other operating costs	27,913,834	27,120,091
	847,561,609	828,456,073

6. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Amortisation of intangible asset		73,779	-	-	-
Auditors' remuneration					
- statutory audit:					
- Baker Tilly Monteiro Heng PLT		258,000	252,000	49,000	49,000
- Member firms of Baker Tilly International		34,086	27,194	-	-
- other services:					
- Baker Tilly Monteiro Heng PLT		8,000	8,000	8,000	8,000
- Member firms of Baker Tilly International		8,521	8,498	-	-
Depreciation of property, plant and equipment	9	22,329,828	18,759,594	3,467	4,027
Employee benefits expenses	(a)	40,408,626	36,920,759	2,228,922	1,709,418
Expenses relating to short-term leases:					
- premises		181,243	153,829	-	-
Fair value (gain)/loss on derivatives	24	(23,960)	23,960	-	-
Impairment losses on:					
- trade receivables	30(b)(i)	796,336	497,139	-	-
- investment in a subsidiary	12	-	-	444,420	279,949
Interest expenses in respect of:					
- bank overdrafts		2,999,119	2,502,089	-	-
- bankers' acceptances		10,148,581	9,544,448	-	-
- hire purchase		375,352	522,637	-	-
- islamic financing		3,576,471	2,697,850	-	-
- lease liabilities		569,015	561,107	-	-
- term loans		5,154,516	3,776,400	-	-
- trade finance		4,646	-	-	-
Inventories written down		7,021,379	2,432,277	-	-
Net realised foreign exchange loss/(gain)		555,116	(115,520)	-	-
Net unrealised foreign exchange gain		(233,535)	(119,736)	-	-
Property, plant and equipment written off		13,767	409,757	-	-
Waiver of interest income		-	107,977	-	-
Gain on disposal of property, plant and equipment		(183,813)	(345,196)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (continued)

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Interest income from:					
- cash at banks		(566,298)	(565,548)	(21,190)	(33,725)
- deposits with licensed banks		(315,099)	(200,637)	(154,100)	(11,380)
- trade receivables' overdue balances		(378,763)	(258,929)	-	-
Net gain on lease termination		(1,940)	-	-	-
Rental income from premises		(989,304)	(989,304)	-	-
Reversal of impairment losses on trade receivables	30(b)(i)	(159,755)	(1,473,003)	-	-

(a) Employee benefits expenses

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, bonuses, allowances and others	35,942,099	32,379,959	2,110,325	1,591,339
Defined contribution plan	3,291,127	3,130,311	109,938	109,893
Social security contributions	347,779	307,313	5,628	5,360
Staff welfare	827,621	1,103,176	3,031	2,826
	40,408,626	36,920,759	2,228,922	1,709,418
Recognised in:				
Cost of sales	14,595,260	12,725,041	-	-
Distribution and administrative costs	25,813,366	24,195,718	2,228,922	1,709,418
	40,408,626	36,920,759	2,228,922	1,709,418

Directors' remuneration

Included in employee benefits expenses is the aggregate amount of remuneration received and receivable by the directors of the Company and its subsidiaries during the financial years ended 31 December 2024 and 31 December 2023 as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company				
Executive directors:				
- Fees	1,300,000	850,000	600,000	350,000
- Other emoluments	4,191,575	4,297,037	-	-
- Defined contribution plan	502,416	514,656	-	-
	5,993,991	5,661,693	600,000	350,000
Non-executive directors:				
- Fees	490,000	300,000	490,000	300,000
- Other emoluments	22,000	20,000	22,000	20,000
	512,000	320,000	512,000	320,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

(a) Employee benefits expenses (continued)

Directors' remuneration (continued)

Included in employee benefits expenses is the aggregate amount of remuneration received and receivable by the directors of the Company and its subsidiaries during the financial years ended 31 December 2024 and 31 December 2023 as follows: (continued)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of subsidiaries				
Executive directors:				
- Fees	280,000	200,000	-	-
- Other emoluments	2,451,246	2,586,316	-	-
- Defined contribution plan	289,800	304,885	-	-
	3,021,046	3,091,201	-	-
Total directors' remuneration	9,527,037	9,072,894	1,112,000	670,000

The estimated monetary value of benefits-in-kind of the Group (which were not included in the above directors' remunerations) received by the executive directors of the Company and of the subsidiaries otherwise than in cash from the Group amounted to RM179,248 (2023: RM168,972) and RM94,939 (2023: RM95,036) respectively.

7. TAX EXPENSE

The major components of tax expense for the financial years ended 31 December 2024 and 31 December 2023 are as follows:

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Current income tax:					
- Current income tax charge		857,758	5,618,835	31,000	285,000
- Adjustment in respect of prior years		(164,591)	(3,426,631)	1,716	(108)
		693,167	2,192,204	32,716	284,892
Deferred tax:					
	21				
- Origination of temporary differences		3,231,039	1,930,822	-	-
- Adjustment in respect of prior year		(293,378)	(213,441)	-	-
		2,937,661	1,717,381	-	-
Tax expense		3,630,828	3,909,585	32,716	284,892

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) before tax	11,124,129	39,761,865	(692,524)	7,665,682
Tax at Malaysian statutory income tax rate of 24% (2023: 24%)	2,669,800	9,542,800	(166,200)	1,839,800
Effect of different tax rate in a foreign jurisdiction	28,811	24,042	-	-
Tax effects of:				
- non-deductible expenses	1,170,874	1,484,718	205,564	358,320
- non-taxable income	(816)	(32,806)	-	(1,920,000)
- double deduction expenses	(43,666)	(18,878)	-	-
Reinvestment allowance claimed	(272,939)	(3,788,348)	-	-
Utilisation of previously unrecognised deferred tax assets	(8,364)	-	(8,364)	-
Deferred tax assets not recognised on business losses and temporary differences	545,097	338,129	-	6,880
Adjustments in respect of prior years:				
- income tax	(164,591)	(3,426,631)	1,716	(108)
- deferred tax	(293,378)	(213,441)	-	-
Tax expense	3,630,828	3,909,585	32,716	284,892

8. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the Group's profit for the financial year attributable to owners of the Company of RM7,526,813 (2023: RM35,998,765) by the weighted average number of ordinary shares in issue during the financial year of 341,000,000 (2023: 341,000,000) ordinary shares.

(b) Diluted earnings per share

Diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

Group 2024	Freehold land RM	Buildings RM	Furniture, fittings and electrical fittings RM	Office equipment and renovation RM	Forklift, plant and machinery RM	Motor vehicles RM	Right-of- use assets RM	Total RM
Cost								
At 1 January 2024	51,083,310	150,106,086	4,018,107	7,824,163	150,877,839	19,740,768	71,959,268	455,609,541
Additions	25,678,972	1,903,607	30,455	197,187	507,679	790,349	5,018,785	34,127,034
Transfer from capital work-in-progress (Note 11)	-	3,035,896	-	-	50,806,143	-	-	53,842,039
Disposals	-	-	-	(61,598)	(86,000)	(1,473,290)	-	(1,620,888)
Derecognition	-	-	-	-	-	-	(1,874,645)	(1,874,645)
Written off	-	-	(10,333)	(326,466)	(54,609)	-	-	(391,408)
Exchange differences	-	-	(82)	(423)	-	-	-	(505)
At 31 December 2024	76,762,282	155,045,589	4,038,147	7,632,863	202,051,052	19,057,827	75,103,408	539,691,168
Accumulated depreciation								
At 1 January 2024	-	20,631,266	3,152,894	6,430,380	87,132,344	11,394,678	8,600,677	137,342,239
Depreciation charge for the financial year	-	3,365,887	222,599	529,144	13,087,760	2,365,904	2,758,534	22,329,828
Disposals	-	-	-	(61,473)	(86,000)	(1,473,288)	-	(1,620,761)
Derecognition	-	-	-	-	-	-	(1,851,110)	(1,851,110)
Written off	-	-	(10,272)	(316,415)	(50,954)	-	-	(377,641)
Exchange differences	-	-	(82)	(193)	-	-	-	(275)
At 31 December 2024	-	23,997,153	3,365,139	6,581,443	100,083,150	12,287,294	9,508,101	155,822,280
Carrying amount								
At 31 December 2024	76,762,282	131,048,436	673,008	1,051,420	101,967,902	6,770,533	65,595,307	383,868,888

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2023	Freehold land RM	Buildings RM	Furniture, fittings and electrical fittings RM	Office equipment and renovation RM	Forklift, plant and machinery RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Cost								
At 1 January 2023	51,083,310	101,400,141	3,894,960	7,764,957	150,120,821	16,792,647	73,657,872	404,714,708
Additions	-	45,676	126,258	247,770	8,762,621	4,680,623	1,633,309	15,496,257
Reclassification	-	-	-	-	32,649	-	(32,649)	-
Transfer from capital work-in-progress (Note 11)	-	48,660,269	-	-	906,285	-	-	49,566,554
Disposals	-	-	-	(6,348)	(198,000)	(1,732,502)	-	(1,936,850)
Derecognition	-	-	-	-	-	-	(3,299,264)	(3,299,264)
Written off	-	-	(3,350)	(183,448)	(8,746,537)	-	-	(8,933,335)
Exchange differences	-	-	239	1,232	-	-	-	1,471
At 31 December 2023	51,083,310	150,106,086	4,018,107	7,824,163	150,877,839	19,740,768	71,959,268	455,609,541
Accumulated depreciation								
At 1 January 2023	-	18,167,058	2,898,037	6,026,527	84,910,412	11,208,575	9,130,999	132,341,608
Depreciation charge for the financial year	-	2,464,208	257,977	593,121	10,750,215	1,918,601	2,775,472	18,759,594
Reclassification	-	-	-	-	6,530	-	(6,530)	-
Disposals	-	-	-	(6,348)	(198,000)	(1,732,498)	-	(1,936,846)
Derecognition	-	-	-	-	-	-	(3,299,264)	(3,299,264)
Written off	-	-	(3,350)	(183,415)	(8,336,813)	-	-	(8,523,578)
Exchange differences	-	-	230	495	-	-	-	725
At 31 December 2023	-	20,631,266	3,152,894	6,430,380	87,132,344	11,394,678	8,600,677	137,342,239
Carrying amount								
At 31 December 2023	51,083,310	129,474,820	865,213	1,393,783	63,745,495	8,346,090	63,358,591	318,267,302

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in buildings of the Group are warehouse buildings of a subsidiary with carrying amount of RM12,580,431 (2023: RM13,220,113) which are erected on a land leased from a third party landlord which has a remaining lease term of approximately 20 years (2023: 21 years).

Further information about the lease of land is disclosed in Note 9(d)(iii).

	Company	
	2024	2023
	RM	RM
Office equipment		
Cost		
At 1 January	23,814	18,605
Additions	4,744	5,209
At 31 December	28,558	23,814
Accumulated depreciation		
At 1 January	16,248	12,221
Depreciation charge for the financial year	3,467	4,027
At 31 December	19,715	16,248
Carrying amount		
At 31 December	8,843	7,566

(a) Assets pledged as security

The carrying amount of assets pledged as security to secure loans and borrowings granted to certain subsidiaries as disclosed in Note 20 are as follows:

	Group	
	2024	2023
	RM	RM
Freehold land	61,080,682	35,401,710
Buildings	103,887,294	101,322,259
Plant and machinery	60,759,165	14,997,406
	225,727,141	151,721,375

(b) Assets under hire purchase

The carrying amount of property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2024	2023
	RM	RM
Motor vehicles	4,413,205	6,124,715
Plant and machinery	6,284,506	12,277,107
	10,697,711	18,401,822

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Asset subject to operating leases

The Group leases its warehouse building to a third party.

Information about leases for which the Group is lessor is presented below:

	Buildings (own use) RM	Building (subject to operating lease) RM	Total RM
Group Cost			
At 1 January 2023	84,101,835	17,298,306	101,400,141
Addition	45,676	-	45,676
Transfer from capital work-in-progress	48,660,269	-	48,660,269
At 31 December 2023	132,807,780	17,298,306	150,106,086
Addition	1,903,607	-	1,903,607
Transfer from capital work-in-progress	3,035,896	-	3,035,896
At 31 December 2024	137,747,283	17,298,306	155,045,589
Accumulated depreciation			
At 1 January 2023	14,727,526	3,439,532	18,167,058
Depreciation charge for the financial year	1,825,547	638,661	2,464,208
At 31 December 2023	16,553,073	4,078,193	20,631,266
Depreciation charge for the financial year	2,726,205	639,682	3,365,887
At 31 December 2024	19,279,278	4,717,875	23,997,153
Carrying amount			
At 31 December 2023	116,254,707	13,220,113	129,474,820
At 31 December 2024	118,468,005	12,580,431	131,048,436

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Right-of-use assets

The Group leases several assets and the information about leases of the Group as a lessee is presented below:

	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group					
Carrying amount					
At 1 January 2023	63,539,670	948,908	28,568	9,727	64,526,873
Additions	-	1,633,309	-	-	1,633,309
Depreciation charge for the financial year	(1,056,235)	(1,707,061)	(2,449)	(9,727)	(2,775,472)
Transfer to property, plant and equipment	-	-	(26,119)	-	(26,119)
At 31 December 2023	62,483,435	875,156	-	-	63,358,591
Additions	-	5,018,785	-	-	5,018,785
Depreciation charge for the financial year	(1,056,179)	(1,702,355)	-	-	(2,758,534)
Derecognition *	-	(23,535)	-	-	(23,535)
At 31 December 2024	61,427,256	4,168,051	-	-	65,595,307

* Derecognition of right-of-use assets is a result of termination of a lease of the Group and the net gain of lease termination is disclosed in Note 6.

(i) Lease term

The Group leases land and buildings for its office space, operation site and staff accommodation. The leases generally have lease term between 1 year and approximately 96 years (2023: 1 year and 96 years).

The remaining lease terms of the leasehold land are approximately between 20 years and 93 years (2023: 21 years and 94 years).

(ii) Asset pledged as security

The leasehold land with a carrying amount of RM54,279,187 (2023: RM54,971,905) has been pledged as security to secure loans and borrowings granted to certain subsidiaries as disclosed in Note 20.

(iii) Extension and termination options

Included in the lease contracts of a subsidiary is a lease for an industrial land which has a 30-year extension period upon the expiry of the current lease tenure in 2044 ("the lease extension"). As at the reporting date, the Group is still in the midst of assessing the lease extension. As the rental payments for the lease extension period are subject to discretion of the lessor, the subsidiary is unable to reliably estimate the future cash outflow pertaining to the lease extension period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. INTANGIBLE ASSET

	2024 RM	Group 2023 RM
Computer software		
Cost		
At 1 January	-	-
Addition	885,347	-
At 31 December	885,347	-
Accumulated amortisation		
At 1 January	-	-
Amortisation for the financial year	73,779	-
At 31 December	73,779	-
Carrying amount		
At 31 December	811,568	-

Amortisation

The amortisation of computer software of the Group is included in administrative expenses.

11. CAPITAL WORK-IN-PROGRESS

	Note	2024 RM	Group 2023 RM
At 1 January		53,351,640	69,294,497
Additions		7,061,947	33,633,347
Transfer to property, plant and equipment	9	(53,842,039)	(49,566,554)
Expense off		(267,120)	(9,650)
At 31 December		6,304,428	53,351,640

Capital work-in-progress ("CWIP") is in respect of construction of factory and warehouse buildings, plant and machinery.

Included in construction of factory and warehouse buildings, plant and machinery is an amount of RM2,921,390 (2023: RM48,916,593) pledged as security to secure certain loans and borrowings of a subsidiary as disclosed in Note 20.

In previous financial year, borrowing costs capitalised in relation to capital work-in-progress during the financial year amounts to RM993,427.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. INVESTMENT IN SUBSIDIARIES

	Note	2024 RM	Company 2023 RM
Unquoted shares, at cost			
At 1 January/31 December		186,571,997	186,571,997
Accumulated impairment losses			
At 1 January		1,247,926	967,977
Additions	6	444,420	279,949
At 31 December		1,692,346	1,247,926
Carrying amount			
At 31 December		184,879,651	185,324,071

The impairment loss during the financial year is in respect of a loss making subsidiary.

The details of subsidiaries are as follows:

Name of company	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest/Voting rights	
			2024	2023
Direct subsidiaries				
Leon Fuat Hardware Sdn. Bhd.	Malaysia	Trading and processing of steel products	100%	100%
Leon Fuat Metal Sdn. Bhd.	Malaysia	Trading, processing and/or manufacturing of steel and other related products	100%	100%
Supreme Steelmakers Sdn. Bhd.	Malaysia	Trading and processing of stainless steel and other steel products	100%	100%
Overum Wear Parts (Far East) Pte. Ltd.*#	Republic of Singapore	Trading and processing of steel products	100%	100%
Indirect subsidiaries through Leon Fuat Metal Sdn. Bhd.				
Leon Fuat Industrial Products Sdn. Bhd.	Malaysia	Manufacturing, trading and processing of steel products	100%	100%
PCM Steel Processing Sdn. Bhd.	Malaysia	Trading, slitting and processing metal coil and sheets	100%	87% (Approximately)

* Audited by an independent member firm of Baker Tilly International.

On 1 October 2024, Overum Wear Parts (Far East) Pte. Ltd. has ceased its operation and legally continue to operate as a dormant company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Subscription of additional shares in PCM Steel Processing Sdn. Bhd. (“PSP”)

On 20 March 2024, the Company’s wholly-owned subsidiary, Leon Fuat Metal Sdn. Bhd. had acquired the remaining 1,546,000 ordinary shares representing approximately 12.99% of the total issued share capital of PSP from Nippon Steel Trading Corporation for a cash consideration of RM270,605. Consequently, PSP became an indirect wholly-owned subsidiary of the Company.

Effect of the increase in the Group’s ownership interest is as follows:

	RM
Fair value of consideration transferred	270,605
Increase in share of net assets	(325,066)
Excess charged directly to equity	(54,461)

In previous financial year, the Group’s subsidiary which has non-controlling interests is not material to the financial position, financial performance and cash flows of the Group and therefore its details are not presented in the financial statements.

In previous financial year, there is no restriction in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

13. INVENTORIES

	2024 RM	Group 2023 RM
At cost		
Trading inventories	343,396,512	305,197,191
Goods-in-transit	25,236,188	11,527,125
Spare parts	1,676,358	409,523
	370,309,058	317,133,839
At net realisable value		
Trading inventories	60,062,145	53,797,345
	430,371,203	370,931,184

(a) During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM819,647,775 (2023: RM801,335,982).

(b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value is RM7,021,379 (2023: RM2,432,277).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. TRADE AND OTHER RECEIVABLES

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Trade receivables					
External parties	(a)	260,674,819	252,650,991	-	-
Related party	(b)	178,918	211,876	-	-
		260,853,737	252,862,867	-	-
Less: Impairment losses on external parties	30(b)(i)	(2,481,603)	(1,847,660)	-	-
Total trade receivables		258,372,134	251,015,207	-	-
Other receivables					
Other receivables		438,657	475,307	14,524	-
Advances to suppliers	(c)	10,340,764	2,986,796	-	-
GST refundable		-	4,029	-	-
Deferred expenses		66,979	-	-	-
Deposits	(d)	2,978,624	920,642	4,500	4,500
Prepayments		4,850,637	4,739,191	-	-
Total other receivables		18,675,661	9,125,965	19,024	4,500
Total trade and other receivables		277,047,795	260,141,172	19,024	4,500

(a) Trade receivables

The Group's trade receivables normal credit term range from 14 to 90 days (2023: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case by case basis.

The information about the credit risk exposure is disclosed in Note 30(b)(i).

(b) The amount due from a related party is subject to normal trade term and its further information is disclosed in Note 29.

(c) Advances to suppliers of the Group amounting to RM6,483,614 (2023: RM2,986,796) is denominated in United States Dollar, being advances to foreign suppliers for purchase of inventories.

(d) Included in deposits of the Group are:

- (i) an amount of RM60,000 (2023: RM60,000) represents rental and utilities deposits paid to a fellow subsidiary;
- (ii) an amount of RM125,100 (2023: RM125,100) represents rental deposits paid to ultimate holding company; and
- (iii) an amount of RM1,726,163 (2023: RM Nil) being down payments for acquisition of property, plant and equipment.

(e) The foreign currency exposure profile of trade receivables of the Group is as follows:

	2024 RM	Group 2023 RM
United States Dollar	3,250,949	5,840,359
Singapore Dollar	525,895	670,957

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. AMOUNT DUE FROM SUBSIDIARIES

This amount is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

16. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposits with licensed banks:				
- pledged	526,739	514,426	-	-
- not pledged	6,623,496	10,139,771	6,623,496	2,011,381
	7,150,235	10,654,197	6,623,496	2,011,381

The interest rates as at the reporting date and the maturities of the deposits placed with licensed banks are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest rate (%) (per annum)	2.35 - 3.35	2.15 - 3.40	3.35	3.40
Maturity (days)	30 - 365	30 - 365	30	30

Deposit of the Group amounting to RM526,739 (2023: RM514,426) is pledged with a licensed bank as security for banking facilities granted to a subsidiary as disclosed in Note 20(d).

17. CASH AND BANK BALANCES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash at banks	35,733,733	39,013,730	700,605	803,227
Cash in hand	22,221	27,775	3	3
	35,755,954	39,041,505	700,608	803,230

The foreign currency exposure profile of cash and bank balances of the Group is as follows:

	Group	
	2024 RM	2023 RM
United States Dollar	1,299,991	5,912,699
Singapore Dollar	58,717	340,996

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. SHARE CAPITAL

	2024		2023	
	Number of ordinary shares Unit	Amount RM	Number of ordinary shares Unit	Amount RM
Issued and fully paid up (no par value):				
At 1 January/31 December	341,000,000	186,422,515	341,000,000	186,422,515

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual interests.

19. RESERVES

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Capital reserve	(a)	923	923	-	-
Merger deficit	(b)	(103,959,997)	(103,959,997)	-	-
Retained earnings		508,504,232	506,037,958	6,876,577	12,716,817
Translation reserve	(c)	101,249	134,081	-	-
		404,646,407	402,212,965	6,876,577	12,716,817

(a) Capital reserve

This is arising from the takeover of the unincorporated business of Leong Huat Trading & Co.

(b) Merger deficit

The merger deficit resulted from the difference between the carrying value of the investment in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

(c) Translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. LOANS AND BORROWINGS

	Note	2024 RM	Group 2023 RM
Non-current			
Secured			
Hire purchase payables	(a)	1,178,274	4,809,044
Term loans	(b)	92,067,347	76,867,001
		93,245,621	81,676,045
Unsecured			
Lease liabilities	(c)	12,693,011	10,374,544
Total non-current		105,938,632	92,050,589
Current			
Secured			
Hire purchase payables	(a)	3,630,770	5,497,969
Term loans	(b)	13,539,240	11,154,358
Bankers' acceptances	(d)	149,124,000	109,255,000
Bank overdrafts	(d)	43,024,330	25,791,446
		209,318,340	151,698,773
Unsecured			
Lease liabilities	(c)	1,850,590	989,099
Bankers' acceptances	(d)	116,117,000	97,163,277
Bank overdrafts	(d)	6,068,501	9,286,214
Islamic financing	(e)	77,922,732	81,566,647
Trade finance	(f)	5,315,017	-
		207,273,840	189,005,237
Total current		416,592,180	340,704,010
Total loans and borrowings			
Hire purchase payables	(a)	4,809,044	10,307,013
Term loans	(b)	105,606,587	88,021,359
Lease liabilities	(c)	14,543,601	11,363,643
Bankers' acceptances	(d)	265,241,000	206,418,277
Bank overdrafts	(d)	49,092,831	35,077,660
Islamic financing	(e)	77,922,732	81,566,647
Trade finance	(f)	5,315,017	-
		522,530,812	432,754,599

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. LOANS AND BORROWINGS (CONTINUED)**(a) Hire purchase payables**

The secured hire purchase payables are to secure certain plant and machinery and motor vehicles of the Group as disclosed in Note 9(b).

The hire purchase payables bear interest at rates ranging from 2.19% to 2.93% (2023: 2.19% to 2.93%) per annum.

Future minimum hire purchase payments together with the present value of net minimum hire purchase payments are as follows:

	2024 RM	Group 2023 RM
Minimum hire purchase payments:		
Not later than 1 year	3,781,275	5,873,321
Later than 1 year and not later than 5 years	1,193,968	4,975,243
	4,975,243	10,848,564
Less: Future finance charges	(166,199)	(541,551)
Present value of net minimum hire purchase payments	4,809,044	10,307,013
Present value of net minimum hire purchase payments:		
Not later than 1 year	3,630,770	5,497,969
Later than 1 year and not later than 5 years	1,178,274	4,809,044
	4,809,044	10,307,013
Less: Amount due within 12 months	(3,630,770)	(5,497,969)
Amount due after 12 months	1,178,274	4,809,044

(b) Term loans – Secured

Details of the repayment terms are as follows:

Term Loan 1

Term loan 1 of a subsidiary of RM2,100,000 (2023: RM3,900,000) bears interest at a rate of 4.60% (2023: 4.60%) per annum and is repayable by monthly principal instalments of RM150,000 over 10 years commenced from the day of first drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the leasehold land of a subsidiary (Note 9).

Term Loan 2

Term loan 2 of a subsidiary of RM8,888,352 (2023: RM13,736,544) bears interest at a rate of 5.45% (2023: 5.50%) per annum and is repayable by monthly principal instalments of RM404,016 over 5 years commenced on the first day of the 25th month from the expiry of the availability period and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over certain machinery of a subsidiary (Note 9).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. LOANS AND BORROWINGS (CONTINUED)

(b) Term loans – Secured (continued)

Details of the repayment terms are as follows: (continued)

Term Loan 3

Term loan 3 of a subsidiary of RM10,300,907 (2023: RM11,808,359) bears interest at a rate of 6.20% (2023: 6.20%) per annum and is repayable by monthly principal instalments of RM125,621 and a final instalment of RM125,606 over 10 years commenced on the first day of the 25th month from the expiry of the availability period and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the leasehold land and building of a subsidiary (Note 9).

Term Loan 4

Term loan 4 of a subsidiary of RM24,257,963 (2023: RM19,510,470) bears interest at a rate of 6.20% (2023: 6.20%) per annum and is repayable by monthly instalments over 9 years commencing on the first day of the 37th month from the date of first drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the leasehold land and building of a subsidiary (Note 9).

Term Loan 5

Term loan 5 of a subsidiary of RM1,402,250 (2023: RM1,639,250) bears interest at a rate of 5.99% (2023: 6.02%) per annum and is repayable by monthly principal instalments of RM19,750 over 10 years commenced on the first day of the following month after full drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the leasehold land and building of a subsidiary (Note 9).

Term Loan 6

Term loan 6 of a subsidiary of RM5,532,100 (2023: of RM6,332,500) bears interest at a rate of 5.80% (2023: 5.84%) per annum and is repayable by monthly principal instalments of RM66,700 and a final instalment of RM62,700 over 10 years commenced on the first day of the following month after full drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the freehold land of a subsidiary (Note 9) and ultimate holding company.

Term Loan 7

Term loan 7 of a subsidiary of RM11,466,644 (2023: RM13,066,652) bears interest at a rate of 5.75% (2023: 5.69%) per annum and is repayable by monthly principal instalments of RM133,334 and a final instalment of RM133,254 over 10 years commenced on the first day of the month following the full release of the facility and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the leasehold land and certain freehold land and buildings of a subsidiary (Note 9).

Term Loan 8

Term loan 8 of a subsidiary of RM22,031,411 (2023: RM18,027,584) bears interest at a rate of 5.45% (2023: 5.45%) per annum and is repayable by monthly instalments over 4 years commencing on the first day of the 37th month from the date of first drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over certain machinery and CWIP of a subsidiary (Notes 9 and 11).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. LOANS AND BORROWINGS (CONTINUED)

(b) Term loans – Secured (continued)

Details of the repayment terms are as follows: (continued)

Term Loan 9

Term loan 9 of a subsidiary of RM9,442,960 (2023: RM Nil) bears interest at a rate of 4.90% (2023: Nil%) per annum and is repayable by monthly instalments over 9 years commencing on the first day of the 13th month from the date of first drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the freehold land of a subsidiary (Note 9).

Term Loan 10

Term loan 10 of a subsidiary of RM10,184,000 (2023: RM Nil) bears interest at a rate of 4.90% (2023: Nil%) per annum and is repayable by monthly instalments over 9 years commencing on the first day of the 13th month from the date of first drawdown and is secured and supported as follows:

- (i) a corporate guarantee given by the Company; and
- (ii) legal charge over the freehold land of a subsidiary (Note 9).

(c) Lease liabilities

The incremental borrowing rates applied to lease liabilities ranging from 4.50% to 6.20% (2023: 3.25% to 6.20%) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	2024 RM	Group 2023 RM
Minimum lease payments:		
Not later than 1 year	2,422,650	1,508,967
Later than 1 year and not later than 5 years	5,354,031	2,776,599
Later than 5 years	13,486,199	14,209,281
	21,262,880	18,494,847
Less: Future finance charges	(6,719,279)	(7,131,204)
Present value of net minimum lease payments	14,543,601	11,363,643
Present value of net minimum lease payments:		
Not later than 1 year	1,850,590	989,099
Later than 1 year and not later than 5 years	3,401,820	823,497
Later than 5 years	9,291,191	9,551,047
	14,543,601	11,363,643
Less: Amount due within 12 months	(1,850,590)	(989,099)
Amount due after 12 months	12,693,011	10,374,544

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. LOANS AND BORROWINGS (CONTINUED)

(d) Bankers' acceptances and bank overdrafts

Secured

The secured bankers' acceptances and bank overdrafts as at the end of the financial year bear interest at rates ranging from 3.73% to 4.44% (2023: 3.96% to 4.89%) per annum and 7.20% to 7.70% (2023: 6.95% to 7.70%) per annum respectively and are secured and supported by:

- (i) legal charge over certain properties of subsidiaries (Note 9) and ultimate holding company;
- (ii) deposit placed with a licensed bank of a subsidiary (Note 16); and
- (iii) corporate guarantees given by the Company.

Unsecured

The unsecured bankers' acceptances and bank overdrafts as at the end of the financial year bear interest at rates ranging from 3.96% to 4.50% (2023: 4.09% to 4.57%) per annum and 7.67% to 7.82% (2023: 7.45% to 7.82%) per annum respectively and are supported by corporate guarantees given by the Company.

(e) Islamic financing

Islamic financing represents the Structured Commodity Financing-i facilities. This amount as at the end of the financial year is unsecured and bears interest at rates ranging from 4.53% to 4.59% (2023: 4.34% to 4.71%) per annum. The unsecured facility is supported by a corporate guarantee provided by the Company.

(f) Trade finance

The trade finance facilities are utilised for working capital purposes and are subject to interest rate at 4.29% to 4.31% (2023: Nil%) per annum.

21. DEFERRED TAX LIABILITIES

	Note	2024 RM	Group 2023 RM
At 1 January		7,815,908	6,098,527
Recognised in profit or loss	7	2,937,661	1,717,381
At 31 December		10,753,569	7,815,908

Presented after appropriate offsetting as follows:

	2024 RM	Group 2023 RM
Deferred tax liabilities	20,009,469	15,508,203
Deferred tax assets	(9,255,900)	(7,692,295)
	10,753,569	7,815,908

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. DEFERRED TAX LIABILITIES (CONTINUED)

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

	At 1 January 2023 RM	Recognised in profit or loss RM	At 31 December 2023 RM	Recognised in profit or loss RM	At 31 December 2024 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	13,688,915	1,134,602	14,823,517	4,418,879	19,242,396
Fair value adjustment in respect of a subsidiary acquired	569,118	(20,488)	548,630	(20,488)	528,142
Others	144,393	(8,337)	136,056	102,875	238,931
Total deferred tax liabilities	14,402,426	1,105,777	15,508,203	4,501,266	20,009,469
Deferred tax assets:					
Impairment losses on trade receivables	(668,068)	451,786	(216,282)	(244,233)	(460,515)
Accrual of bonus	(1,260,465)	(50,425)	(1,310,890)	188,358	(1,122,532)
Inventories written down	(3,279,787)	131,329	(3,148,458)	(174,777)	(3,323,235)
Lease liabilities	(2,770,097)	42,822	(2,727,275)	(763,189)	(3,490,464)
Unabsorbed capital allowances	-	-	-	(514,384)	(514,384)
Unrealised profits on inventories	(322,932)	54,520	(268,412)	(76,358)	(344,770)
Others	(2,550)	(18,428)	(20,978)	20,978	-
Total deferred tax assets	(8,303,899)	611,604	(7,692,295)	(1,563,605)	(9,255,900)
	6,098,527	1,717,381	7,815,908	2,937,661	10,753,569

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deductible temporary differences	555,449	589,789	192,304	227,153
Unabsorbed capital allowances	3,744,756	3,576,769	-	-
Unused tax losses	10,029,677	7,926,935	-	-
	14,329,882	12,093,493	192,304	227,153

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. DEFERRED TAX LIABILITIES (CONTINUED)

The unused tax losses are available indefinitely for offset against future taxable profits of the Group, except for certain unused tax losses which are available for utilisation up to the following financial years:

	2024 RM	Group 2023 RM
2028	5,643,625	5,643,625
2032	46,910	46,910
2033	999,598	999,598
2034	1,698,883	-

22. TRADE AND OTHER PAYABLES

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Trade payables					
External parties	(a)	6,555,455	11,039,936	-	-
Related party	(b)	37,207	-	-	-
Total trade payables		6,592,662	11,039,936	-	-
Other payables					
Other payables	(c)	3,626,843	7,614,996	-	-
SST payable		100,187	96,645	-	-
Withholding tax payable		-	3,131	-	-
Rental deposits received		523,054	523,054	-	-
Advances from customers		836,672	461,331	-	-
Accruals	(c)	9,899,228	12,506,407	790,315	922,933
Total other payables		14,985,984	21,205,564	790,315	922,933
Total trade and other payables		21,578,646	32,245,500	790,315	922,933

(a) Trade payables

The Group's trade payables normal trade credit term range from 14 to 90 days (2023: 14 to 90 days).

(b) The amount due to a related party is subject to normal trade term and its further information is disclosed in Note 29.

(c) Included in other payables and accruals of the Group are RM163,957 (2023: RM6,562,961) due to external parties in relation to the construction of machineries, factory and warehouse buildings.

Included in accruals of the Group and of the Company are directors' fees amounting to RM1,535,000 (2023: RM1,350,000) and RM555,000 (2023: RM650,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. TRADE AND OTHER PAYABLES (CONTINUED)

(d) The foreign currency exposure profile of trade and other payables of the Group are as follows:

	2024 RM	Group 2023 RM
Trade payables		
United States Dollar	686,612	396,394
Other payables		
Chinese Yuan Renmimbi	-	1,162,440
Euro	-	28,592
Singapore Dollar	41,943	10,710

(e) For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 30(b)(iii).

23. CONTRACT LIABILITIES

	2024 RM	Group 2023 RM
At 1 January	3,134,620	2,236,952
Recognised in profit or loss	(2,552,333)	(1,258,935)
Additions	596,185	2,156,603
At 31 December	1,178,472	3,134,620

Contract liabilities relate to advance billings for which consideration may or may not be received for goods and services yet to be delivered and rendered.

24. DERIVATIVE FINANCIAL LIABILITIES

	2024 RM	Group 2023 RM
Contract notional amount		
Hedging derivative:		
Forward currency contracts	-	7,362,800
At fair value through profit or loss		
Hedging derivative:		
Current liabilities		
Forward currency contracts	-	23,960

The Group uses forward contracts to manage purchases transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value change exposure. Such derivatives do not qualify for hedge accounting. Forward currency contracts are used to hedge the Company's trade payables and purchases denominated in United States Dollar.

During the financial year, the Group recognised a gain of RM23,960 (2023: loss of RM23,960) arising from fair value changes of derivative financial instruments. The method and assumption applied in determining the fair value of derivative is disclosed in Note 30(c)(i).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. DIVIDENDS

	Group/Company	
	2024 RM	2023 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Single-tier final dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2022, paid on 14 July 2023	-	5,115,000
- Single-tier final dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2023, paid on 19 July 2024	5,115,000	-

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.0 sen per ordinary share amounting to RM3,410,000 in respect of the current financial year, based on the number of outstanding ordinary shares in issue as at 31 December 2024, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

26. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	17	35,755,954	39,041,505	700,608	803,230
Deposits with licensed banks	16	7,150,235	10,654,197	6,623,496	2,011,381
Less: Bank overdrafts	20	42,906,189 (49,092,831)	49,695,702 (35,077,660)	7,324,104 -	2,814,611 -
Less: Deposit pledged with a licensed bank	16	(526,739)	(514,426)	-	-
		(6,713,381)	14,103,616	7,324,104	2,814,611

27. SEGMENT INFORMATION

General information

The Group is principally engaged in trading, processing and/or manufacturing of steel related products.

The Group has arrived at three (3) reportable segments that are based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

- (i) Trading of steel products;
- (ii) Processing and/or manufacturing of steel products; and
- (iii) Others.

The accounting policies of the segments are the same as the Group's accounting policies described in Note 3.

The Group evaluates performance based on segment operating revenue and gross profit. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment results, assets and liabilities. All results, assets and liabilities are managed on a group basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. SEGMENT INFORMATION (CONTINUED)

Measurement of reportable segment

2024	Trading of steel products RM	Processing/ Manufacturing of steel products RM	Others RM	Total RM
Revenue				
External revenue	310,076,838	616,330,739	2,331,259	928,738,836
Cost of sales	(279,101,819)	(559,564,042)	(1,874,369)	(840,540,230)
Gross profit before inventories written down	30,975,019	56,766,697	456,890	88,198,606
Inventories written down				(7,021,379)
Gross profit				81,177,227
Add/(Less):				
Other income				3,076,327
Operating expenses				(47,743,035)
Net addition of impairment losses on financial instruments				(636,581)
Finance costs				(24,749,809)
Profit before tax				11,124,129
Tax expense				(3,630,828)
Profit for the financial year				7,493,301
2023	Trading of steel products RM	Processing/ Manufacturing of steel products RM	Others RM	Total RM
Revenue				
External revenue	322,750,246	604,874,924	419,958	928,045,128
Cost of sales	(287,021,693)	(538,642,834)	(359,269)	(826,023,796)
Gross profit before inventories written down	35,728,553	66,232,090	60,689	102,021,332
Inventories written down				(2,432,277)
Gross profit				99,589,055
Add/(Less):				
Other income				3,334,907
Operating expenses				(42,378,980)
Net reversal of impairment losses on financial instruments				975,864
Finance costs				(21,758,981)
Profit before tax				39,761,865
Tax expense				(3,909,585)
Profit for the financial year				35,852,280

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. SEGMENT INFORMATION (CONTINUED)

Geographical segment

Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside Malaysia is insignificant. Non-current assets information is presented based on the segment's country of domicile. Non-current assets do not include financial instruments.

	Non-current assets	
	2024 RM	2023 RM
Malaysia	390,984,884	371,607,563
Republic of Singapore	-	11,379
	390,984,884	371,618,942

Information about major customers

There is no single customer with revenue equal or more than 10% of the Group's total revenue.

28. COMMITMENTS

(a) Commitments

The Group has made commitments for the following capital expenditures:

	Group	
	2024 RM	2023 RM
Approved and contracted for:		
Acquisition of property, plant and equipment	1,975,361	1,673,504

(b) Operating lease commitments – as lessor

The Group leases its warehouse buildings with non-cancellable period of 1 year (2023: 2 years) to a third party with an option to renew for subsequent 1 year and the subsequent renewal is subject to negotiation with the lessee.

The maturity analysis of the undiscounted lease payments to be received after the reporting date is as follows:

	Group	
	2024 RM	2023 RM
Not later than 1 year	879,384	906,862

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. RELATED PARTIES**(a) Identity of related parties**

A party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Ultimate holding company;
- (ii) Subsidiaries;
- (iii) Fellow subsidiaries;
- (iv) Entities in which directors or a person connected to the directors of the Company have substantial financial interests; and
- (v) Key management personnel of the Group, comprising persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Transaction with ultimate holding company				
- Rental paid and payable	1,431,600	1,420,800	-	-
Transactions with subsidiaries				
- Management fees received and receivables	-	-	(615,448)	(590,159)
- Dividend income received and receivables	-	-	-	(8,000,000)
- Corporate guarantee fees received and receivables	-	-	(1,671,824)	(1,511,449)
Transactions with fellow subsidiaries				
- Purchases	-	90,718	-	-
- Rental paid and payable	300,000	300,000	-	-
Transactions with an entity in which directors or a person connected to the directors of the Company have substantial financial interests				
- Sales	(6,626,774)	(5,309,158)	-	-
- Purchases	38,713	900	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 14, 15, and 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term employee benefits	7,456,155	7,649,671	488,817	457,959
Fees	2,070,000	1,350,000	1,090,000	650,000
Benefits-in-kind	286,331	272,757	1,694	1,550
	9,812,486	9,272,428	1,580,511	1,109,509
Post-employment benefits	886,884	908,821	55,872	52,416
	10,699,370	10,181,249	1,636,383	1,161,925

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
2024		
Financial assets		
Group		
Trade and other receivables (i)	260,063,252	260,063,252
Deposits with licensed banks	7,150,235	7,150,235
Cash and bank balances	35,755,954	35,755,954
	302,969,441	302,969,441
Company		
Other receivable	19,024	19,024
Amount due from subsidiaries	1,684,785	1,684,785
Deposits with a licensed bank	6,623,496	6,623,496
Cash and bank balances	700,608	700,608
	9,027,913	9,027,913
Financial liabilities		
Group		
Trade and other payables (ii)	20,641,787	20,641,787
Loans and borrowings (iii)	507,987,211	507,987,211
	528,628,998	528,628,998
Company		
Other payables	790,315	790,315

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
2023			
Financial assets			
Group			
Trade and other receivables (i)	252,411,156	252,411,156	-
Deposits with licensed banks	10,654,197	10,654,197	-
Cash and bank balances	39,041,505	39,041,505	-
	302,106,858	302,106,858	-
Company			
Other receivable	4,500	4,500	-
Amount due from subsidiaries	3,992,517	3,992,517	-
Dividend receivables	8,000,000	8,000,000	-
Deposits with a licensed bank	2,011,381	2,011,381	-
Cash and bank balances	803,230	803,230	-
	14,811,628	14,811,628	-
Financial liabilities			
Group			
Trade and other payables (ii)	31,684,393	31,684,393	-
Loans and borrowings (iii)	421,390,956	421,390,956	-
Derivative financial liabilities	23,960	-	23,960
	453,099,309	453,075,349	23,960
Company			
Other payables	922,933	922,933	-

(i) Excluding advances to suppliers, GST refundable, deferred expenses, prepayments and down payments for acquisition of property, plant and equipment.

(ii) Excluding SST payable, withholding tax payable and advances from customers.

(iii) Excluding lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to minimise potential effects on the financial performance of the Group and the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

At the reporting date, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the calculation of impairment of receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables using provision matrix are as follows:

	Gross carrying amount RM	Individual impairment %	Collective impairment RM	Net carrying amount RM
Group				
2024				
Current	130,313,586	-	(80,813)	130,232,773
<u>Past due</u>				
1 - 30 days	60,895,023	-	(88,155)	60,806,868
31 - 60 days	39,904,546	-	(76,674)	39,827,872
61 - 90 days	16,673,694	-	(86,125)	16,587,569
> 90 days	13,066,888	(1,157,523)	(992,313)	10,917,052
Total	260,853,737	(1,157,523)	(1,324,080)	258,372,134
2023				
Current	133,845,895	-	(112,795)	133,733,100
<u>Past due</u>				
1 - 30 days	58,046,198	-	(136,830)	57,909,368
31 - 60 days	34,099,254	(788)	(126,392)	33,972,074
61 - 90 days	11,808,676	(1,364)	(114,215)	11,693,097
> 90 days	15,062,844	(944,334)	(410,942)	13,707,568
Total	252,862,867	(946,486)	(901,174)	251,015,207

The movement in the allowance for impairment losses on trade receivables during the financial years ended 31 December 2024 and 31 December 2023 were:

	Note	Individual impairment RM	Collective impairment RM	Total RM
Group				
2024				
At 1 January 2024		946,486	901,174	1,847,660
Additions	6	318,834	477,502	796,336
Reversal	6	(105,159)	(54,596)	(159,755)
Written off		(2,638)	-	(2,638)
At 31 December 2024		1,157,523	1,324,080	2,481,603
2023				
At 1 January 2023		1,322,543	1,513,693	2,836,236
Additions	6	477,015	20,124	497,139
Reversal	6	(840,360)	(632,643)	(1,473,003)
Written off		(12,712)	-	(12,712)
At 31 December 2023		946,486	901,174	1,847,660

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

Trade receivables that are individually determined to be credit-impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents and refundable deposits), the Group and the Company minimise credit risk by dealing exclusively with counterparties with high credit rating.

At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon the initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company consider these financial assets to be of low credit risk, for which no material loss allowance for impairment is required.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM503,178,167 (2023: RM411,083,943) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 20. As at the reporting date, there was no indication that the subsidiaries would default on repayment and hence no loss allowance for impairment as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily relates to deposits with licensed banks and interest-bearing financial liabilities which include hire purchase payables, term loans, lease liabilities, bankers' acceptances, bank overdrafts, islamic financing and trade finance.

Borrowings at floating rate amounting to RM503,178,167 (2023: RM411,083,943) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM19,352,645 (2023: RM21,670,656) expose the Group to fair value interest rate risk.

The Group manages its interest rate risk exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit for the financial year ended 31 December 2024 would decrease/increase by RM1,912,077 (2023: RM1,562,119) as a result of exposure to floating rate borrowings.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2024						
Group						
Financial liabilities						
Trade and other payables (i)	20,641,787	20,641,787	20,641,787	-	-	-
Hire purchase payables	4,809,044	4,975,243	3,781,275	1,193,968	-	-
Term loans	105,606,587	128,155,931	19,118,408	23,675,075	52,709,116	32,653,332
Lease liabilities	14,543,601	21,262,880	2,422,650	2,389,650	2,964,381	13,486,199
Bankers' acceptances	265,241,000	265,241,000	265,241,000	-	-	-
Bank overdrafts	49,092,831	49,092,831	49,092,831	-	-	-
Islamic financing	77,922,732	79,576,769	79,576,769	-	-	-
Trade finance	5,315,017	5,424,232	5,424,232	-	-	-
	543,172,599	574,370,673	445,298,952	27,258,693	55,673,497	46,139,531
Company						
Financial liabilities						
Other payables	790,315	790,315	790,315	-	-	-
Financial guarantee *	-	503,178,167	503,178,167	-	-	-
	790,315	503,968,482	503,968,482	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (continued)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2023						
Group						
Financial liabilities						
Trade and other payables (i)	31,684,393	31,684,393	31,684,393	-	-	-
Hire purchase payables	10,307,013	10,848,564	5,873,321	3,781,275	1,193,968	-
Term loans	88,021,359	107,977,658	16,006,061	17,134,881	44,791,787	30,044,929
Lease liabilities	11,363,643	18,494,847	1,508,967	701,850	2,074,749	14,209,281
Bankers' acceptances	206,418,277	206,418,277	206,418,277	-	-	-
Bank overdrafts	35,077,660	35,077,660	35,077,660	-	-	-
Islamic financing	81,566,647	83,207,153	83,207,153	-	-	-
Derivative financial liabilities	23,960	23,960	23,960	-	-	-
	464,462,952	493,732,512	379,799,792	21,618,006	48,060,504	44,254,210
Company						
Financial liabilities						
Other payables	922,933	922,933	922,933	-	-	-
Financial guarantee *	-	411,083,943	411,083,943	-	-	-
	922,933	412,006,876	412,006,876	-	-	-

(i) Excluding SST payable, withholding tax payable and advances from customers.

* The Company has given corporate guarantees to banks of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

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

The Group has foreign currency exposure primarily arising from its trade receivables, cash at banks, trade and other payables and derivatives which are denominated in United States Dollar ("USD"), Singapore Dollar ("SGD"), Chinese Yuan Renmimbi ("RMB") and Euro ("EURO") as disclosed in Notes 14, 17, 22 and 24.

The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, SGD, RMB and EURO.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, RMB and EURO, with all other variables held constant on the Group's total equity and profit for the financial year.

		Group	
		2024 RM	2023 RM
USD/RM	- Strengthened 5%	146,844	151,767
	- Weakened 5%	(146,844)	(151,767)
SGD/RM	- Strengthened 5%	20,621	38,047
	- Weakened 5%	(20,621)	(38,047)
RMB/RM	- Strengthened 5%	-	(44,173)
	- Weakened 5%	-	44,173
EURO/RM	- Strengthened 5%	-	(1,086)
	- Weakened 5%	-	1,086

(c) Fair value measurement

(i) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables are reasonable approximation of fair values due to relatively short-term nature of these financial instruments.

The carrying amounts of short-term and long-term floating rate borrowings are reasonable approximation of fair values as the borrowings will be re-priced to market interest rate on or near reporting date.

The fair value of derivatives is determined by reference to the mark-to-market rate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

(ii) Fair value hierarchy

Analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's financial instruments that are not carried at fair value:

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Group					
2024					
Financial liability					
Hire purchase payables	4,809,044	-	-	4,804,375	4,804,375
2023					
Financial liability					
Hire purchase payables	10,307,013	-	-	10,299,487	10,299,487

Level 3 fair valueFair value of financial instruments not carried at fair value

The fair value of hire purchase payables is estimated by discounting future cash flows using effective interest rates for similar type of hire purchase arrangements.

During the financial year ended 31 December 2024, there have been no transfers within the fair value measurement hierarchy (2023: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. There were no changes in the Group approach to capital management since the financial year ended 31 December 2023. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise bankers' acceptances, bank overdrafts, term loans, islamic financing, hire purchase payables, lease liabilities and trade finance less deposits with licensed banks, cash and bank balances whilst total capital is total equity of the Group.

	2024 RM	Group 2023 RM
Total interest-bearing borrowings	522,530,812	432,754,599
Less: Deposits with licensed banks, cash and bank balances	(42,906,189)	(49,695,702)
Total net debts	479,624,623	383,058,897
Total equity	591,068,922	588,994,058
Total net debts plus equity	1,070,693,545	972,052,955
Gearing ratio	45%	39%

Certain subsidiaries of the Company are required to comply with gearing ratio in respect of their borrowings.

STATEMENT BY DIRECTORS

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

We, **DATO' SRI OOI BIN KEONG** and **OOI SENG KHONG**, being two of the directors of LEON FUAT BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 101 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

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

DATO' SRI OOI BIN KEONG

Director

OOI SENG KHONG

Director

Kuala Lumpur

Date: 11 April 2025

STATUTORY DECLARATION

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

I, **TAN KIEN YAP**, being the officer primarily responsible for the financial management of LEON FUAT BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 101 to 152 are 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.

TAN KIEN YAP

(MIA 15963)

Subscribed and solemnly declared by the abovenamed at the Federal Territory of Kuala Lumpur on 11 April 2025.

Before me,

HADINUR MOHD SYARIF (W761)

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEON FUAT BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Leon Fuat Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 101 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Inventories (Note 13 to the financial statements)

As at 31 December 2024, the Group's inventories amounted to RM430.37 million. The Group's inventories are measured at the lower of cost and net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our audit response:

Our audit procedures included, among others:

- understand the design and implementation of controls associated with monitoring, detection and write-down of slow-moving inventories;
- attending year end physical inventory count to observe physical existence and condition of the inventories and reviews the design and implementation of controls during the count;
- checking subsequent sales and Group's assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Company

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

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF LEON FUAT BERHAD (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF LEON FUAT BERHAD (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF LEON FUAT BERHAD (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 12 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Jason Wong Yew Ming
No. 03668/06/2026 J
Chartered Accountant

Kuala Lumpur
Date: 11 April 2025

LIST OF PROPERTIES

AS AT 31 DECEMBER 2024

Registered/ Beneficial Owner	Address/Title	Description/Existing Use	Tenure	Approximate Land/ Built-up Areas (sq. ft. *)	Approximate Age of Buildings (No. of Years)	Net Carrying Amount at Group Level as at 31 December 2024 (RM)	Year of Acquisition/ Revaluation
LF Metal	No. 11, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan held under GRN 290613, Lot 26102, (formerly H.S. (D) 30968, Lot No. PT 17395), Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of single-storey detached factory cum warehouse building with an annexed 4 storey office and a unit of single-storey factory cum warehouse building with annexed single-storey office and 2-storey store/ Used as a steel processing plant, warehouse and office	Freehold	179,736/19,754 (office built-up area) & 102,882 (factory built-up area)	17	Office and factory: 15,637,257 & Land: 6,890,000	2004
LF Metal	No. 6, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan held under GRN 290612, Lot 26104, (formerly H.S. (D) 30970, Lot No. PT 17397), Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of 1/2 storey office with an annexed 2 units of single-storey warehouse cum factory/ Used as a steel processing plant, warehouse and office	Freehold	116,928/29,600 (office built-up area) & 51,200 (factory built-up area)	28	Office and factory: 2,333,463 & Land: 2,536,281	1994
LF Metal	No. 16, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan held under H.S. (D) 30972, Lot No. PT 17399, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of single-storey detached factory building with annexed double-storey office building/ Used as a steel processing plant, warehouse and office	Freehold	130,680/16,402 (office built-up area) & 60,838 (factory built-up area)	#	Office and factory: 10,665,569 & Land: 15,681,600	2012
LF Metal	No. 17, Persiaran Sultan Alauddin KU 17, Kawasan Perindustrian Bandar Sultan Suleiman Fasa 4, 42000 Pelabuhan Klang, Selangor Darul Ehsan held under H.S. (M) 42036, PT 65615, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	Three units of single-storey detached factory cum warehouse building/ Used as steel pipe manufacturing plant, warehouse and office	Leasehold expiring on 07.12.2110	700,864/41,384 (factory and warehouse built-up area)	2 - 6	Factory and warehouse: 71,566,502 & Land: 30,021,891	2016
LF Metal	P136 - P138 and part of P139, Jalan Persiaran Port Klang FZ4, Precinct 1, Port Klang Free Zone (PKFZ), K/S12, 42920 Pulau Indah, Selangor Darul Ehsan	Two units of single-storey detached warehouse with a double-storey office building/Currently approximately 45,801 sq. ft. of the warehouse space is rented by a third party and the remaining warehouse space and office are for own use	Lease Agreement expiring on 31.08.2044	1,862 (office built-up area) & 192,147 (warehouse built-up area)	9	Office and warehouse: 12,580,431	2016
LF Metal	H.S. (M) 47185, Lot No. PT 65648, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A parcel of vacant industrial land	Leasehold expiring on 15.10.2117	291,804	N/A	Land: 20,617,791	2022

LIST OF PROPERTIES AS AT 31 DECEMBER 2024

Registered/ Beneficial Owner	Address/Title	Description/Existing Use	Tenure	Approximate Land/ Built-up Areas (sq. ft. *)	Approximate Age of Buildings (No. of Years)	Net Carrying Amount at Group Level as at 31 December 2024 (RM)	Year of Acquisition/ Revaluation
LF Metal	No. 47, 49, 51, 53, 55, 57, 59, 61, Jalan Sultan Abdul Samad 45, Bandar Sultan Suleiman, 42000 Palabuhan Klang, Selangor Darul Ehsan held under H.S.(M) 41376, PT 65757, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	Eight units of double-storey link house/ Used as workers' hostel	Leasehold expiring on 7.12.2110	6 units with 1,540/1,584 (built-up area) each; 1 unit with 1,960/1,584 (built-up area) & 1 unit with 3,100/1,584 (built-up area)	2	Double-storey link house: 3,212,824	2023
LF Metal	GRN 48388 and 50354, Lot No. 4856 and 4845, Mukim of Jeram, District of Kuala Selangor, Selangor Darul Ehsan	Two parcels of adjoining agriculture land planted with oil palm trees	Freehold	1,124,911	N/A	Land: 25,678,972	2024
LF Hardware	No. 6A, Jalan Tiga, Off Jalan Sungai Besi, Kawasan Perusahaan Sungai Besi, Kuala Lumpur held under PN 37429, Lot No. 443 (formerly H.S.(D) 66962, Lot No. PT 413), Seksyen 92, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	A unit of single-storey detached factory/ Used as a steel processing plant	Leasehold expiring on 09.07.2050	25,957/12,938 (factory built-up area)**	27	Factory: 260,623 & Land: 306,517	1991
LF Hardware	GRN 26499, Lot No. 10324, Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan	A parcel of vacant land	Freehold	227,334	N/A	Land: 10,384,000	2021
PSP	Lot Plo 122, Jalan Firma 1/3, Tebrau Industrial Estate (1), 81100 Johor Bahru, Johor Darul Takzim held under Lot 44900, Title No. GRN 190371, Mukim Tebrau, District of Johor Bahru, State of Johor	A unit of single-storey detached factory with an annexed 3-storey office building/ Used as a steel processing plant, warehouse and office	Lease Agreement expiring on 25.06.2055	92,602/6,903 (office built-up area) & 54,632 (factory built-up area)	25	Office and factory: 2,835,903 & Land: 3,332,988	2017
Supreme Steelmakers	B09-F2-1, Pangsapuri Mutiara, Jalan Balakong Jaya, Taman Balakong Jaya, 43300 Balakong, Selangor Darul Ehsan Strata Tittle No. PM204/M1/3/64, No. Bangunan M1, No. Tingkat 3, No. Petak 64, Lot No. 41233, Pekan of Kajang, District of Hulu Langat, State of Selangor	A unit of residential apartment/ Used as workers' hostel	Lease Agreement expiring on 29.07.2095	741 (apartment built-up area)	24	Apartment: 137,205	2018

LIST OF PROPERTIES AS AT 31 DECEMBER 2024

Registered/ Beneficial Owner	Address/Title	Description/Existing Use	Tenure	Approximate Land/ Built-up Areas (sq. ft. *)	Approximate Age of Buildings (No. of Years)	Net Carrying Amount at Group Level as at 31 December 2024 (RM)	Year of Acquisition/ Revaluation
Supreme Steelmakers	B10-F1-2, Pangsapuri Mutiara, Jalan Balakong Jaya, Taman Balakong Jaya, 43300 Balakong, Selangor Darul Ehsan Strata Tittle No. PM204/M1/2/51, No. Bangunan M1, No. Tingkat 2, No. Petak 51, Lot No. 41233, Pekan of Kajang, District of Hulu Langat, State of Selangor	A unit of residential apartment/ Used as workers' hostel	Lease Agreement expiring on 29.07.2095	741 (apartment built-up area)	24	Apartment: 150,112	2018
Supreme Steelmakers	No. 3, Jalan Balakong Jaya 5, Taman Balakong Jaya, 43300 Balakong, Selangor Darul Ehsan H.S.(M) 20117, No. PT 34509 Tempat BT 12, Jalan Balakong, Mukim Kajang, Daerah Hulu Langat, State of Selangor	A unit of double-storey link house/ Used as workers' hostel	Lease Agreement expiring on 29.07.2095	1,076/1,350 (built-up area)	15	Double-storey link house: 415,001	2018
Supreme Steelmakers	Lot 5176, Jalan Perindustrian Balakong, Kawasan Perindustrian Balakong Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan held under Geran Mukim No. 6958, Lot 60240, Pekan Kajang, Daerah Hulu Langat, Negeri Selangor Darul Ehsan	A unit of single-storey detached warehouse with an annexed 4-storey office block and a unit of single-storey detached factory/ Used as a steel processing plant, warehouse and office	Freehold	107,058/21,400 (office built-up area) & 36,594 (factory & warehouse built-up area)	5	Office, factory and warehouse: 11,253,546 & Land: 15,591,429	2021

Notes:

- * Conversion of original measurements for properties in square meters (sq.m.) to square feet (sq.ft.) at 1 sq.m. = 10.7639 sq.ft.
- ** Estimated remaining land and factory built-up area after compulsory acquisition pursuant to the Land Acquisition Act, 1960 for the purpose of "Projek Mass Rapid Transit (MRT) Lembah Klang – Jajaran Sungai Buloh-Serdang-Putrajaya (SSP)".
- # This land with existing double-storey detached building with annexed double-storey office building was acquired on 2 July 2012. The strengthening of floor foundation as well as major renovation on its existing building were completed during the financial year ended 31 December 2016. The Certificate of Completion and Compliance for this property had been obtained on 4 November 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

SHARE CAPITAL

Total number of Issued Shares : 341,000,000 ordinary shares

Class of Shares : Ordinary shares

Voting Rights : One (1) vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	6	0.22	89	0.00
100 - 1,000	256	9.51	157,800	0.04
1,001 - 10,000	1,307	48.53	7,830,211	2.30
10,001 - 100,000	921	34.20	30,517,400	8.95
100,001 - 17,049,999	202	7.50	82,804,500	24.28
17,050,000 and above	1	0.04	219,690,000	64.43
Total	2,693	100.00	341,000,000	100.00

DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

Name of Directors	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
Dato' Lim Cheng Poh	-	-	175,000 ⁽¹⁾	0.05
Dato' Sri Ooi Bin Keong	200,000	0.06	219,690,000 ⁽²⁾	64.43
Ooi Kong Tiong	200,000	0.06	-	-
Ooi Seng Khong	250,800	0.07	-	-
Ng Kok Teong	221,000	0.06	219,690,000 ⁽³⁾	64.43
Ooi Shang How	200,000	0.06	-	-
Chan Kee Loin	100,000	0.03	-	-
Thien Shy Wei	-	-	20,200 ⁽¹⁾	0.01
Wong Sze Yan	-	-	-	-
Others ⁽⁴⁾				
Ooi Shang Yao	20,000	0.01	-	-
Ooi Shang Chieh	5,000	Negligible	-	-

Notes:

¹ Disclosure of interest held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016 ("Act").

² Deemed interest by virtue of his interest in Leon Fuat Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

³ Deemed interest by virtue of his interest in NCT & Sons Sdn Bhd, a substantial shareholder of Leon Fuat Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

⁴ Disclosure of interests held by children of Dato' Sri Ooi Bin Keong pursuant to Section 59(11)(c) of the Act.

STATISTICS OF SHAREHOLDINGS AS AT 28 MARCH 2025

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per Register of Substantial Shareholders' Shareholdings)

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
Leon Fuat Holdings Sdn Bhd	219,690,000	64.43	-	-
Dato' Sri Ooi Bin Keong	200,000	0.06	219,690,000 ⁽¹⁾	64.43
NCT & Sons Sdn Bhd	-	-	219,690,000 ⁽¹⁾	64.43
Ng Kok Teong	221,000	0.06	219,690,000 ⁽²⁾	64.43
Ng Kok Wee	200,000	0.06	219,690,000 ⁽²⁾	64.43
Ong Mung Hsia	-	-	219,690,000 ⁽²⁾	64.43
Ng Bee Fong	-	-	219,690,000 ⁽²⁾	64.43

Notes:

¹ Deemed interest by virtue of his/its interest in Leon Fuat Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

² Deemed interest by virtue of his/her interest in NCT & Sons Sdn Bhd, a substantial shareholder of Leon Fuat Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Leon Fuat Holdings Sdn Bhd	219,690,000	64.43
2.	Tan Kok Choon	3,735,400	1.10
3.	Lim Pei Tiam@Liam Ahat Kiat	3,500,000	1.03
4.	Do Hock Kwong	2,913,000	0.85
5.	Sin Hock	2,775,600	0.81
6.	Tan Aik Choon	2,091,500	0.61
7.	Jeffrey Ng Pow Kong	2,050,700	0.60
8.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chor Sek Choon	2,000,000	0.59
9.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	1,981,500	0.58
10.	Loo Suo Li	1,545,800	0.45
11.	Lim Hong Choon	1,416,300	0.42
12.	Liau Keen Yee	1,403,000	0.41
13.	Maybank Nominees (Tempatan) Sdn Bhd Wong Choy Fong	1,380,000	0.41
14.	Kingsley Lim Fung Wang	1,347,500	0.40
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Choy (8092812)	1,340,000	0.39

STATISTICS OF SHAREHOLDINGS AS AT 28 MARCH 2025

TOP 30 SHAREHOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares	%
16.	Chay Chee Ken	1,291,800	0.38
17.	Eng Kong Chuan	1,222,200	0.36
18.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Pang Kiam (8085241)	1,191,500	0.35
19.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Goalkey System Sdn Bhd (MY14 61)	1,174,800	0.34
20.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Koing@Lee Kim Sin	1,066,600	0.31
21.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Lai Chin Yang (T Mutiara-CL)	1,010,000	0.30
22.	Tan Jian Jong	968,600	0.28
23.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Choon Fook (8027431)	968,500	0.28
24.	Liau Yuan Hin	820,000	0.24
25.	Lim Choon	800,000	0.23
26.	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Wu Teng Siong	781,100	0.23
27.	Lau Sau Mooi	707,500	0.21
28.	Choo Wing Sing	692,900	0.20
29.	Ng Teck Lin	682,900	0.20
30.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Choon Fook	617,900	0.18
Total		263,166,600	77.17

NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting (“AGM”) of Leon Fuat Berhad (“LFB” or “Company”) will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 13 June 2025 at 2.30 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of Directors’ fees and allowances up to RM1,850,000 from 14 June 2025 until the next AGM of the Company. *Resolution 1*
3. To approve a final single tier dividend of 1.0 sen per share for the financial year ended 31 December 2024. *Resolution 2*
4. To re-elect the following Directors who retire in accordance with Article 92 of the Company’s Constitution:
 - (i) Dato’ Lim Cheng Poh *Resolution 3*
 - (ii) Dato’ Sri Ooi Bin Keong *Resolution 4*
 - (iii) Ooi Seng Khong *Resolution 5*
5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company’s Auditors for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration. *Resolution 6*

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:

6. **ORDINARY RESOLUTION** *Resolution 7*
AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”), and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental and/or regulatory authorities (if applicable), the Directors be and are hereby empowered to issue and allot new shares in the Company at any time, to such person or persons at such price, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issue.

AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

NOTICE OF 18TH ANNUAL GENERAL MEETING

7. ORDINARY RESOLUTION

Resolution 8

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE")

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, details as set out in Section 2.5 of the Circular to Shareholders dated 30 April 2025 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Renewal of RRPT Mandate."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT the final single tier dividend of 1.0 sen per share for the financial year ended 31 December 2024, if approved by the shareholders at the AGM, will be paid on 22 July 2025 to depositors registered in the Record of Depositors at the close of business on 30 June 2025.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 30 June 2025 in respect of transfer; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

YE OH CHONG KEAT
SSM PC NO. 201908004096
MIA 2736

LIM FEI CHIA
SSM PC NO. 202008000515
MAICSA 7036158

Company Secretaries
 Kuala Lumpur

30 April 2025

NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 6 June 2025 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the AGM.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the AGM. A proxy may but need not be a member of the Company.
3. Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.
4. Where a member 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.
5. To be valid, the original Proxy Form, duly completed must be deposited at the registered office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the AGM or any adjournment thereof.
6. If the appointor is a corporation, the Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
7. Audited Financial Statements for the financial year ended 31 December 2024
The Audited Financial Statements for the financial year ended 31 December 2024 are laid in accordance with Section 340(1)(a) of the Act for discussion only and do not require shareholders' approval. As such, this item will not be put for voting.
8. Directors' Fees and Allowances (Resolution 1)
Pursuant to Section 230(1) of the Act, 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. The proposed Directors' fees and allowances payable to the Directors of the Company and its subsidiaries for the period from 14 June 2025 to the next AGM takes into account the estimated number of Board meetings to be held during the period.
9. Final dividend (Resolution 2)
At its meeting held on 11 April 2025, the Board had considered the amount of dividend payout and satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the date of payment in accordance with the requirements of Section 132(2) and (3) of the Act.
10. Re-election of Directors (Resolutions 3 to 5)
The Board had through the Nomination Committee considered and noted that the retiring Directors have met the criteria as set out in the Directors' Fit and Proper Policy on character and integrity, experience and competence, time and commitment to effectively discharge their duties as Directors. The Board also noted the Director Self and Peer Performance Evaluation conducted encompassing fit and proper assessment on the Directors of the Company and satisfied that the Directors including the retiring Directors have effectively discharge their role as Directors of the Company.
11. Re-appointment of Auditors (Resolution 6)
The Board had through the Audit Committee carried out annual review of performance of the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT and having assessed the competency, audit scope and planning, independence and suitability, was satisfied with the service and performance of the External Auditors for the financial year under review.
12. Authority for the Directors to issue shares (Resolution 7)
This resolution, if passed, will renew the authority given to and empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to the General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company did not issue any new shares pursuant to the mandate obtained at the last annual general meeting of the Company.

With the General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investments projects, working capital and/or corporate proposals including placement of shares without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.
13. Proposed Renewal of RRPT Mandate (Resolution 8)
This resolution, if passed, will renew the authority given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group, particulars of which are set out in Section 2.5 of the Circular to Shareholders dated 30 April 2025. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.
14. Personal Data Privacy
The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company and/or its agents the personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of and convening the AGM (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

STATEMENT ACCOMPANYING NOTICE OF AGM (PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

No individual is standing for election as Director at the 18th AGM of the Company.

PROXY FORM

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	
CONTACT NO.	



LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)
(Incorporated in Malaysia)

I/We _____ NRIC/Passport/Company No. _____
(Full Name in Block Letters)

of _____
(Full Address)

being a member of **LEON FUAT BERHAD**, hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	Contact No.	Proportion of Shareholdings	
			No. of Shares	%
Full Address				

and (if more than one (1) proxy)

Full Name (in Block Letters)	NRIC/Passport No.	Contact No.	Proportion of Shareholdings	
			No. of Shares	%
Full Address				

or failing him/her, the *Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 18th Annual General Meeting ("AGM") of the Company to be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 13 June 2025 at 2.30 p.m. and at any adjournment thereof on the following resolutions referred to in the Notice of AGM.

*My/Our proxy(ies) is/are to vote as indicated hereunder:

RESOLUTIONS	FOR	AGAINST
1. To approve the payment of Directors' fees and allowances up to RM1,850,000 from 14 June 2025 until the next AGM of the Company		
2. To approve a final dividend of 1.0 sen per share for the financial year ended 31 December 2024		
3. To re-elect Dato' Lim Cheng Poh who retires in accordance with Article 92 of the Company's Constitution		
4. To re-elect Dato' Sri Ooi Bin Keong who retires in accordance with Article 92 of the Company's Constitution		
5. To re-elect Ooi Seng Khong who retires in accordance with Article 92 of the Company's Constitution		
6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration		
7. Authority for the Directors to issue shares		
8. Proposed Renewal of RRPT Mandate		

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

* Delete if not applicable

Date this _____ day of _____, 2025.

Signature or Common Seal of Shareholder(s)

Fold this flap for sealing

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 6 June 2025 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the AGM.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the AGM. A proxy may but need not be a member of the Company.
3. Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.
4. Where a member 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.
5. To be valid, the original Proxy Form, duly completed must be deposited at the registered office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the AGM or any adjournment thereof.
6. If the appointor is a corporation the Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
7. By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company and/or its agents collecting, processing, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the AGM and any adjournment thereof.

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AFFIX
STAMP

The Company Secretaries

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

C/o Archer Corporate Services Sdn Bhd

Lot 5, Level 10
Menara Great Eastern 2
No. 50 Jalan Ampang
50450 Kuala Lumpur
Malaysia

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LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

Wisma Leon Fuat, No. 11, Lorong Keluli 1B
Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7
40000 Shah Alam, Selangor Darul Ehsan

Tel: (603) 3375 3333 Fax: (603) 3344 7777

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