LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

# FORGING AHEAD WITH PURPOSE

ANNUAL REPORT **2025**

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Proxy Form

# FORGING AHEAD WITH PURPOSE

This multifaceted theme effectively showcases the collective value and progress being achieved for stakeholders through all of Leon Fuat's activities across its segments throughout the year. This is epitomised by an abstract Leon-Fuat coded 'phoenix' soaring upwards with its multitude of wings, with each wing associated with Leon Fuat's operations and product segments delivering robust value and growth avenues across all fronts.

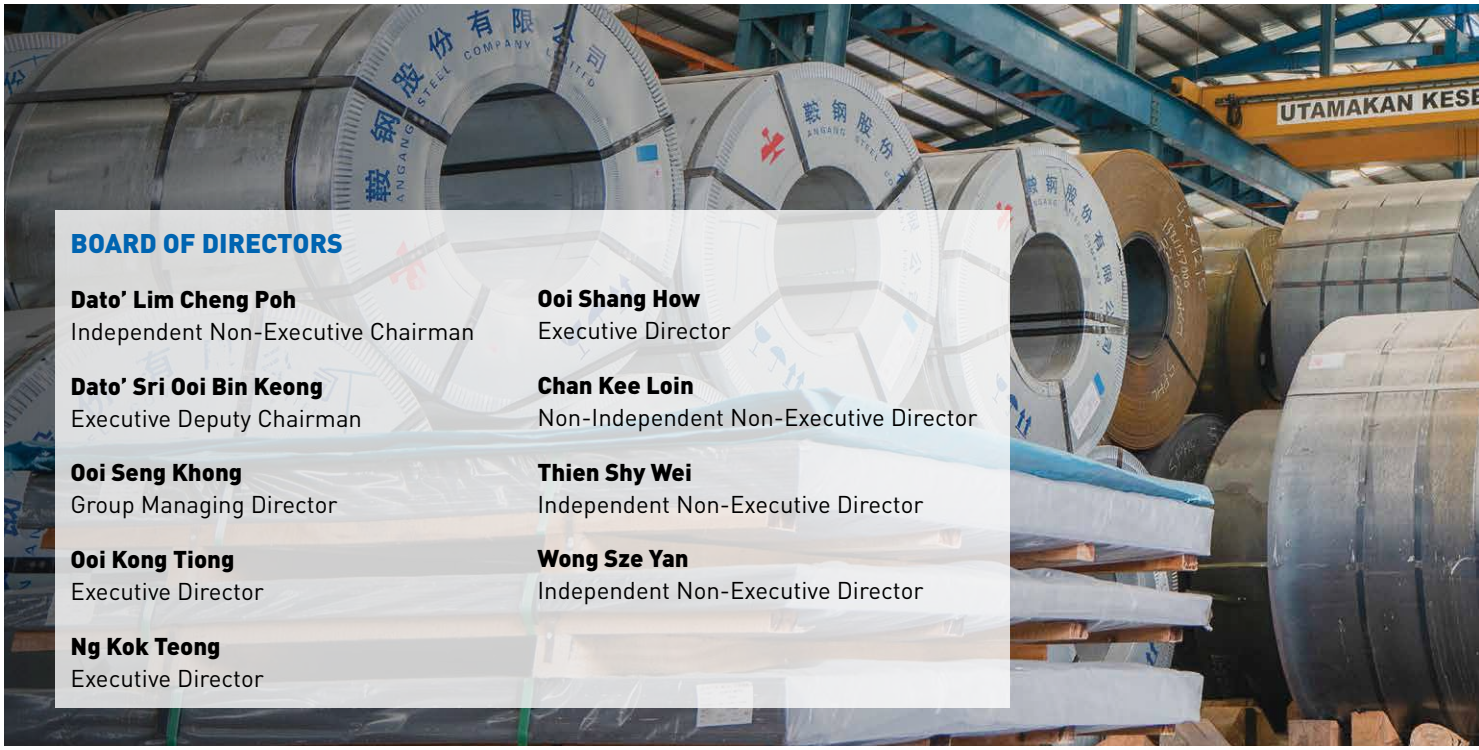
## OUR PRODUCTS

- 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

# 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

**Lim Fei Chia**
SSM PC No. 202008000515
MAICSA 7036158

**Liew Chak Hooi**
SSM PC No. 201908004042
MAICSA 7055965

## REGISTERED OFFICE

Suite 12.02, Level 12
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2280 6790
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 : bsr.helpdesk@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 Damanlela
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

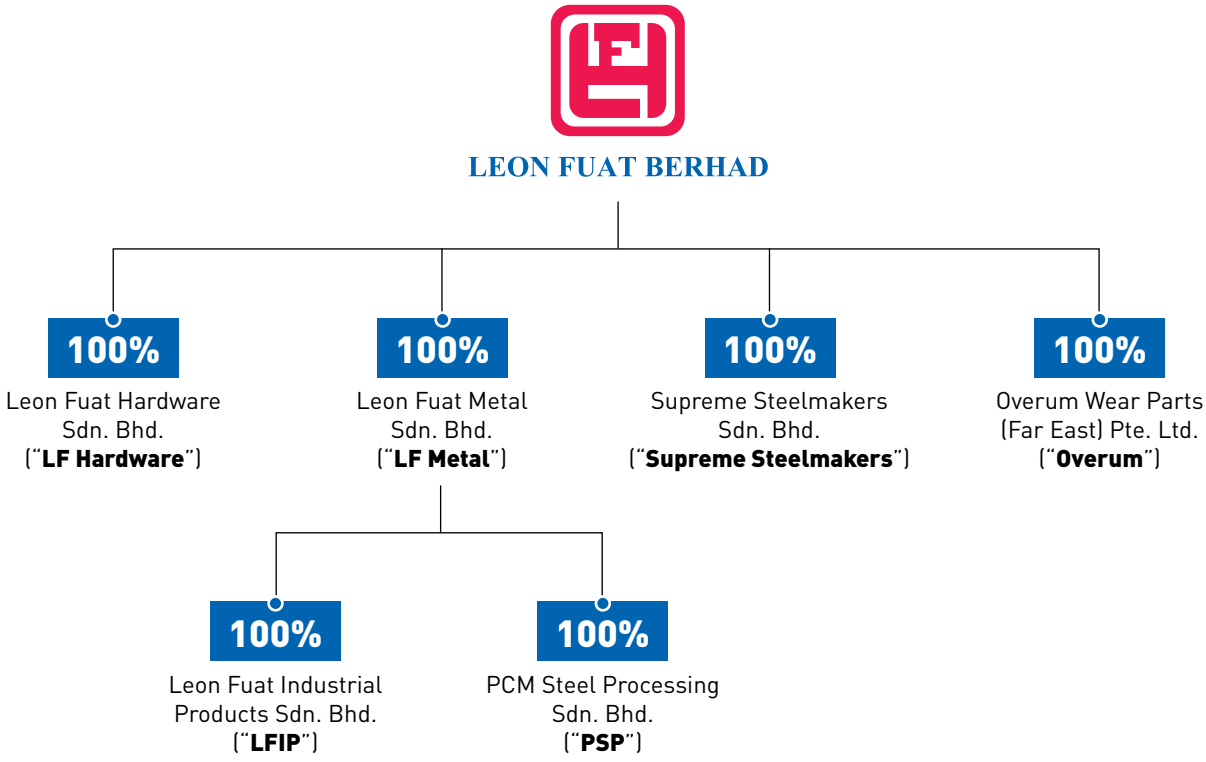
## STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities Berhad**
Sector/Sub-sector : Industrial Products & Services/Metals
Stock Name : LEONFB
Stock Code : 5232

## CORPORATE WEBSITE

www.leonfuat.com.my

# CORPORATE STRUCTURE



# BOARD OF DIRECTORS

*Front*

| | | | | |
|---|---|---|---|---|
| **Ooi Kong Tiong**<br>Executive Director | **Dato' Sri Ooi Bin Keong**<br>Executive<br>Deputy Chairman | **Dato' Lim Cheng Poh**<br>Independent<br>Non-Executive Chairman | **Ooi Seng Khong**<br>Group Managing<br>Director | **Ng Kok Teong**<br>Executive Director |

*Back*

| | | | |
|---|---|---|---|
| **Ooi Shang How**<br>Executive Director | **Wong Sze Yan**<br>Independent<br>Non-Executive Director | **Thien Shy Wei**<br>Independent<br>Non-Executive Director | **Chan Kee Loin**<br>Non-Independent<br>Non-Executive Director |

# BOARD OF DIRECTORS' PROFILE

## DATO' LIM CHENG POH

Independent Non-Executive Chairman

| Age | Gender |
|---|---|
| 78 | Male |

Nationality **Malaysian**

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

He graduated from Camborne School of Mines, Cornwall, England in 1970 with a First Class with Distinction in Mining Engineering and was 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 2025.

# BOARD OF DIRECTORS' PROFILE

## DATO' SRI OOI BIN KEONG

Executive Deputy Chairman

| Age | Gender |
|---|---|
| **76** | **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 54 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 the father of Ooi Shang How, and brother of Ooi Kong Tiong and Ooi Seng Khong, the Executive Directors 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 2025.

# BOARD OF DIRECTORS' PROFILE

## OOI SENG KHONG

Group Managing Director

| Age | Gender |
|---|---|
| 64 | Male |

Nationality **Malaysian**

**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 held the position until 30 September 2020. During this period, he has been instrumental in the growth and development of Leon Fuat Group. With approximately 47 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 2025.

# BOARD OF DIRECTORS' PROFILE

## OOI KONG TIONG

Executive Director

| Age | Gender |
|---|---|
| **72** | **Male** |

Nationality **Malaysian**

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

After completing his primary education in 1967, he 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 54 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 2025.

# BOARD OF DIRECTORS' PROFILE

## NG KOK TEONG
Executive Director

| Age | Gender |
|---|---|
| **57** | **Male** |

Nationality **Malaysian**

**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 and subsequently 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 four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2025.

# BOARD OF DIRECTORS' PROFILE

## OOI SHANG HOW

Executive Director

| Age | Gender |
|---|---|
| 47 | Male |

Nationality **Malaysian**

**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 and began 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 currently the Deputy Director of Commerce & Industry Bureau of the 61st Executive Committee (2025 - 2027) of the Malaysia Steel and Metal Distributors' Association (MSMDA).

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 2025.

# BOARD OF DIRECTORS' PROFILE

## CHAN KEE LOIN

Non-Independent
Non-Executive Director

| Age | Gender |
|---|---|
| **62** | **Male** |

Nationality **Malaysian**

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-year 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 2025.

# BOARD OF DIRECTORS' PROFILE

## THIEN SHY WEI

Independent Non-Executive Director

| Age | Gender |
|---|---|
| **45** | **Female** |

Nationality **Malaysian**

**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. She has 18 years of experience under her belt.

She joined Messrs Yee How & Tan on 15 October 2008 and is currently 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 2025.

# BOARD OF DIRECTORS' PROFILE

## WONG SZE YAN

Independent Non-Executive Director

| Age | Gender |
|---|---|
| **43** | **Male** |

Nationality **Malaysian**

**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.

He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2025.

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 2025.

# PROFILE OF KEY MANAGEMENT PERSONNEL

## NG LAM KEONG

Executive Director
of LF Hardware

| Age | Gender |
|---|---|
| 68 | Male |

Nationality **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 |
|---|---|
| 61 | Male |

Nationality **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 promoted and re-designated as the Managing Director of LF Metal on 1 October 2020. He has accumulated approximately 43 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 |
|---|---|
| 55 | Male |

Nationality **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 |
|---|---|
| 44 | Male |

Nationality **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 |
|---|---|
| 54 | Male |

Nationality **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. 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 |
|---|---|
| 58 | Male |

Nationality **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 1991. He returned to Malaysia in 1996 to join Hanwa AJ (M) Sdn. Bhd. as Production Executive and was promoted to Production Manager in 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 2016 and obtained Graduate Certificate of Business by University of Southern Queensland, Australia before he rejoined LF Metal in the same year.

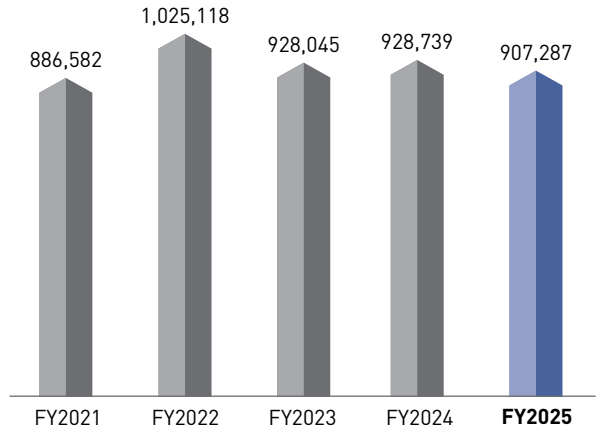
ADDITIONAL NOTES:

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

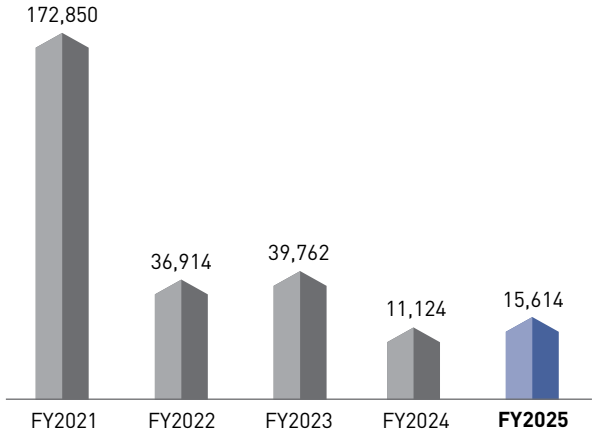
1. Directorships in public companies and listed issuers;
2. Family relationship with other directors and/or major shareholders of the Company;
3. Conflict of interests with the Company; and
4. Conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2025.

# FINANCIAL HIGHLIGHTS

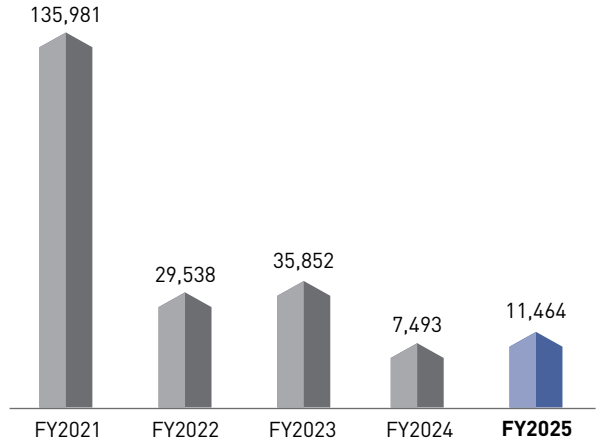
## Revenue
(RM'000)



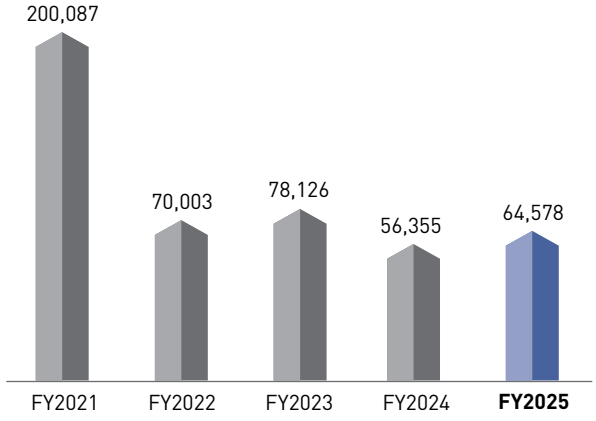

## Profit Before Tax
(RM'000)



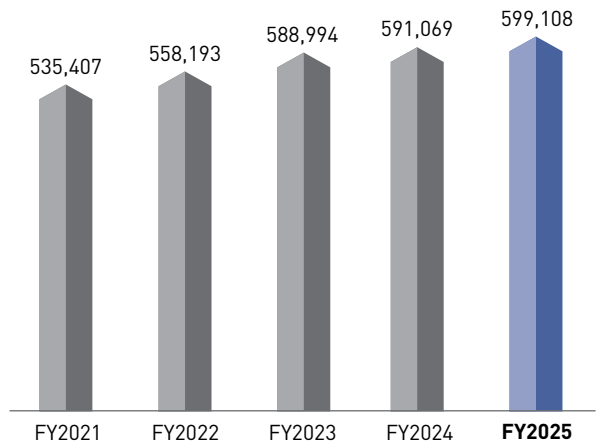

## Profit After Tax
(RM'000)



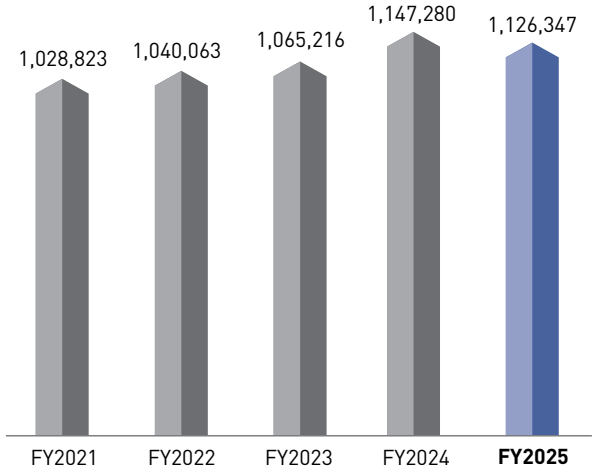

## Earning Before Interest, Tax, Depreciation & Amortisation
(RM'000)




## Total Equity
(RM'000)




## Total Assets
(RM'000)



# REDEFINING STANDARDS

FOUNDED IN 1972, LEON FUAT HAS MADE ITS NAME AS **A LEADING SPECIALIST IN TRADING AND PROCESSING OF** FLAT AND LONG STEEL PRODUCTS, COMPRISING CARBON STEEL, STAINLESS STEEL AND ALLOY STEEL.

# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

In a year characterised by firmer domestic economic growth and continued external uncertainties, Leon Fuat remained steadfast in executing its strategic priorities. For the financial year ended 31 December 2025 ("FY2025"), Malaysia's economy grew by 5.2%, exceeding the forecast range of 4.0% to 4.8%, supported by strong domestic demand and favourable exports.

Household spending continued to benefit from employment and wage growth, while investment activity was underpinned by the progress of multi-year projects in both the private and public sectors, the continued realisation of approved investments, and catalytic initiatives under national master plans and the Thirteenth Malaysia Plan[1].

**Dato' Lim Cheng Poh**
Independent Non-Executive Chairman

[1] *https://www.bnm.gov.my/-/qb25q4_en_pr#:~:text=Bank%20Negara%20Malaysia%20Governor%20Dato,resilient%20domestic%20demand%20and%20exports*

# CHAIRMAN'S STATEMENT

## 2025 REVIEW

Against this backdrop, Leon Fuat recorded revenue of RM907.29 million in FY2025, compared with RM928.74 million in the preceding financial year. Despite the marginal decline in revenue, the Group delivered an improved profit before tax of RM15.61 million, up from RM11.12 million a year earlier, while profit after tax rose to RM11.46 million from RM7.49 million in FY2024. This improvement was mainly attributable to stronger gross profit, which increased to RM87.17 million from RM81.18 million, reflecting better margin management and improved operational performance despite the continued burden of elevated finance costs.

Despite these improvements, the operating environment for the steel industry remained challenging. The global steel market continued to be affected by pricing volatility, subdued demand in certain markets, and shifting trade flows. In particular, China's crude steel output in 2025 fell below 1 billion metric tonnes to a seven-year low, declining 4.4% year-on-year to 960.81 million tonnes[2], as the prolonged weakness in its property sector weighed on demand. At the same time, rising steel exports from China continued to exert pressure on regional pricing and competition.

Closer to home, the Malaysian steel industry is also entering a period of structural change. As outlined in the Malaysia Steel Industry Roadmap 2035, the industry continues to face structural imbalances arising from excess capacity and low utilisation. Malaysia's total active upstream production capacity stood at 12.2 million metric tonnes as of 2023, against actual production of 8.5 million metric tonnes, translating into an overall utilisation rate of 69.9%. Electric arc furnace utilisation was especially low at 39.0%, well below the level generally associated with commercial viability[3]. These conditions reinforce the need for industry-wide reforms, better capacity discipline, greater transparency, and a gradual shift towards higher-value and lower-carbon steel products. While such changes may present near-term adjustment challenges, they also create the basis for a healthier and more sustainable industry over the longer term.

Despite these headwinds, 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 of up to 12 inches. This expansion enhances our production capabilities and positions the Group to capitalise on future demand growth in both domestic and regional markets.

Malaysia's economic outlook remains supportive heading into 2026. Growth is expected to be sustained by resilient domestic demand, steady exports, and increased tourism activities following the launch of Visit Malaysia Year 2026. In addition, Budget 2026 provides for a Federal Government outlay of RM419.2 billion, comprising RM338.2 billion in operating expenditure and RM81.0 billion in development expenditure, alongside further support from Government-Linked Investment Companies ("GLIC"), public-private investments, federal statutory bodies and Government-Linked Companies ("GLC")[4]. These measures are expected to continue supporting infrastructure, construction and industrial activity, which should be positive for steel demand over time.

The encouraging domestic environment was further reflected in Malaysia's construction sector, where the value of work done increased by 12.5% in 2025 to RM178.6 billion. The expansion was led by stronger activity in Special Trade Activities and Non-residential Buildings, alongside continued contributions from Civil Engineering and Residential Buildings[5]. For Leon Fuat, whose products serve a diverse range of downstream sectors including construction, engineering and manufacturing, this positive momentum in construction activity provided an important level of support to domestic steel demand and overall market activity during the year.

**REVENUE**

RM907.29 million

**PROFIT BEFORE TAX**

RM15.61 million

[2] *https://www.reuters.com/world/asia-pacific/china-crude-steel-output-hits-seven-year-low-2025-despite-record-exports-2026-01-19/#:~:text=China%202025%20crude%20steel%20output,mainly%20composed%20of%20flat%20steel*
[3] *https://www.miti.gov.my/index.php/pages/view/10871*
[4] *https://belanjawan.mof.gov.my/en*
[5] *https://www.dosm.gov.my/portal-main/release-content/construction-statistics-fourth-quarter-2025*

# CHAIRMAN'S STATEMENT

> 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.

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 and respond more effectively to evolving market conditions.

Furthermore, we remain committed to navigating the evolving global steel market through strategic agility and prudent risk management. We will continue to monitor market developments closely, recalibrate our commercial and operational strategies where necessary, and position the Group to capture opportunities arising from domestic infrastructure spending, industrial investment and regional supply chain realignments.

## 2026 OUTLOOK

As we enter 2026, the economic landscape remains dynamic and increasingly complex, shaped by global trade uncertainty, geopolitical conflicts, commodity price volatility and the continued recalibration of the steel market. Malaysia's economy is projected to grow between 4.0% and 4.5% in 2026, supported by resilient domestic demand and a steady external sector[6]. Growth is expected to be anchored by private consumption, robust tourism activities in conjunction with Visit Malaysia 2026[7], and sustained investment momentum, particularly in high-impact strategic sectors. Continued implementation of national development plans and catalytic initiatives should also lend support to economic activity across key sectors.

The domestic operating environment also remains constructive for downstream steel demand. Malaysia's construction sector expanded by 12.5% in 2025 to RM178.6 billion in work done value, with growth led by special trade activities and non-residential buildings, while civil engineering and residential buildings also remained in expansion territory. For Leon Fuat, this is relevant because the Group serves a broad range of end-user industries linked to construction, engineering, industrial fabrication and manufacturing. The momentum seen in construction

activity heading into 2026 therefore provides a useful base of support for domestic steel consumption, especially where infrastructure, utilities and industrial development continue to progress.

Budget 2026 further reinforces this outlook through a sizable pipeline of public and quasi-public development activity. The Federal Government's overall expenditure framework includes RM81 billion in development expenditure, supplemented by RM30 billion in GLIC investments, RM10 billion in public-private investments and RM10.8 billion from federal statutory bodies and MOF Inc. companies. Among the more relevant initiatives to industrial and construction-linked demand are the RM2 billion MADANI Submarine Cable Connection (SALAM)[8], the RM13 billion five-year investment programme by Pengurusan Aset Air Bhd for water treatment infrastructure, RM3 billion under the National Non-Revenue Water programme to replace over 820km of ageing pipes, RM2.5 billion for federal road maintenance, RM3.3 billion for basic rural infrastructure, RM2.3 billion for airport upgrades in Penang, Sabah and Sarawak, and RM770 million for the remaining Phase 2 of the Point of Presence project near industrial areas and selected rural schools[9]. Collectively, these projects should continue to underpin demand for steel-related products used in utility networks, transportation infrastructure, industrial facilities and supporting works.

[6] *https://theedgemalaysia.com/node/772795*
[7] *https://www.malaysia.travel/page/visit-malaysia-2026*
[8] *https://belanjawan.mof.gov.my/en*
[9] *https://theedgemalaysia.com/node/773642*

# CHAIRMAN'S STATEMENT

Beyond public-sector spending, the investment pipeline in Malaysia remains encouraging. Approved investments reached a record RM426.7 billion in 2025, up 11.0% year-on-year, with more than 240,000 new jobs expected to be created[10]. This is meaningful for the Group because stronger capital expenditure in manufacturing, logistics, utilities, data centres and industrial facilities typically feeds into demand for steel processing, distribution and fabrication-related activities. In particular, ongoing digital infrastructure and data centre development should continue to support demand for construction materials and industrial steel applications. The continued development of the Johor-Singapore Special Economic Zone (JS-SEZ) also adds to the medium-term opportunity set by strengthening cross-border investment flows, industrial activity and logistics-related development in one of the country's most important growth corridors[11].

At the global level, however, the steel market is likely to remain challenging despite signs of stabilisation. According to the World Steel Association's latest Short Range Outlook, global steel demand is expected to remain broadly flat at around 1.75 billion tonnes in 2025 before improving by 1.3% to approximately 1.77 billion tonnes in 2026. Worldsteel has indicated cautious optimism that demand may bottom out and return to moderate growth, supported by the resilience of the global economy, public infrastructure investment in major economies and an expected easing in financing conditions[12]. Even so, the recovery is unlikely to be even across markets, and the industry continues to face risks from trade frictions, uneven industrial activity and pricing volatility.

Recent production data also points to an uneven global steel landscape rather than a broad-based rebound. In January 2026, steel output increased in regions such as Africa, the Middle East and parts of Europe, while Asia and Oceania, the EU, North America, South America, as well as Russia, other Commonwealth of Independent States (CIS) and Ukraine recorded declines. At the country level, China's output fell 13.9% year-on-year to 75.3 million tonnes, while India grew 10.5%, the United States rose 3.3%, and South Korea increased 5.0%[13]. This divergence suggests that global supply conditions remain fluid, with regional imbalances continuing to affect pricing, trade flows and competitive behaviour. For market participants such as Leon Fuat, this means procurement conditions and selling prices may remain susceptible to abrupt external shifts rather than following a smooth recovery path.

Against this backdrop, the Malaysian steel industry continues to undergo structural change. The longer-term direction outlined under the Malaysia Steel Industry Roadmap 2035 points towards better capacity discipline, higher-value products, stronger industry coordination and a gradual transition towards more efficient and sustainable production. While these shifts may create adjustment pressures in the near term, they should be constructive over time in building a healthier domestic steel ecosystem. In this environment, Leon Fuat's priorities remain clear: to strengthen operational resilience, improve efficiency, sharpen inventory and working capital discipline, and continue building capabilities that allow the Group to serve evolving customer requirements across multiple industries.

[10] *https://www.mida.gov.my/media-release/malaysia-breaks-investment-record-with-rm426-7-billion-in-2025-up-11-year-on-year-creating-over-240000-new-jobs/#:~:text=The%20Data%20Centre%20Task%20Force%20(DCTF)%2C%20established,and%20engineering%20to%20support%20the%20digital%20industry*

[11] *https://news.uthm.edu.my/en/2025/03/js-sez-transforming-regional-supply-chains/#:~:text=The%20Johor%2DSingapore%20Special%20Economic,attract%20more%20value%2Dadded%20investments*

[12] *https://www.aist.org/worldwide-steel-demand-could-rise-in-2026,-world-steel-association says#:~:text=According%20to%20the%20association's%20latest,notch%20up%201.3%25%20in%202026*

[13] *https://worldsteel.org/media/press-releases/2026/january-2026-crude-steel-production/*

# CHAIRMAN'S STATEMENT

While near-term conditions may remain volatile, we believe the Group is reasonably positioned to navigate 2026 with prudence. A firmer domestic project pipeline, resilient investment activity and continuing industrial expansion in Malaysia should offer support to underlying demand, even as the external environment stays uncertain. We will therefore remain focused on disciplined execution, market responsiveness and long-term value creation as we steer the Group through the opportunities and challenges ahead.

> A firmer domestic project pipeline, resilient investment activity and continuing industrial expansion in Malaysia should offer support to underlying demand, even as the external environment stays uncertain.

## APPRECIATION NOTE

As we reflect on FY2025, it has been a year marked by resilience, discipline and steady progress amid a dynamic operating landscape. Against a backdrop of improving domestic economic conditions, continued volatility in the global steel market and ongoing structural shifts within the industry, Leon Fuat remained committed to navigating challenges with prudence while continuing to strengthen its operational capabilities and strategic positioning. The perseverance, professionalism and dedication of our team have been instrumental in enabling the Group to adapt effectively, deliver improved financial performance, and continue creating value for our stakeholders.

I would like to extend my sincere appreciation to our customers, suppliers, business associates and shareholders for your continued trust, confidence and support. Your steadfast partnership has remained central to Leon Fuat's journey, and we are deeply grateful for the relationships we have built and sustained over the years. I also wish to record my heartfelt thanks to my fellow Board members for their invaluable guidance, insight and leadership, which have been essential in steering the Group through the opportunities and challenges of the past year.

I would also like to express my appreciation to the management team and employees across the Group for their hard work, commitment and unwavering contribution throughout the year. Their collective efforts, adaptability and focus have enabled Leon Fuat to remain resilient in a competitive and evolving market environment.

As we move forward into 2026 and beyond, we do so with a clear sense of purpose and cautious optimism. While the road ahead may continue to present uncertainties, it also brings opportunities for growth, innovation and value creation. With continued collaboration, sound execution and a shared commitment to excellence, I am confident that Leon Fuat will remain well positioned to build on its strengths and continue delivering sustainable long-term value to all stakeholders.

Warm regards,

**Dato' Lim Cheng Poh**
Independent Non-Executive Chairman

# MANAGEMENT DISCUSSION & 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.

For the financial year ended 31 December 2025 ("FY2025"), the Group continued to operate in an environment marked by firmer domestic economic growth, active construction and investment activity, and continued volatility in the global steel market. Against this backdrop, Leon Fuat remained focused on operational discipline, market responsiveness and strengthening its capabilities to support customers across a wide range of industries.

**Ooi Seng Khong**
Group Managing Director

# MANAGEMENT DISCUSSION & ANALYSIS

## REVIEW OF FINANCIAL PERFORMANCE

For FY2025, Leon Fuat Group recorded revenue of RM907.29 million, a decrease of 2.3% or RM21.45 million compared to RM928.74 million for the financial year ended 31 December 2024 ("FY2024"). The lower revenue was mainly attributable to weaker contributions from both the trading and processing segments, reflecting softer selling prices across certain steel product categories despite higher tonnage sold in selected product groups.

In the trading segment, revenue declined mainly due to lower revenue from other flat steel products, caused by both lower tonnage sold and lower average selling prices. This was partially mitigated by improved revenue from flat carbon steel products and long carbon steel products, supported by higher sales volumes despite lower average selling prices. In the processing segment, revenue was affected by weaker contributions from other long steel products and other flat steel products, although this was partly offset by higher revenue from processed flat carbon steel products on the back of stronger tonnage sold.

Despite the lower revenue, the Group's gross profit increased by 7.4%, from RM81.18 million in FY2024 to RM87.17 million in FY2025. This improvement was primarily due to a slightly higher overall gross profit margin, which improved from 9.5% in FY2024 to 9.9% in FY2025, as well as lower inventories written down during the year. Inventories written down declined from RM7.02 million in FY2024 to RM3.03 million in FY2025, following the reassessment of certain inventories to their estimated net realisable value.

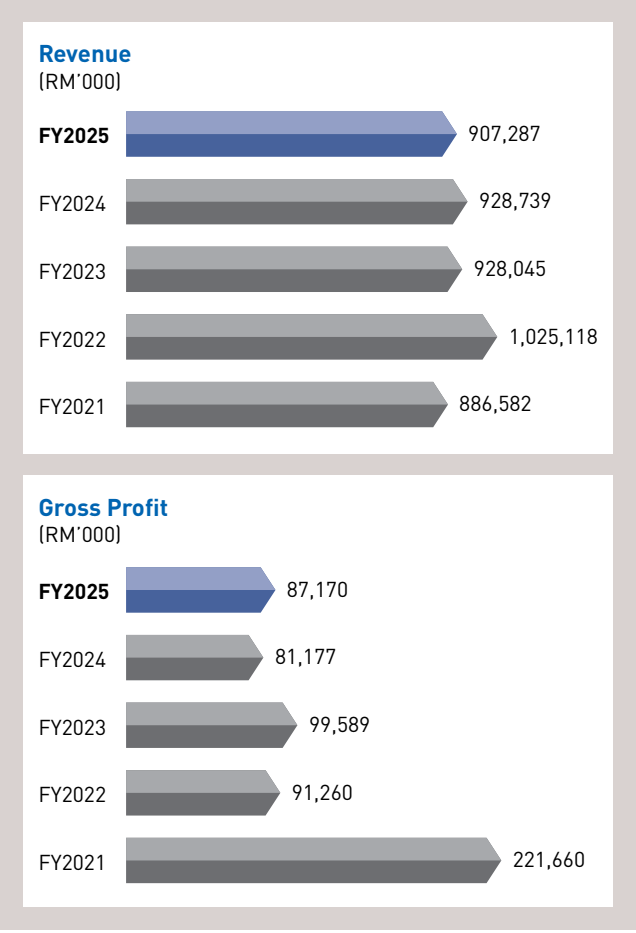
Other income was marginally lower at RM2.80 million compared to RM3.08 million in the preceding year, mainly due to the absence of unrealised foreign exchange gain recorded previously, lower interest income, and waiver of interest income on overdue trade receivables, partly offset by higher insurance claims.

> The Group's Gross Profit improvement was primarily due to a slightly higher overall gross profit margin, which improved from 9.5% in FY2024 to 9.9% in FY2025, as well as lower inventories written down during the year.

Operating costs remained relatively stable, increasing slightly by RM0.23 million from RM48.38 million in FY2024 to RM48.61 million in FY2025. Distribution costs increased mainly due to higher staff-related expenses and transportation-related costs, while administrative costs declined as a result of lower directors' remuneration and reduced expenses relating to new and upgraded ERP systems. The Group also recorded a net reversal of impairment losses on financial instruments during the year, compared to net addition of impairment losses recognised in FY2024.

Finance costs increased from RM24.75 million in FY2024 to RM25.75 million in FY2025, mainly due to higher utilisation of overdraft facilities, term loans, trade finance and islamic financing facilities. Nevertheless, the stronger gross profit performance and improved operating leverage more than offset the higher finance costs.

As a result, the Group reported profit before tax ("PBT") of RM15.61 million for FY2025, representing an increase of 40.4% compared to RM11.12 million in FY2024. Profit after tax ("PAT") rose by 53.0% to RM11.46 million, from RM7.49 million a year earlier. The improvement in profitability reflects the Group's continued focus on margin management, operating discipline and prudent cost control amid a still-competitive and evolving steel market environment.



# MANAGEMENT DISCUSSION & ANALYSIS

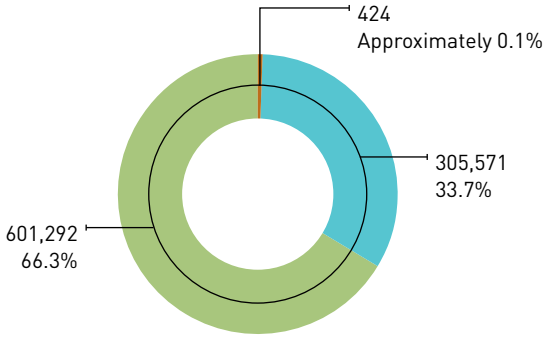
## OPERATIONS REVIEW BY BUSINESS SEGMENT

The Group's business segments are as follows:

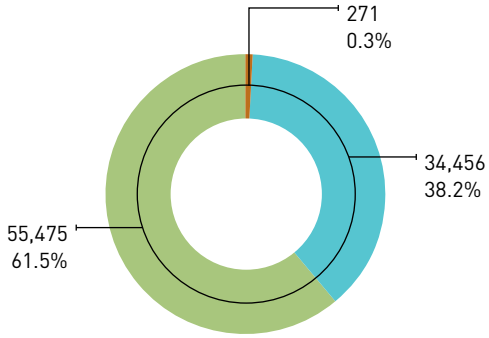
1. **Processing of steel products**
   - i. Processing of flat carbon steel products
   - ii. Processing of other flat steel products
   - iii. Processing of long carbon steel products
   - iv. Processing of other long steel products

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

**FY2025 Segmented Revenue**
(RM'000)

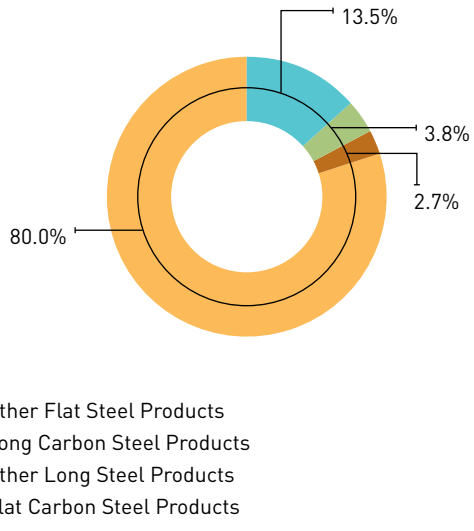



**FY2025 Segmented Gross Profit***
(RM'000)

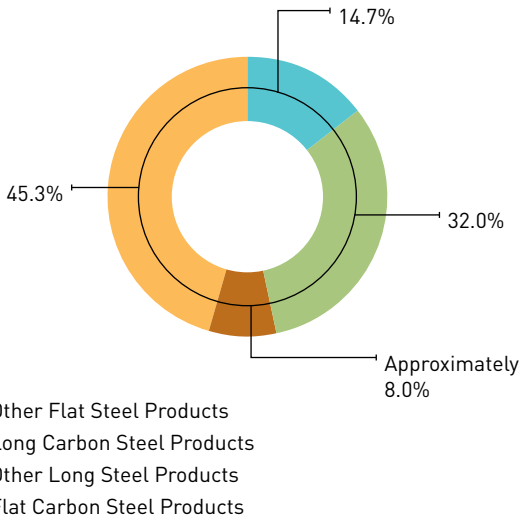



*Note: * Before inventories written down*

**FY2025 Segmented Revenue**
**Processing of Steel Products**
(%)

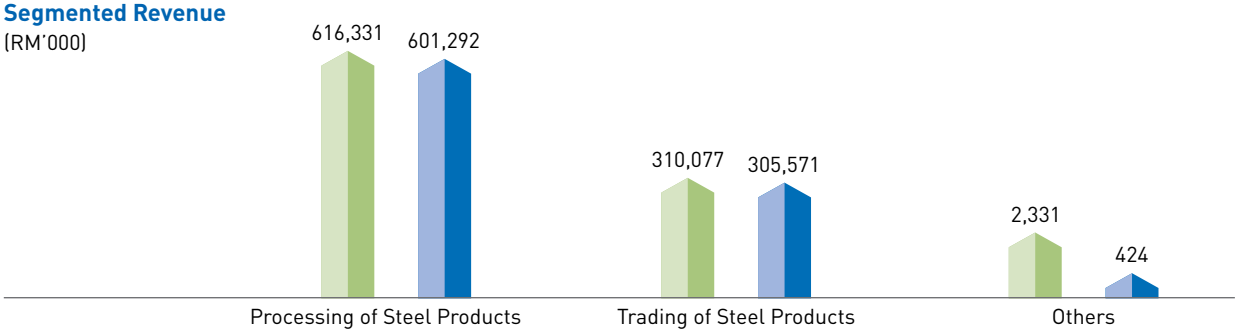



**FY2025 Segmented Revenue**
**Trading of Steel Products**
(%)

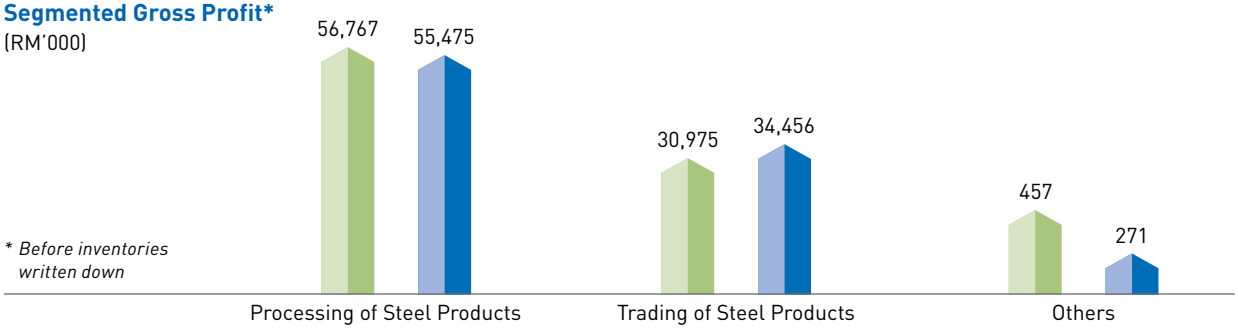


# MANAGEMENT DISCUSSION & ANALYSIS

**FY2024 & FY2025 Segmented Revenue**
(RM'000)

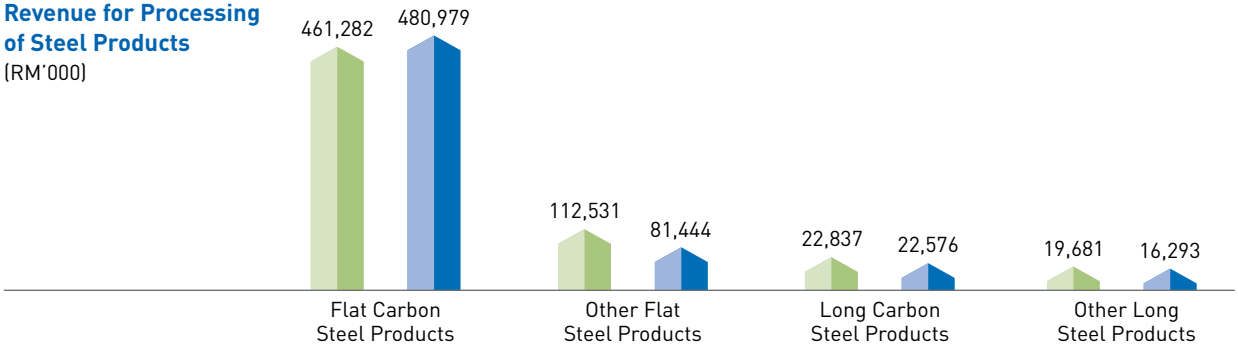



**FY2024 & FY2025 Segmented Gross Profit***
(RM'000)

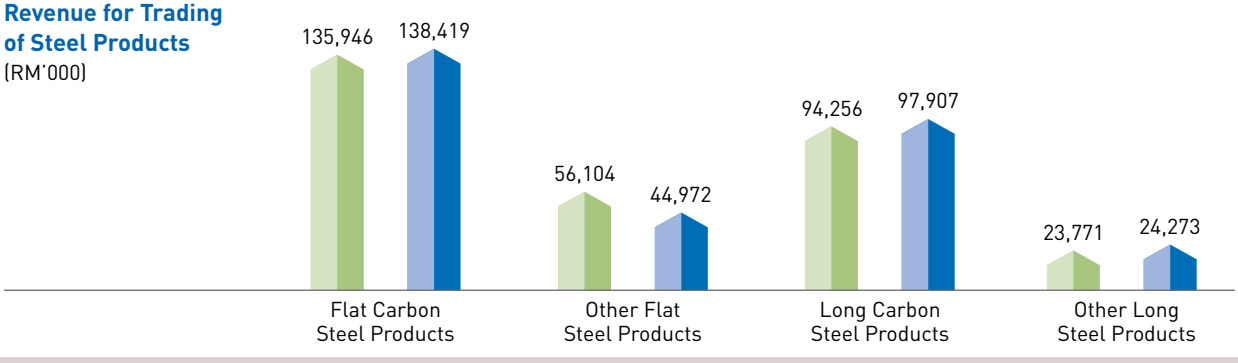



** Before inventories written down*

**FY2024 & FY2025 Revenue for Processing of Steel Products**
(RM'000)




**FY2024 & FY2025 Revenue for Trading of Steel Products**
(RM'000)




FY2024 FY2025

# MANAGEMENT DISCUSSION & ANALYSIS

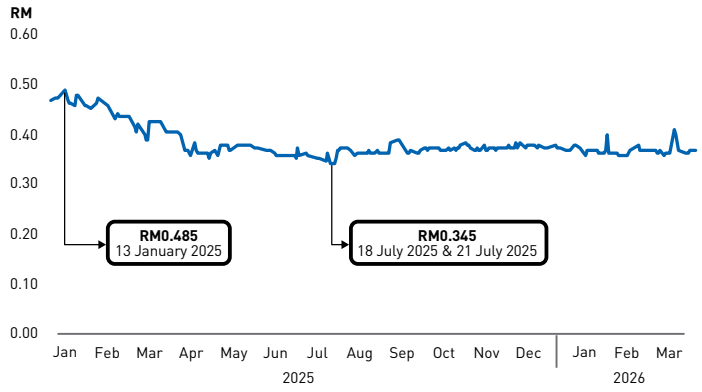
## DIVIDEND

For FY2025, as part of the Board's prudent approach in navigating prevailing market conditions while ensuring the Group maintains financial resilience, the Board proposes to recommend a final dividend of 1.0 sen per share amounting to RM3.41 million, subject to shareholders' approval at the forthcoming Annual General Meeting.

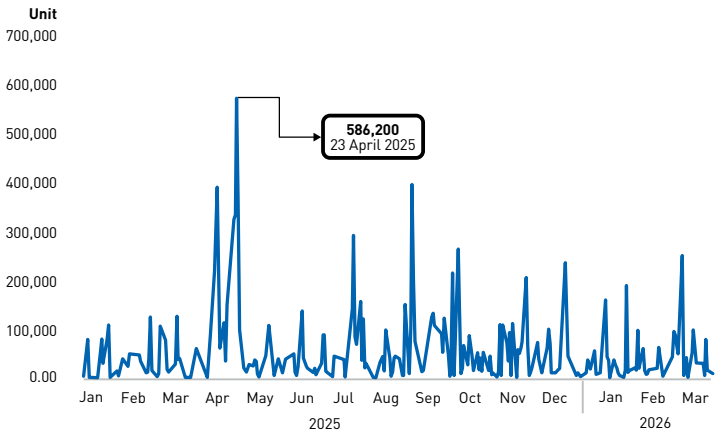
This would bring the total dividend payout ratio to approximately 29.7% of the Group's profit attributable to owners of the Company for FY2025. In considering the proposed distribution, the Board has taken into account the Group's profitability, cash flow position, working capital requirements and ongoing need to preserve financial flexibility amid a still-competitive operating environment. This measured approach reflects the Group's commitment to balancing shareholder returns with the need to strengthen its capital structure and support long-term growth initiatives. Leon Fuat remains committed to delivering sustainable value to shareholders while ensuring that sufficient financial resources are retained to support future business opportunities and strategic expansion, with bank borrowings continuing to serve as an important funding source where appropriate.

### SHARE PRICE PERFORMANCE & TRADING VOLUME

**Daily Share Price Performance (Closing)**
2 January 2025 – 31 March 2026




**Daily Trading Volume (Closing)**
2 January 2025 – 31 March 2026




> This measured approach reflects the Group's commitment to balancing shareholder returns with the need to strengthen its capital structure and support long-term growth initiatives.

As at 31 March 2026, the Group's share price closed at RM0.37, with a total market capitalisation of approximately RM126.17 million.

For the 15-month period ended 31 March 2026, the share's highest and lowest closing prices stood at RM0.485 and RM0.345 respectively, with an average daily trading volume of approximately 45,025 unit shares.

# MANAGEMENT DISCUSSION & ANALYSIS

> Leon Fuat continues to adopt a proactive approach to steel price and inventory management, closely monitoring market developments to optimise procurement decisions and inventory levels.

## ANTICIPATED OR KNOWN RISKS

As a key player in the steel processing and trading industry, Leon Fuat Group remains exposed to the inherent risks of steel price volatility and raw material cost fluctuations. Movements in steel prices continue to be influenced by global macroeconomic conditions, supply-demand imbalances, geopolitical developments, trade policies and shifts in regional production dynamics. These factors may affect the Group's cost structure, margins and overall profitability if not managed prudently.

In response to these risks, Leon Fuat continues to adopt a proactive approach to steel price and inventory management, closely monitoring market developments to optimise procurement decisions and inventory levels. This enables the Group to respond more effectively to pricing movements, mitigate cost pressures and maintain sustainable profit margins amidst changing market conditions.

The Group is also exposed to foreign currency exchange volatility, particularly due to the importation of flat and long carbon steel, stainless steel and alloy steel products from key international markets such as China, Europe, Japan and Korea. Fluctuations in exchange rates may affect the landed cost of materials and, in turn, the Group's margins. To manage this exposure, Leon Fuat continues to adopt appropriate hedging measures, including negotiating forward contracts where necessary, while also maintaining flexibility in its foreign currency management strategies.

For the financial year under review, the Group recorded slightly higher realised foreign exchange loss compared to the preceding financial year by RM0.06 million, alongside an unrealised foreign exchange loss of RM0.30 million for the year. The Group will therefore continue to remain vigilant in managing its foreign currency exposure and will take appropriate measures to mitigate the impact of adverse exchange rate movements on its operations and financial performance.

Inventory management remains a critical operational focus, given the need to ensure timely fulfilment of customer orders while minimising holding costs and exposure to price downcycles. Although steel products are durable and non-perishable in nature, prolonged holding periods during periods of declining steel prices may result in inventories being written down to their estimated net realisable value. In FY2025, inventories written down amounted to RM3.03 million, lower than RM7.02 million in FY2024, indicating some improvement in inventory-related exposure. Nevertheless, prudent inventory planning and close monitoring of stock levels remain essential in managing this area of risk.

Credit risk associated with trade receivables also remains an important area of focus, as the Group extends credit terms to its customers in the ordinary course of business. Any material delay in collections could lead to impairment provisions on trade receivables or potential bad debt write-offs, which may in turn affect the Group's financial performance and cash flow position. To mitigate this risk, the Group continues to implement disciplined credit assessment procedures, regular monitoring of customer accounts and proactive collection efforts to minimise the risk of payment defaults.

In addition, the Group remains exposed to financing risk arising from its borrowings, particularly in an environment where funding costs remain elevated. As bank borrowings continue to serve as an important funding source for working capital and expansion, any sustained increase in finance costs may place pressure on earnings. The Group therefore continues to monitor its capital structure and financing requirements carefully to ensure that its funding remains aligned with operational needs and long-term business objectives.

By maintaining a disciplined and responsive approach to risk management, Leon Fuat remains focused on preserving operational stability, financial resilience and long-term sustainability in the face of evolving market and industry challenges.

# MANAGEMENT DISCUSSION & ANALYSIS

## FORWARD LOOKING STATEMENT

As we embark on the financial year ending 31 December 2026, Leon Fuat Group remains cautiously optimistic about sustaining a resilient financial performance, underpinned by our continued focus on operational efficiency, prudent cost management and strategic market positioning. While the domestic economy continues to show resilience, we anticipate the operating environment ahead to remain dynamic, shaped by evolving global economic conditions, geopolitical developments and ongoing shifts within the steel industry.

The global economic outlook for 2026 remains measured. Global growth is projected at 3.3% in 2026[1], although this may be subject to changes arising from heightened global uncertainty. The external environment continues to be clouded by geopolitical tensions, including the ongoing US-Iran-Israel war, which has contributed to elevated petroleum prices and increased inflationary pressure. These developments may affect business sentiment, supply chain costs, trade flows and industrial demand across key markets. Against this backdrop, the global consumption environment is expected to remain cautious, with customers and businesses likely to adopt a more measured approach in the face of persistent uncertainty.

On the domestic front, Malaysia's economy is expected to grow between 4.0% and 4.5% in 2026[2], supported by resilient domestic demand, continued export activity and sustained investment momentum. Household spending is expected to remain supported by employment and wage growth, while investment activity will continue to be driven by the progress of multi-year projects in both the private and public sectors, the continued realisation of approved investments and the implementation of catalytic initiatives under national master plans and the Thirteenth Malaysia Plan[3]. Growth will also be supported by increased tourism activities following the launch of Visit Malaysia Year 2026[4], while infrastructure and industrial development initiatives under Budget 2026 are expected to provide further support to economic activity.

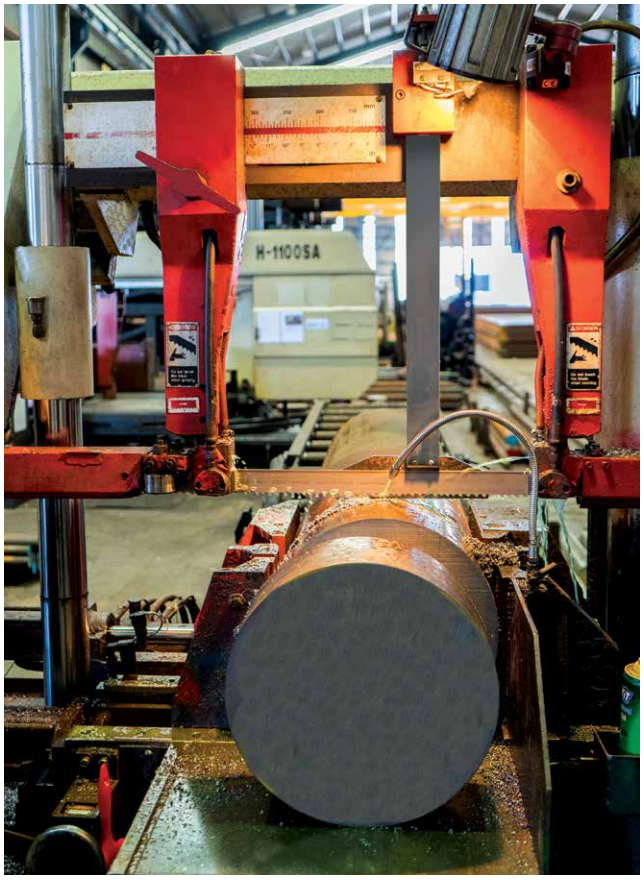
Within the steel industry, the outlook remains mixed but shows signs of gradual stabilisation. According to the latest short-range outlook, global steel demand is expected to remain broadly flat at approximately 1.75 billion metric tonnes in 2025 before growing moderately by 1.3% in 2026[5]. While this suggests that demand may be nearing a bottoming-out phase, the pace of recovery is likely to remain uneven across regions, influenced by trade tensions, production adjustments, financing conditions and global industrial activity. Leon Fuat will therefore continue to closely monitor steel market developments, including pricing trends, inventory cycles and customer demand patterns, in order to remain responsive to changing market conditions.

1 *https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026*
2 *https://theedgemalaysia.com/node/772795*
3 *https://www.bnm.gov.my/-/qb25q4_en_pr#:~:text=Bank%20Negara%20Malaysia%20Governor%20Dato,resilient%20domestic%20demand%20and%20exports*
4 *https://www.malaysia.travel/page/visit-malaysia-2026*
5 *https://www.aist.org/worldwide-steel-demand-could-rise-in-2026,-world-steel-association-says#:~:text=According%20to%20the%20association's%20latest,notch%20up%201.3%25%20in%202026*

# MANAGEMENT DISCUSSION & ANALYSIS

Against this backdrop, Leon Fuat is strategically positioned to navigate these evolving dynamics by leveraging its broad customer base, operational strengths and expanded value-added capabilities. The Group's comprehensive suite of machinery, including cutting, levelling, shearing, profiling, bending and finishing equipment, together with its expanded metal, perforated metal and welded steel pipe manufacturing capabilities, remains central to its commitment to quality, reliability and precision. As at 31 December 2025, the Group's asset base comprised 116 major machines with a carrying amount of RM84.55 million, reflecting its continued investment in technological capabilities and operational efficiency across its facilities.

Looking ahead, the Group expects its welded steel pipe manufacturing segment to continue contributing more meaningfully, supported by the completion of its expanded production facilities and enhanced capacity to manufacture larger-sized welded steel pipes. This strengthens Leon Fuat's ability to participate more effectively in infrastructure, utilities, industrial and construction-related demand, while broadening its market reach and product offering. At the same time, the Group will continue to focus on disciplined inventory management, procurement efficiency and prudent capital structure management to preserve financial resilience amid a still-uncertain global environment.




With its integrated processing and trading model, long-standing customer relationships and continued emphasis on operational discipline, Leon Fuat remains committed to pursuing sustainable growth, maintaining financial stability and delivering long-term value to shareholders and stakeholders alike.

| Machinery & Equipment | No. of Units |
|---|---|
| Coil levelling machine | 8 |
| Slitter line | 4 |
| Pipe forming line | 5 |
| CNC oxy-gas and plasma cutting machine | 3 |
| CNC oxy-gas cutting machine | 5 |
| CNC plasma cutting machine | 4 |
| CNC laser cutting machine | 8 |
| CNC waterjet cutting machine | 2 |
| Shearing machine | 10 |
| Portable plasma cutting machine | 7 |
| Portable oxy-gas cutting machine | 4 |
| Expanded metal machine | 3 |
| Bandsaw machine | 35 |
| High precision CNC press brake machine | 5 |
| Surface grinding machine | 3 |
| Punching machine | 2 |
| External pipe blasting machine | 3 |
| Polishing machine | 2 |
| Rolling machine | 1 |
| Perforated metal machine | 2 |
| **Total** | **116** |

# REIGNITING EXCELLENCE

**LEON FUAT PRIDES ITSELF WITH INDUSTRY-LEADING IN-HOUSE EXPERTS AND CUTTING EDGE MACHINERY,** POSSESSING THE EXPERTISE, PRECISION, AND FACILITIES NEEDED FOR TOP OF THE LINE SERVICES SUCH AS CNC CUTTING, SLITTING, BENDING, AND MORE.

# SUSTAINABILITY REPORT

## AN OVERVIEW OF OUR REPORT

### Sustaining Growth and Responsibility

In advancing our sustainability journey, Leon Fuat Berhad ("Leon Fuat" or "the Group") enhances its operations with a focus on resource management, stakeholder engagement and contributions to community development. This Sustainability Report presents our key initiatives and performance highlights for the financial year 2025. It describes how sustainability principles were incorporated into our business functions, demonstrating our commitment to global standards and enhanced transparency. We remain focused on refining our reporting practices to meet stakeholder expectations and ensure accountable and enduring growth.

In 2025, we strengthened our sustainability performance with steady progress across governance, operations and workforce well-being. We expanded our data collection efforts to include liquefied petroleum gas ("LPG"), enabling more comprehensive disclosure of our Scope 1 greenhouse gas ("GHG") emissions.

Operational upgrades continued with the transition of our fleet to 100% green diesel to reduce emissions of air pollutants and the installation of new technologies to boost productivity. Additionally, ageing translucent roofing sheets were replaced at one of our factories, which is expected to reduce electricity consumption for lighting.

Governance practices were reinforced through the integration of an Anti-Bribery Management System ("ABMS") declaration into the Supplier Selection Procedure at Supreme Steelmakers, enhancing supplier accountability. LF Metal also updated its Health and Safety Policy and expanded employee medical benefits. To support fair and efficient recruitment, LF Metal is preparing an automated and AI-enabled Fair Screening Platform, which is anticipated to launch in FY2026.

These initiatives reflect our continued commitment to embedding sustainability into our operational practices, ultimately creating long-term value for our stakeholders.

### Scope and Boundary of This Report

This Report outlines Leon Fuat's sustainability activities and performance for the period covering 1 January 2025 to 31 December 2025 ("FY2025"). To provide a more comprehensive view of our progress, we have included selected data from the past three (3) financial years.

The reporting scope encompasses our three (3) principal subsidiaries.

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

### Reporting Framework and Standards

We have prepared our Sustainability Report in compliance with Bursa Malaysia's Main Market Listing Requirements ("MMLR") and with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd edition). Our disclosures are guided by the Global Reporting Initiative ("GRI") Standards and the United Nations Sustainable Development Goals ("UN SDGs").

### Assurance

The information presented in this report has been subjected to an internal review. The review includes the testing and verification of supporting documents for the current year's sustainability performance data, comparative figures and the corresponding initiatives disclosed across the following twelve (12) sustainability matters.

| | Subject Matters Covered by the Internal Review |
|---|---|
| 1 | Responsible Procurement |
| 2 | Corporate Governance and Anti-Corruption |
| 3 | Data Privacy and Cybersecurity |
| 4 | Climate Change and Energy |
| 5 | Water Efficiency |
| 6 | Effluent and Waste Management |
| 7 | Occupational Health and Safety |
| 8 | Noise Management |
| 9 | Labour Practices and Standards |
| 10 | Diversity and Inclusiveness |
| 11 | Product Quality and Customer Satisfaction |
| 12 | Corporate Social Responsibility |

### Feedback on Our Report

We value stakeholder perspectives as part of our ongoing commitment to improving our reporting practices. Should you have any questions, feedback or suggestions, please contact us using the details provided below.

**Tan Kien Yap**
Chief Financial Officer
Email: tanky@lfb.com.my

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# SUSTAINABILITY REPORT

## OUR MEMBERSHIPS AND ASSOCIATIONS

To remain informed about the latest industry trends and key developments, Leon Fuat actively participates in the following industry associations.

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

## FORGING A SUSTAINABLE FUTURE

### ECONOMIC PROSPERITY

Leon Fuat prioritises responsible financial management to enhance competitiveness, adaptability and value for its stakeholders and the economy.

**+7.5%**
In economic value retained compared to FY2024: RM51.95 million

### RESPONSIBLE GOVERNANCE

From regulatory compliance to cybersecurity measures, the Group adopts robust governance practices to strengthen accountability and stakeholder confidence.

**ZERO**
Substantiated complaints concerning breaches of customer privacy and losses of customer data

### ENVIRONMENTAL STEWARDSHIP

We implement measures aimed at minimising our environmental impact, thereby enhancing operational efficiency, resource management and resilience to climate change.

**1,425 $tCO_2e$**
Scope 2 emissions avoided from solar-generated electricity at LF Metal (FY2024: 1,404 $tCO_2e$)

**100%**
Transition of our fleet to trucks powered by green diesel (FY2024: 97.1%)

**76.8%**
Total waste diverted from disposal through recycling and recovery initiatives (FY2024: 59.8%)

### SOCIAL RESPONSIBILITY

We are committed to fostering a workplace that promotes safety, equal opportunity and continuous learning, thus ensuring the highest product quality and fulfilling customer expectations.

**ZERO**
Work-related fatalities over 945,297 of hours worked

**3,176 hours**
Total training hours delivered across leadership, compliance, technical, softs skill and safety programmes (FY2024: 2,382 hours)

**>82%**
Customer satisfaction scores across LF Hardware, LF Metal and Supreme Steelmakers

# SUSTAINABILITY REPORT

## TOWARDS A BRIGHTER TOMORROW

Our sustainability reporting journey demonstrates meaningful progress in integrating sustainability considerations across our strategy and operations. Advances in responsible practices and enhanced reporting continue to drive us towards our goals and targets.

### FY2017 – FY2018

- Published the inaugural sustainability statement in FY2017 in accordance with Bursa Malaysia's Sustainability Reporting Guide (1st Edition)
- Established a Sustainability Committee and a Sustainability Task Force Committee
- Conducted a materiality assessment and developed a materiality matrix based on thirteen (13) material matters
- Fourteen (14) UN SDGs adopted in total

### FY2019 – FY2020

- Adopted Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) and GRI Standards
- Established a three-tier governance structure and Terms of Reference ("TOR")
- Identified seven (7) key stakeholder groups and enhanced the stakeholder engagement table by adding each group's areas of interest and the engagement frequency for every channel
- Conducted a materiality re-assessment in 2020 to identify new priorities

### FY2021 – FY2022

- Established a Sustainability Framework
- Introduced climate change as a new material sustainability matter
- Reviewed and updated the materiality matrix to reflect changes in priorities
- Reported on the installation of solar panels at LF Metal factories, with total capacity of approximately 2,300 kWp

### FY2023

- Adopted Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- Commenced climate-related reporting guided by the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations
- Established a Group-wide Sustainability Policy
- Conducted a materiality re-assessment on thirteen (13) material matters to re-evaluate and update priorities

### FY2024

- Enhanced climate-related disclosures by evaluating climate-related risks and opportunities over short-, medium- and long-term time-horizons
- Reported emissions avoidance through solar power generation

### FY2025

- Expanded Scope 1 GHG emissions reporting to include emissions from liquefied petroleum gas ("LPG")

# SUSTAINABILITY REPORT

## OUR APPROACH TO RESPONSIBLE GROWTH

### Setting the Foundation with Our Sustainability Strategy

Grounded in our vision and shared values, our Sustainability Strategy is built on four (4) focus areas that define our approach to managing sustainability priorities, guiding stakeholder engagement and ensuring alignment with the UN SDGs.

**Our Vision**

Steel is our business. Excellence is our commitment

**Leon Fuat's Shared Values**

- Drive a performance culture of integrity and accountability
- Commitment to products and services quality
- Strengthen business processes to provide better service to customers
- Manage cash resources for operational effectiveness

**Our Material Sustainability Matters**

**Economic Prosperity**
- Operational Excellence
- Responsible Procurement

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

**Environmental Stewardship**
- Climate Change and Energy
- Effluent and Waste Management
- Water Efficiency

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

**Our Alignment with the UN SDGs**

**Our Key Stakeholder Groups**

- Investors/ Shareholders
- Government/ Regulatory Authorities
- Management
- Customers
- Employees
- Vendors/Suppliers
- Communities

# SUSTAINABILITY REPORT

## Implementing Our Sustainability Policy

Our Sustainability Policy guides the integration of responsible business practices throughout our steel trading and processing operations. It supports decision-making, strengthens regulatory compliance and promotes transparency and accountability in managing our sustainability priorities.

### Economic Prosperity

- Adopt a business model that emphasises quality products, value-added services and ethical practices
- Aim to provide returns to shareholders while considering the long-term impacts of our actions
- Conduct regular assessments to identify and address potential risks in the supply chain, supporting compliance with responsible sourcing practices
- Promote continuous improvements of sustainable products and services

### Responsible Governance

- Adhere to laws, regulations and industry standards by periodically assessing our compliance mechanisms and updating policies as needed to meet evolving legal requirements
- Maintain transparent and open communication with our stakeholders
- Support ethical behaviour and integrity within business operations, encouraging a culture of honesty, fairness and accountability
- Implement risk management strategies, identifying potential environmental, social and governance risks and taking measures to address them

### Environmental Stewardship

- Continuously improve energy efficiency while monitoring and reducing our carbon footprint
- Maintain compliance with applicable environmental regulations and legal requirements
- Reduce environmental pollution and enhance environmental management practices
- Support circular economy principles, with a focus on recycling, reusing and reducing waste
- Explore initiatives to extend the lifecycle of products, promoting responsible consumption and production
- Monitor water consumption and implement water conservation practices across our facilities

### Social Responsibility

- Emphasise the health, safety and well-being of our employees by implementing safety guidelines and protocols
- Conduct regular health and safety training to foster a safe and healthy work environment
- Encourage employee growth and development through training programmes, career advancement opportunities and performance recognition
- Promote diversity and inclusion by adopting policies and practices aimed at providing equal opportunities and eliminate discrimination
- Engage in community development initiatives

# SUSTAINABILITY REPORT

## Supporting the Global Sustainable Goals

The UN SDGs urge all countries to foster a sustainable and inclusive global society by 2030. We continue to uphold eight (8) SDGs that align with our core initiatives and represent areas where our actions can have the most impact.

**UN SDGs and Targets**

**3.8:** Achieve universal health coverage

**Our Initiatives and Performance**

- Provided healthcare and insurance coverage as part of our employee benefits package
- LF Metal enhanced employee medical benefits to cover dental, preventive care and optical needs, in addition to general outpatient treatment

**UN SDGs and Targets**

**7.2:** Increase global percentage of renewable energy
**7.3:** Double the improvement in energy efficiency

**Our Initiatives and Performance**

- 34% of electricity consumption at LF Metal is generated from solar panels
- Exported 915,000 kWh of surplus electricity to the grid under the Net Energy Metering Scheme
- The ongoing replacement of ageing translucent roofing sheets at one (1) factory is expected to reduce electricity consumption for lighting by approximately 53,553 kWh annually

**UN SDGs and Targets**

**8.8:** Protect labour rights and promote safe working environments

**Our Initiatives and Performance**

- Reviewed and updated LF Metal's Health and Safety Policy to emphasise regulatory compliance, non-discrimination, risk management, stakeholder participation and continuous improvement
- Conducted Hazard Identification, Risk Assessment and Risk Control ("HIRARC") assessments at Supreme Steelmakers to systematically identify, mitigate and eliminate operational risks in CNC laser cutting and plasma cutting processes
- Annual audiometric testing was conducted for 86 employees to monitor occupational noise exposure
- Noise risk assessments are scheduled for LF Metal in FY2026 and Supreme Steelmakers in FY2027, in line with legal requirements for assessments to be conducted at least once every five (5) years
- Delivered ongoing health and safety training to employees, conducted weekly toolbox talks and unannounced Sunday safety walkabouts at production sites

**UN SDGs and Targets**

**9.4:** Upgrade infrastructures for sustainability

**Our Initiatives and Performance**

- Production efficiency was enhanced through investments in a new CNC oxy-gas cutting machine for plate cutting at LF Hardware and a new fibre laser cutting machine at LF Metal, upgrading the Group's metal-cutting capacity
- Achieved 100% conversion of delivery trucks to green diesel-powered vehicles, reducing sulphur content and lowering carbon monoxide emissions

**UN SDGs and Targets**

**12.4:** Responsible management of chemical and waste
**12.7:** Promote sustainable procurement practices

**Our Initiatives and Performance**

- Implemented waste management procedures at Supreme Steelmakers to ensure the proper handling of scheduled and non-scheduled waste
- Reviewed and updated LF Metal's Safety and Health Policy to include procedures for scheduled waste management
- Conducted biannual effluent sampling at LF Metal and consistently monitored results to ensure that discharges remain within required environmental standards
- Established procurement procedures involving a structured registration process and periodic evaluations to uphold fair business practices and ethical supplier compliance
- Conducted supplier evaluations and regular performance assessments to ensure adherence to corporate values

**UN SDGs and Targets**

**13.1:** Strengthen resilience and adaptive capacity to climate-related disasters

**Our Initiatives and Performance**

- Reduced emissions of air pollutants 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

**UN SDGs and Targets**

**16.5:** Substantially reduce corruption and bribery

**Our Initiatives and Performance**

- Updated the ABMS system in line with the latest ISO 37001:2025 standard
- Incorporated an ABMS declaration form into supplier selection and due diligence processes under Supreme Steelmakers
- Achieved zero confirmed incidents of bribery, corruption or whistleblowing cases for three (3) consecutive years

**UN SDGs and Targets**

**17.17:** Strengthen sustainable development collaboration through partnerships

**Our Initiatives and Performance**

- Collaborated with various community organisations, associations and educational institutions through Corporate Social Responsibility ("CSR") initiatives, providing a total financial contribution of RM44,600.

# SUSTAINABILITY REPORT

## Fostering Oversight and Accountability

Our sustainability governance structure remains essential in meeting evolving sustainability expectations. It strengthens oversight of our sustainability priorities, performance evaluation and the responsible management of resources, risks and opportunities.

**Leon Fuat's Sustainability Governance Structure**

**Board of Directors ("the Board")**

- Provides strategic oversight of the Group's sustainability policies, strategies and performance, including climate-related risks and opportunities and their integration into the Group's overall strategy
- Conducts an annual review of sustainability policies, initiatives and performance progress
- Endorses Leon Fuat's sustainability strategy as proposed by the Sustainability Committee and the contents of the annual sustainability report

**Sustainability Committee ("SC")**

The Group Executive Director leads the committee, which comprises the Chief Financial Officer and other managerial levels

- Proposes sustainability strategies, initiatives and targets that align with the Group's business strategy for Board approval
- Oversees the implementation of sustainability initiatives and monitors the Group's sustainability performance, reporting progress to the Board
- Conducts assessments of climate-related risks and opportunities, providing strategic recommendations for the Board's consideration
- Reviews and provides recommendations on the Group's proposed sustainability report

**Sustainability Task Force Committee ("STFC")**

Consists of representatives from relevant departments within subsidiaries (LF Metal, LF Hardware and Supreme Steelmakers)

- Integrates sustainability strategies and initiatives into the Group's day-to-day operations
- Assists the SC in formulating recommendations for Leon Fuat's sustainability report

In FY2025, our Board members attended the Mandatory Accreditation Programme (MAP II), which covers sustainability and broader environmental, social and governance topics, enhancing the Board's capacity to oversee sustainability related risks and opportunities.

### Risk Management

The Group's risk management framework is aligned with the principles of international risk management standards. It covers risk identification, assessment, mitigation, monitoring and reporting.

| Risk Management | Leon Fuat's Approach |
|---|---|
| Identification of Risks | Potential climate-related risks are identified by considering events that could significantly affect the Group's operations or financial performance. |
| Managing Risks | Identified risks are assessed based on their likelihood and potential impact. Appropriate responses are determined to mitigate or manage these risks effectively. |
| Integration of Risks | Findings from the risk assessment process are integrated into strategic decision-making and operational planning to support informed business decisions and ensure climate-related considerations are reflected across the Group. |

# SUSTAINABILITY REPORT

## MAKING PROGRESS WITH OUR PARTNERS

### Strengthening Stakeholder Relationships

The Group engages stakeholders in order to understand their concerns and align with their expectations. We utilise various platforms to gain valuable insights into their priorities, ensuring that their feedback informs our decision-making and contributes to our shared values and mutual progress.

| Areas of Interest | Our Responses | Engagement Methods |
|---|---|---|
| **Investors/Shareholders**<br>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. | | |
| • Financial and operational performance<br>• Company reputation<br>• Mitigation and adaptation to climate change | • Quarterly financial results and annual reports<br>• Uphold good governance practices<br>• Communicate our energy efficiency initiatives and progress<br>• Monitor sustainability performance | **Ongoing**<br>• Investor relations published on corporate websites<br>**Quarterly**<br>• Financial results announcements<br>**Annually**<br>• Annual General Meeting |
| **Government/Regulatory Authorities**<br>The government and regulatory authorities play an important role in providing regulatory frameworks and legal authorisations necessary for operations. | | |
| • Anti-bribery and corruption<br>• Corporate governance practices<br>• Regulatory compliance | • Compliance with ISO 37001:2016 Anti-Bribery Management System ("ABMS")<br>• Establishment of Good Corporate Governance and Whistleblowing Policy<br>• Compliance with regulatory requirements | **As needed**<br>• Meetings<br>• Seminars/Webinars<br>• Reporting |
| **Management**<br>The management is responsible for guiding and overseeing our organisational operations to achieve strategic goals and ensure sustained success. | | |
| • Risk management<br>• Service requirements | • Risk Management Framework adhering to international principles<br>• Compliance with ISO 9001:2015 Quality Management System | **As needed**<br>• Coordination meetings<br>**Quarterly**<br>• Business unit meetings<br>**Annually**<br>• ISO management review |

# SUSTAINABILITY REPORT

| Areas of Interest | Our Responses | Engagement Methods |
|---|---|---|
| **Customers**<br>Customers drive Leon Fuat's success by engaging in transactions and providing valuable feedback that informs product and service enhancements. | | |
| • Product quality and safety<br>• Customer data privacy | • Compliance with ISO 9001:2015 Quality Management System<br>• Compliance with Personal Data Protection Act 2010 | **As needed**<br>• Meetings<br>• Feedback survey<br>**Annually**<br>• Satisfaction assessment |
| **Employees**<br>Employees serve as the valuable human capital of Leon Fuat, actively contributing their skills and efforts to propel the Group towards our objectives and overall success. | | |
| • Capacity building<br>• Occupational health and safety<br>• Fair labour practices<br>• Whistleblowing policy/procedures | • Provide relevant upskilling and development opportunities<br>• Compliance with Occupational Safety and Health (Amendment) Act (2022)<br>• Compliance with laws governing work hours and wages<br>• Promote transparent communication with employees | **Ongoing**<br>• Internal communications<br>**As needed**<br>• Workshops and trainings<br>• Staff meetings<br>**Annually**<br>• Employee performance appraisals<br>• Annual dinner |
| **Vendors/Suppliers**<br>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. | | |
| • Fair procurement practices | • Supplier Selection Procedure<br>• Supplier Performance Assessment | **As needed**<br>• Product quality feedback<br>**Bi-annually**<br>• Performance reviews<br>• Procurement processes |
| **Communities**<br>The community plays a reciprocal role, shaping and being shaped by the Group's actions, contributions and engagement, thereby fostering mutually beneficial relationships. | | |
| • Community development and support | • Local community development<br>• Philanthropy | **As needed**<br>• Community impact programmes |

# SUSTAINABILITY REPORT

## MATERIALITY ASSESSMENT

Leon Fuat's FY2023 materiality reassessment identified thirteen (13) key sustainability matters, with the top five being Operational Excellence, Product Quality and Customer Satisfaction, Occupational Safety and Health, Corporate Governance and Anti-Corruption and Labour Practices and Standards. The matrix, which guides sustainability priorities and decision-making, will be maintained for FY2025 due to its continued relevance to the Group.

**Materiality Matrix**

**Economic Prosperity**

- 1 Operational Excellence
- 8 Responsible Procurement

**Responsible Governance**

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

**Environmental Stewardship**

- 7 Climate Change and Energy
- 9 Effluent and Waste Management
- 13 Water Efficiency

**Social Responsibility**

- 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

## MAPPING OUR FOCUS AREAS

Aligning our material matters with the UN SDGs and relevant stakeholders enable us to support global targets and meet the expectations of our stakeholders.

| | | | |
|---|---|---|---|
| **ECONOMIC PROSPERITY** | | | |
| **Operational Excellence** | **Our Approach**<br>Advance operational excellence by streamlining processes and adopting the latest technology, fostering sustainable growth and long-term value creation. | **Key Stakeholder Groups** | **UN SDGs** |
| **Responsible Procurement** | **Our Approach**<br>Suppliers are selected through a structured screening and assessment process that considers relevant operational and business requirements. | **Key Stakeholder Groups** | **UN SDGs** |
| **RESPONSIBLE GOVERNANCE** | | | |
| **Corporate Governance and Anti-Corruption** | **Our Approach**<br>Maintain high standards of governance through transparent practices, anti-corruption safeguards and strict compliance with applicable regulations. | **Key Stakeholder Groups** | **UN SDGs** |
| **Data Privacy and Cybersecurity** | **Our Approach**<br>Protect sensitive information from cyber threats and unauthorised access through data privacy protocols and advanced cybersecurity safeguards. | **Key Stakeholder Groups** | **UN SDGs** |
| **ENVIRONMENTAL STEWARDSHIP** | | | |
| **Climate Change and Energy** | **Our Approach**<br>Improve energy efficiency and reduce emissions through targeted optimisation and utilisation of renewable energy across our operational areas. | **Key Stakeholder Groups** | **UN SDGs** |
| **Water Efficiency** | **Our Approach**<br>Enhance sustainable water management by implementing conservation strategies that improve efficiency and reduce waste across operations. | **Key Stakeholder Groups** | **UN SDGs** |
| **Effluent and Waste Management** | **Our Approach**<br>Advance sustainable waste practices by decreasing output, fostering circularity through recycling and managing effluents safely, in accordance with regulatory standards. | **Key Stakeholder Groups** | **UN SDGs** |

# SUSTAINABILITY REPORT

| SOCIAL RESPONSIBILITY | | | |
|---|---|---|---|
| **Occupational Health and Safety** | **Our Approach**<br>Uphold strong health and safety standards through continuous training, adherence to industry regulations and proactive risk management across the Group's operations. | **Key Stakeholder Groups** | **UN SDGs** |
| **Noise Management** | **Our Approach**<br>Implement targeted noise control measures to reduce operational impact on employees and neighbouring communities, while complying with regulatory standards and minimising disruption. | **Key Stakeholder Groups** | **UN SDGs** |
| **Labour Practices and Standards** | **Our Approach**<br>Support fair and ethical labour standards by fostering equal opportunities, offering appropriate compensation and facilitating continuous professional growth within our workforce. | **Key Stakeholder Groups** | **UN SDGs** |
| **Diversity and Inclusiveness** | **Our Approach**<br>Cultivate a workplace environment that respects diverse backgrounds and promotes fairness and equity throughout the organisation. | **Key Stakeholder Groups** | **UN SDGs** |
| **Product Quality and Customer Satisfaction** | **Our Approach**<br>Deliver consistent product quality and customer satisfaction by upholding established standards, supporting ongoing process improvement and maintaining open communication to address evolving expectations. | **Key Stakeholder Groups** | **UN SDGs** |
| **Corporate Social Responsibility** | **Our Approach**<br>Demonstrate social responsibility by investing in initiatives that deliver meaningful environmental and community impact. | **Key Stakeholder Groups** | **UN SDGs** |

# SUSTAINABILITY REPORT

## ECONOMIC PROSPERITY

Leon Fuat's economic performance underpins financial stability and long-term growth. Our responsible financial management enables continued investment in technology, sustainable practices and workforce development, enhancing competitiveness and adaptability while delivering value to stakeholders and the broader economy.

**Material Sustainability Matters**

- Operational Excellence
- Responsible Procurement

**Our Shared Values**

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

**Key Stakeholder Groups**

### Operational Excellence

The Group continues to strengthen operational performance through targeted investments in machinery and technology to improve precision, speed and overall output quality. This year, LF Hardware commissioned a new CNC oxy-gas cutting machine to enhance the plate-cutting process, while LF Metal installed a 20 kW fibre laser cutting machine to upgrade its metal-cutting capacity.

**Economic Value Generated**

**Revenue**
RM893.87 million
FY2024: RM915.79 million

**Operating costs**
RM794.57 million
FY2024: RM822.10 million

**Community Investments**
RM0.04 million
FY2024: RM0.04 million

**Government (taxes)**
RM2.09 million
FY2024: RM1.03 million

**Payment made to provider of capital (dividends)**
RM3.41 million
FY2024: RM5.12 million

**Employee wages and benefits**
RM37.93 million
FY2024: RM35.56 million

**Economic Value Retained**

**Profit**
RM55.83 million
FY2024: RM51.95 million

# SUSTAINABILITY REPORT

## Responsible Procurement

Fostering sustainability and attaining excellence within our steel processing value chain is contingent upon the effectiveness with which we manage our supply chain. We maintain consistent standards with our suppliers throughout the process, from material selection to final product delivery, to support product quality and cost-efficiency.

Our purchasing and sourcing activities are guided by the Group's procurement procedures, which promote fairness, transparency and accountability. All suppliers, service providers and business partners are expected to adhere to these procedures. We prioritise suppliers that align with our values and quality expectations. New suppliers undergo a structured vendor registration process and are subject to periodic performance evaluations to ensure ongoing compliance.

### Supplier Selection Procedure

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

- **Reputation**
- **Product Quality**
- **Affordability**
- **Service Standards**

### Supplier Performance Assessment

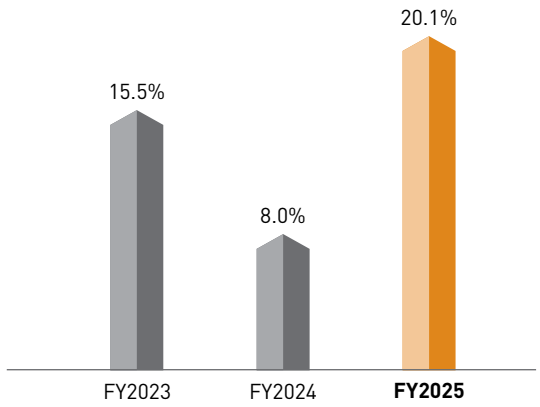
We conduct an annual assessment to update supplier ratings, using performance indicators such as:

- **Compliance level**
- **Service quality**
- **Punctuality**

Leon Fuat's due diligence process includes a supplier questionnaire covering compliance systems, quality assurance and anti-bribery and corruption measures. This reporting year, we introduced a new ABMS declaration form for suppliers under Supreme Steelmakers as part of this process.

In FY2025, local suppliers accounted for 20.1% of total procurement spent. Where specific material specifications and quality standards are required, consideration may be given to suppliers that are able to meet these requirements, including international suppliers where appropriate.

**Group Proportion of Spending on Local Suppliers**



# SUSTAINABILITY REPORT

## RESPONSIBLE GOVERNANCE

Responsible governance is embedded in the Group's culture and supported by clear policies, ethical standards and regulatory alignment. We uphold strong risk management, transparency and compliance through strict protocols, reporting channels and training mechanisms, reinforcing accountability and stakeholder confidence.

**Material Sustainability Matters**

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

**Our Shared Values**

Drive a performance culture of integrity and accountability

**Key Stakeholder Groups**

### Corporate Governance and Anti-Corruption

A robust corporate governance system ensures the stability and credibility of our operations. Our zero-tolerance approach to bribery and corruption upholds high integrity, enhances decision-making processes, fosters an ethical workplace and ensures long-term sustainability.

**Leon Fuat's Corporate Policies**

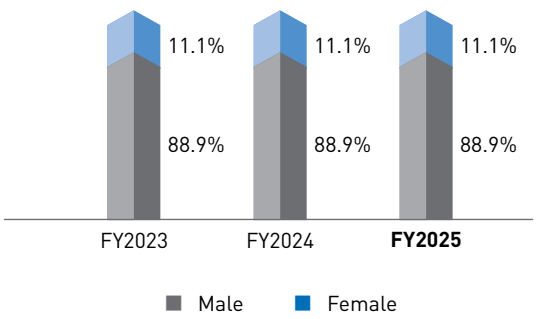
- Code of Ethics & Conduct
- Directors' Fit and Proper Policy
- Board Charter
- Anti-Bribery Policy
- Whistleblowing Policy
- Remuneration Policy for Directors and Senior Management

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

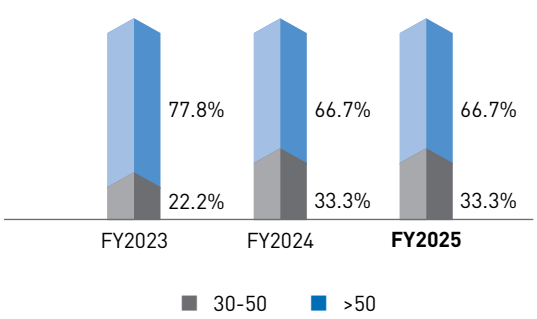
### Board Diversity

Leon Fuat Berhad maintained female representation on the Board at 11.1%. The Board comprises members with extensive leadership and industry experience, supporting effective oversight and strategic direction.

**Board Diversity by Gender**




**Board Diversity by Age**



# SUSTAINABILITY REPORT

## Regulatory Compliance

Leon Fuat complies with applicable regulatory requirements, including company and securities laws, governance standards and the MMLR. To ensure ongoing compliance, we regularly review and update our internal policies to reflect the latest legal and regulatory developments.

### 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
- Sales Tax Act 2018
- Service Tax Act 2018
- Stamp Act 1949
- Employee Provident Fund Act 1991

**Employee Training**
Employees participate in compliance programmes, including Sales and Service Tax ("SST") and ABMS training, to stay informed of new regulations and internal policies.

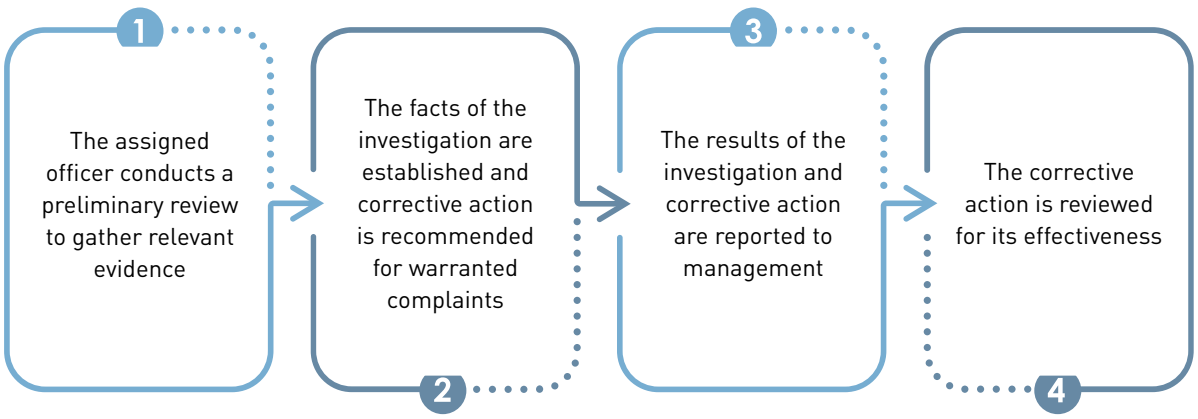
**Stakeholder Communication**
Policy updates are effectively communicated to stakeholders to ensure broad understanding and adherence.

**External Audits and Risk Assessments**
Independent third parties are engaged to audit our operations and assess risks, with a focus on workplace health and safety, anti-corruption, environmental matters and other compliance-related areas.

## Grievance Mechanism and Whistleblowing Procedures

Leon Fuat's grievance mechanism provides a secure and confidential channel for reporting suspected misconduct or non-compliance. Employees may lodge concerns through designated personnel, with all reports handled impartially and in strict confidence. Whistleblowers are protected from retaliation, and their identities are safeguarded throughout the review process.

**Whistleblowing Reporting and Investigation Procedure**



# SUSTAINABILITY REPORT

**Anti-Bribery Management System**

Introduced in FY2020, Leon Fuat's ABMS supports ethical business conduct by identifying and managing bribery risks across our operations through a preventative, risk-based approach. The system is supported by a comprehensive Anti-Bribery Manual outlining its scope, procedures and operational responsibilities. In line with the updated ISO 37001:2025 ABMS requirements released in 2025, the Group reviewed and updated the relevant policies, procedures and documentation, although formal certification has not been sought.

**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.

**Chief of ABCF**

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

**Deputy Chief of ABCF**

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

**Document Controller**

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

**Members of ABCF**

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

Supreme Steelmakers has introduced the ABMS Reward System to recognise employees who demonstrate integrity by refusing bribes and upholding the Company's zero-tolerance policy on corruption. Employees who reject a bribe, promptly report the incident and are subsequently verified through investigation will receive a management-approved reward.

**Bribery Prevention Through Communication and Training**

We actively communicate our anti-bribery policies to all employees through multiple channels, including the employee handbook, orientation programmes for new hires, ABMS training sessions and internal banners. These initiatives aim to enhance employees' understanding of their responsibilities and the Group's zero-tolerance stance on bribery.

There were no substantiated incidents of bribery, corruption or whistleblowing cases for the past three (3) consecutive years.

# SUSTAINABILITY REPORT

## Data Privacy and Cybersecurity

Leon Fuat continues to maintain its cybersecurity framework to protect sensitive information, ensure business continuity, and mitigate risks from cyber threats.

**Substantiated complaints concerning breaches of customer privacy and losses of customer data**

**Zero FY2025**

FY2024 & FY2023: Zero

### Cybersecurity Measures

**Network and System Security**

Anti-virus software and firewalls provide continuous protection against malware and cyber threats. The Sangfor Firewall (NSF1100A), installed in FY2024, further strengthens network and server security and centralises security management.

**Access Control and Connectivity**

Access control systems and password-protected platforms restrict sensitive data access to authorised personnel. Aruba Instant On Access Points provide secure, scalable network access for employees and guests, with simple installation and remote management.

**Data Protection and Continuity**

Data encryption safeguards sensitive information, while cloud-based backups reduce the risk of data loss. The Personal Data Protection Notice ensures transparent handling of personal data in compliance with the PDPA 2010.

# SUSTAINABILITY REPORT

## ENVIRONMENTAL STEWARDSHIP

Trading and processing steel sustainably necessitates a commitment to continuous improvement. Our environmental initiatives focus on operational efficiency, emissions reduction, resource optimisation and climate resilience, supporting efforts to integrate sustainability considerations into our operations.

**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 Stakeholder Groups**

### Climate Change and Energy

Leon Fuat recognises the material impact of climate change on its value chain as well as the steel industry as a whole. We assess potential climate-related risks, impacts and opportunities by considering both transition and physical risks across short- (1–5 years), medium- (6–10 years) and long-term (>10 years) horizons to support strategic planning and decision-making.

Transition risks arise from the shift towards a low-carbon economy, driven by changes in legislation, policy, and market expectations. Physical risks stem from the direct impacts of climate change, including extreme weather events and rising temperatures, which may result in asset damage, business interruptions and supply chain disruptions.

| Transition Risks | Potential Financial Impact | Opportunities |
|---|---|---|
| **Policy and Legal** (Short- to Medium-term) | | |
| Stringent regulations targeting carbon emission reduction, including emissions trading scheme and carbon taxes | • Increased operational costs from regulations and carbon pricing may lead to higher prices and reduced competitiveness of exported goods<br>• Compliance with climate-related regulations may increase financial and operational costs | • Adopting energy-efficient technologies reduces carbon intensity, mitigating the impact of carbon pricing and regulatory costs<br>• Staying ahead of climate regulations reduces legal risks, improves market positioning and attracts eco-conscious investors |
| **Technology** (Short- to Long-term) | | |
| Technological advancements, including low-carbon steel production and alternative materials, supports the steel industry's decarbonisation needs | • Increased capital investments in low-carbon technologies and research and development for sustainable steel production<br>• Lack of innovation and investment in advanced technology may pose the risk of competitive disadvantage | • Adopting renewable technologies, such as solar panels at LF Metal, reduces purchased electricity consumption and leads to long-term savings<br>• Investing in advanced technologies and decarbonisation enhances Leon Fuat's competitiveness and alignment with sustainability standards |

# SUSTAINABILITY REPORT

| Transition Risks | Potential Financial Impact | Opportunities |
|---|---|---|
| | **Market** (Short- to Long-term) | |
| Shifting market preferences and growing demand for low-carbon products increases adoption of alternative materials and solutions | • Reduced revenue from declining demand for traditional steel products, risking market share loss to sustainable competitors | • Communicating our sustainability commitment attracts eco-conscious customers and strengthens brand reputation |
| | **Supply Chain** (Short- to Long-term) | |
| Transition to a low-carbon economy may require significant changes in our supply chain and procurement practices | • Supplier non-compliance with sustainability standards may disrupt operations, causing delays, higher costs and inferior materials | • Strengthening supplier screening and prioritising suppliers that meet sustainability standards can enhance operational resilience, reduce the risk of cost increases from supply disruptions and improve competitiveness among sustainability-focused customers |
| **Physical Risks** | **Potential Financial Impact** | **Opportunities** |
| | **Acute** (Short- to Long-term) | |
| Potential short-term extreme climate-related events, e.g. heat waves, flooding, etc. | • Extreme weather events may disrupt supply chains, damage infrastructure and pose safety risks, affecting operational continuity | • Thorough risk assessment, resilient infrastructure, diversified sourcing and effective inventory management mitigates impacts and ensures production continuity |
| | **Chronic** (Long-term) | |
| Potential long-term effects, e.g. changes in precipitation patterns, increasing temperature, etc. | • Long-term climate-related impacts may increase capital costs and insurance premiums | • Investing in climate-resilient infrastructure and energy-efficient technologies reduces long-term costs, mitigates risks and lowers insurance premiums |

**Time Horizons**

• Short-term (1-5 years) • Medium-term (6-10 years) • Long-term (>11 years)

# SUSTAINABILITY REPORT

Our ongoing initiatives support our efforts to reduce our environmental impact and promote energy conservation across our operations.

## Utilising Green Diesel

We have introduced Euro 5 diesel across our fleet to reduce the emissions of air pollutants. Compared to Euro 2 diesel, Euro 5 diesel offers lower carbon monoxide emissions (0.5 g/km versus 1.0 g/km) and reduced maximum sulphur content (10 ppm versus 500 ppm). In FY2025, we are pleased to report that the transition of our fleet to 100% green diesel has been completed.

**100%**
**Transition of our fleet to trucks powered by green diesel**

## Adopting Renewable Energy

LF Metal has been implementing solar panel installations across its factories since FY2021. As of FY2025, the total installed solar capacity across all four (4) factories amounts to approximately 2,300 kilowatts ("kW").

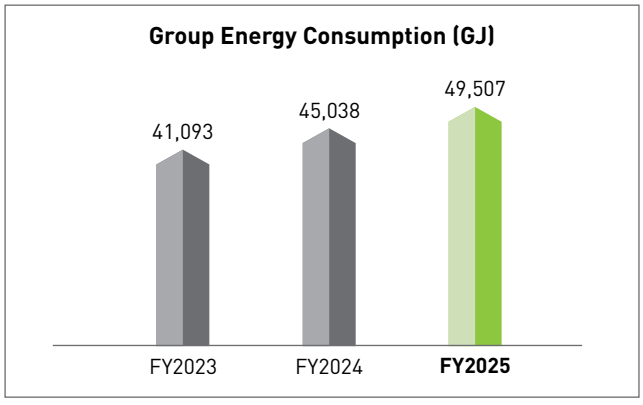
Since FY2023, twenty-seven (27) conventional 400W streetlights have been replaced with solar-powered units, targeting annual energy savings of 47,304 kWh.

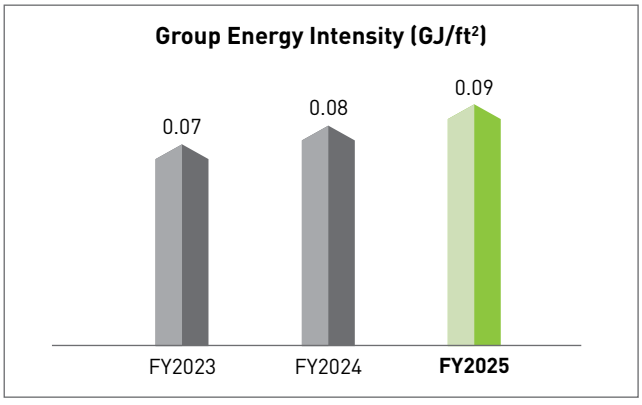
## Installing Energy-efficient Roofing

In the current reporting year, LF Metal is undertaking the replacement of aging translucent roofing sheets at one of its factories, an initiative projected to reduce annual electricity consumption for lighting by approximately 53,553 kWh.

### Total Energy Consumption

During the reporting period, the Group's total energy consumption amounted to 49,507 GJ, with an energy intensity of 0.09 GJ/ft².



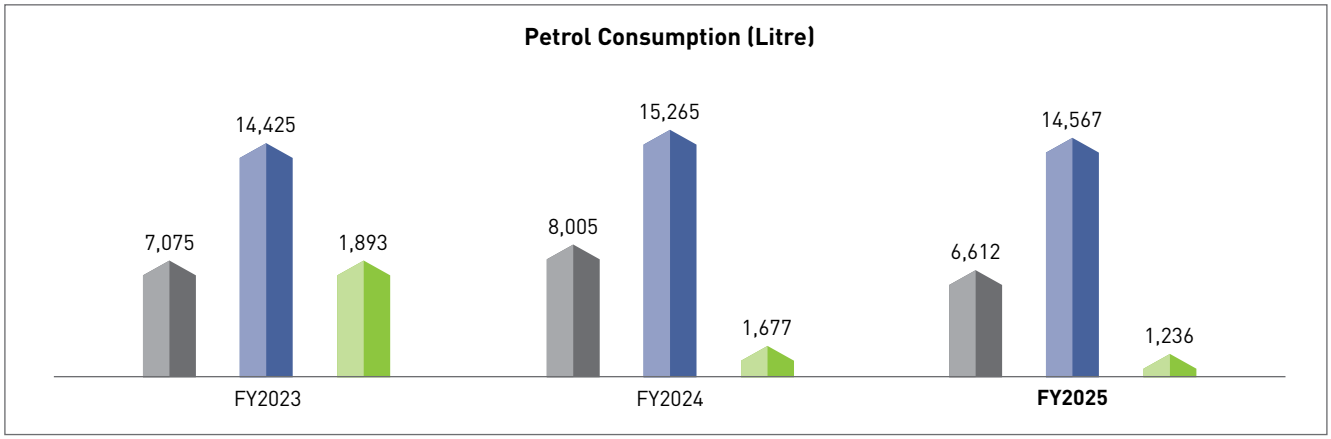



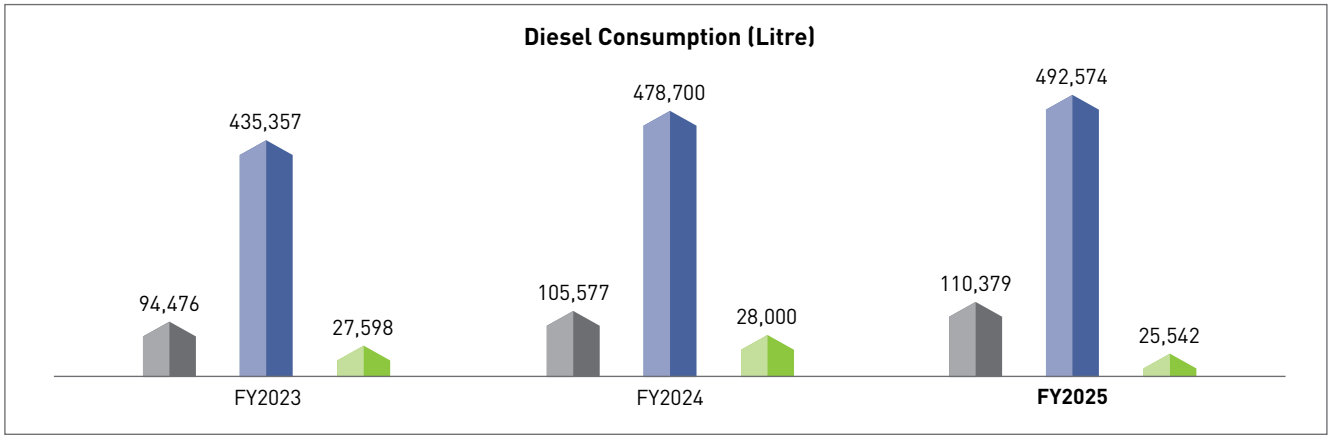

*Notes:*
1. *Total energy consumption data in MWh is disclosed in the Performance Data Table.*
2. *Energy consumption was calculated using the conversion factors sourced from the UK Government's GHG Conversion Factor 2023, 2024 and 2025.*

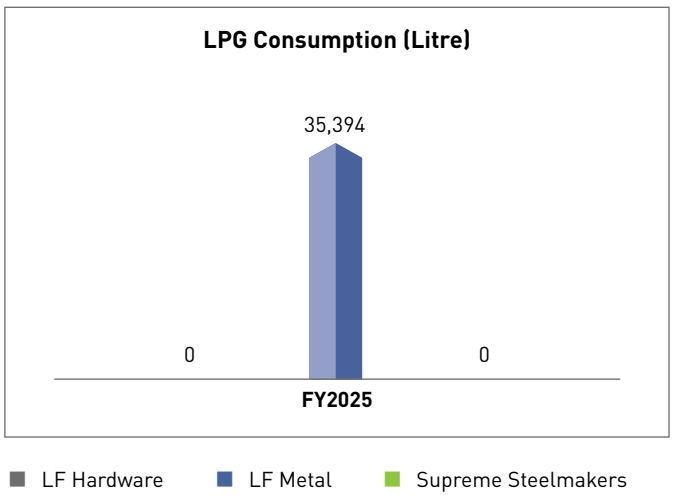
# SUSTAINABILITY REPORT

## Fuel Consumption

The Group's fuel consumption covers petrol and diesel used in company-owned vehicles, alongside liquefied petroleum gas ("LPG") used in LF Metal's oxy-cutting operations. In FY2025, LPG consumption was incorporated into our reporting for the first time, reflecting enhanced coverage of operational fuel use.



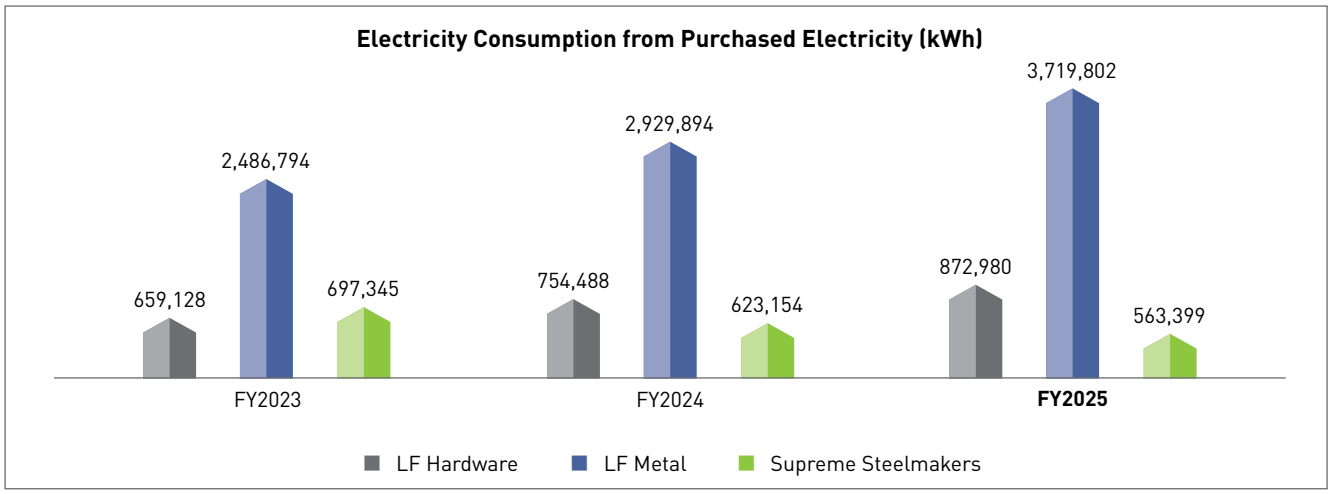



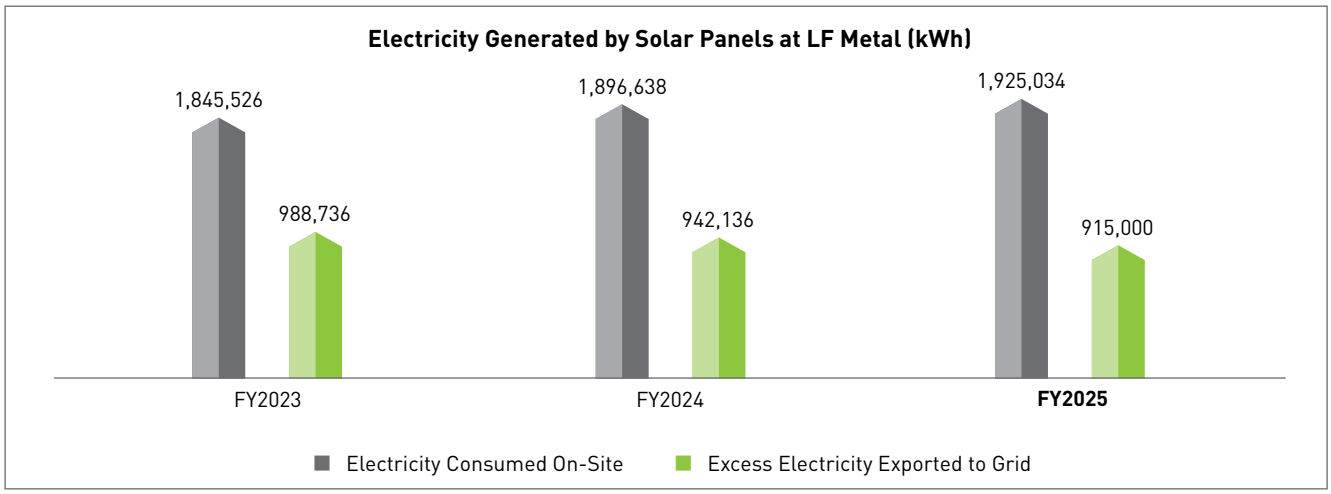



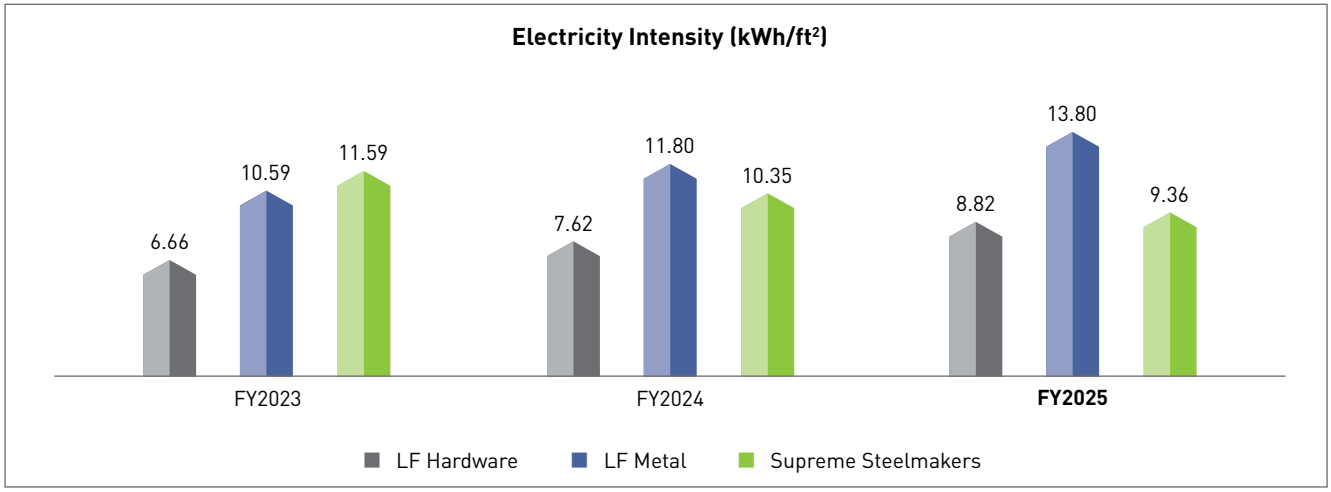
# SUSTAINABILITY REPORT

**Electricity Consumption**

The Group's electricity needs continue to be supplied mainly by the national grid, complemented by renewable energy generated from the solar installation at LF Metal. In FY2025, 32% of this solar energy was exported to the national grid under the Net Energy Metering Scheme. Electricity consumption has increased, primarily due to higher production output from the Group's pipe factory.



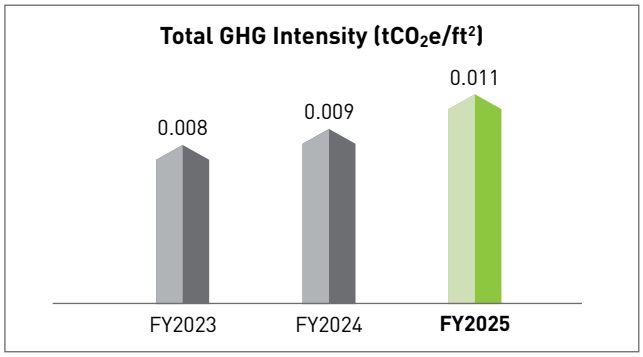



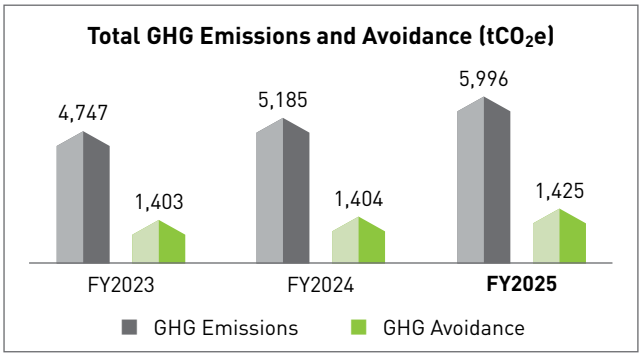



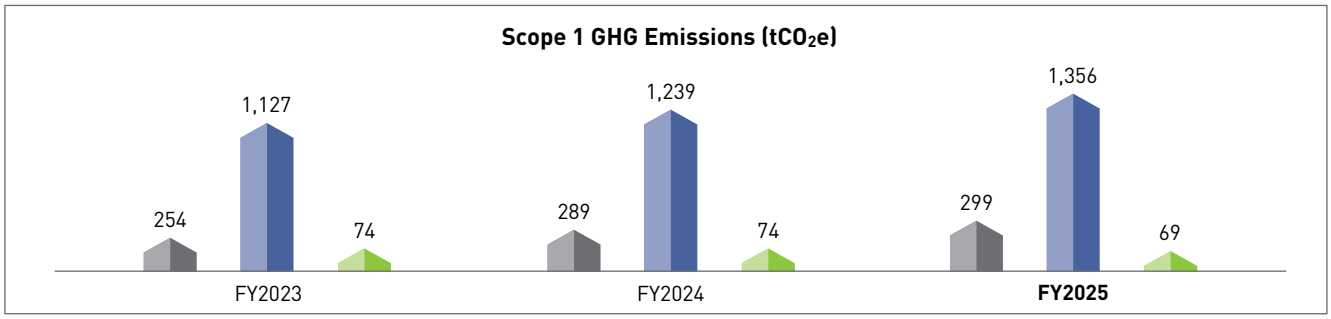
# SUSTAINABILITY REPORT

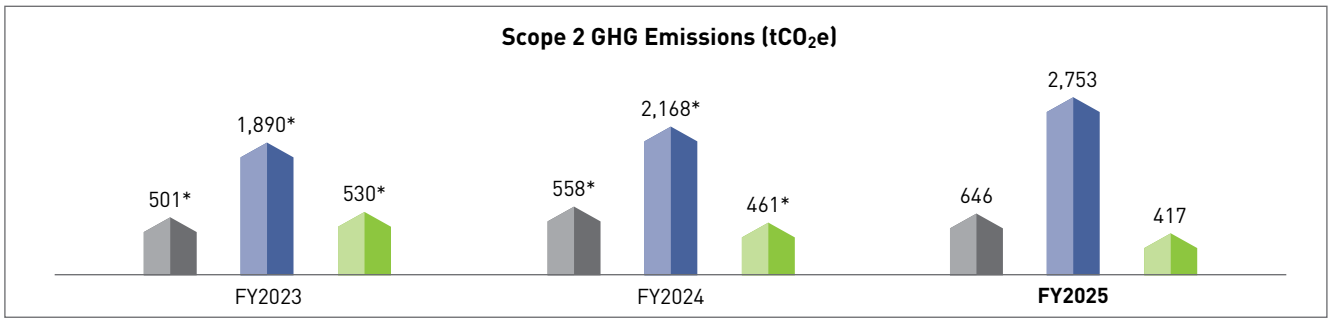
## GHG Emissions

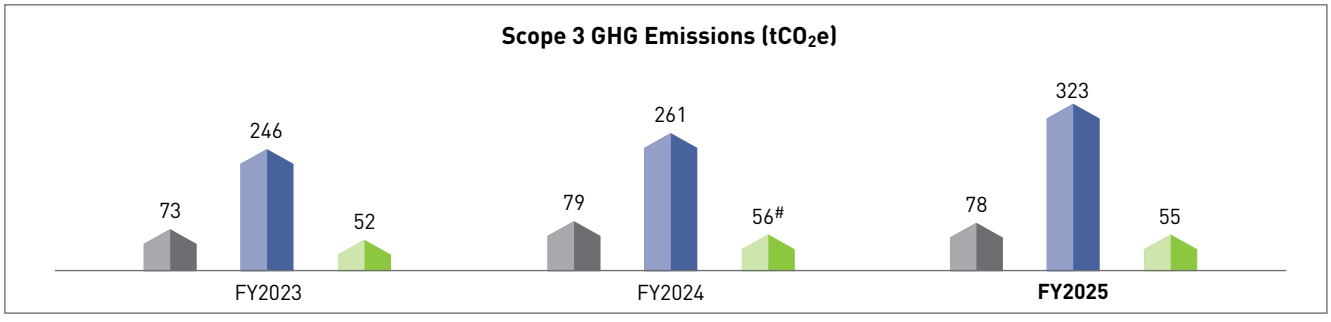
In FY2025, the Group recorded total GHG emissions of 5,996 $tCO_2e$, with the majority arising from Scope 2 emissions. Scope 1, Scope 2 and Scope 3 emissions were calculated in line with recognised methodologies, with Scope 3 limited to business travel and employee commuting. The integration of solar energy at LF Metal contributed to a Scope 2 emissions avoidance of 1,425 $tCO_2e$, reflecting the impact of our renewable energy initiatives. GHG emissions intensity for the year was 0.011 $tCO_2e$ per square foot of floor space.




*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 and Scope 3 emissions were calculated using the emission factors sourced from the UK Government's GHG Conversion Factor 2023, 2024 and 2025.*
4. *Scope 2 emissions for FY2025 were calculated using the latest 2024 emission factor issued by the Energy Commission of Malaysia.*
   ** Accordingly, Scope 2 emissions for FY2023 and FY2024 have been restated to reflect this update.*
5. *# Scope 3 GHG emissions for FY2024 have been restated to reflect updated emission factors used for business travel.*

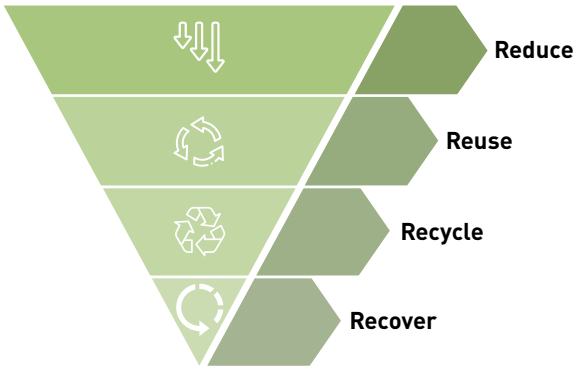
## Effluent and Waste Management

As our steel processing operations generate operational waste and effluent that require careful and responsible management, we remain committed to upholding regulatory compliance across our business activities.

LF Metal and Supreme Steelmakers adopt the 4R strategy: Reduce, Reuse, Recycle and Recover as a guiding principle in our waste management practices. LF Metal incorporates scheduled waste disposal and 4R management elements into its Safety and Health Induction Training, ensuring employees are informed about proper handling procedures and their environmental responsibilities.

Leon Fuat follows the provisions of the Environmental Quality Act 1974 ("EQA 1974") and its amendments, as well as the Local Government Act 1976. This compliance specifically pertains to the handling and disposal of both scheduled and non-scheduled waste, in addition to the discharge of effluents.

In adherence to these regulations, we have implemented a waste management system that effectively governs the treatment and disposal processes for all waste categories.




At LF Metal, waste management is overseen by a designated Safety and Health Officer, who is responsible for managing scheduled waste, alongside an Assistant General Manager, who is in charge of non-scheduled and recyclable waste management. Both personnel collaborate closely with the Production and Procurement departments to ensure the effective implementation and continuous improvement of waste management protocols.

### Scheduled Waste

LF Metal and Supreme Steelmakers collectively generated a total of 1.52 tonnes of scheduled waste in FY2025. LF Metal recorded an increase in SW409 waste generation compared to FY2024, primarily due to two major 3S (Sort, Sweep and Set in Order) activities conducted across all areas in September 2025. Moving forward, LF Metal has planned to conduct major 3S activities for general waste and unused scheduled waste twice a year across all areas, based on inspection findings to maintain workplace cleanliness and compliance. In addition, 3S activities for general waste are conducted every Saturday.

**Amount of Scheduled Waste Generated (tonnes)**

| Code | Description | LF Metal | | | Supreme Steelmakers | | |
|---|---|---|---|---|---|---|---|
| | | FY2023 | FY2024 | FY2025 | FY2023 | FY2024 | FY2025 |
| **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 | 1.84 | 2.30 | 1.10 | 0.00 | 0.00 | 0.00 |
| **SW306** | Spent lubricating oil | 0.00 | 0.00 | 0.00 | 2.30 | 0.00 | 0.00 |
| **SW409** | Disposed items contaminated with chemicals, pesticides, mineral oil or scheduled wastes | 0.18 | 0.24 | 0.42 | 0.00 | 0.00 | 0.00 |

### Non-Scheduled Waste

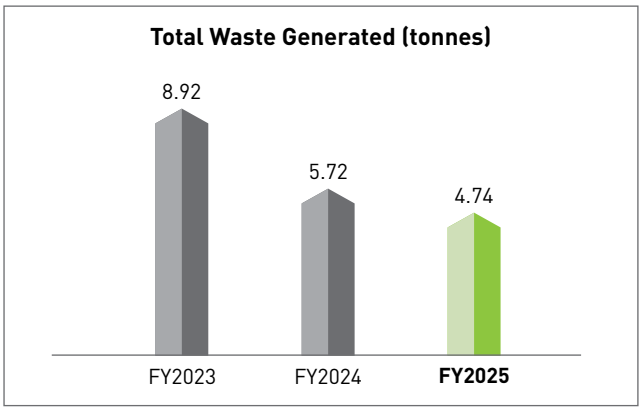
We have continued to reduce non-scheduled waste over the past three (3) reporting years by installing recycling bins in office spaces and transitioning from paper-based communication to digital formats to minimise paper use. In FY2025, our non-scheduled waste totalled 3.22 tonnes, marking an increase compared with FY2024.

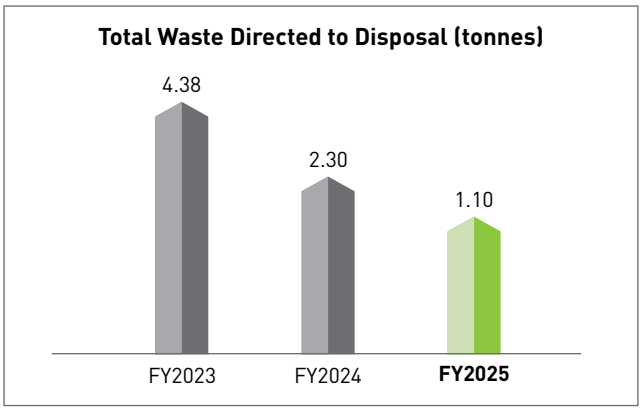
**Amount of Non-scheduled Waste Generated (tonnes)**

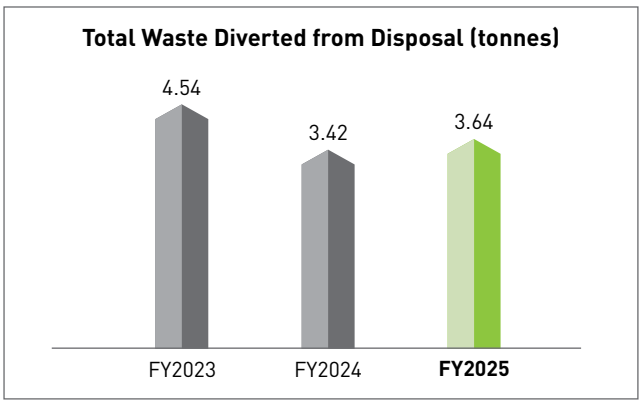
| Types of Waste | LF Hardware | | | LF Metal | | | Supreme Steelmakers | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2023 | FY2024 | FY2025 | FY2023 | FY2024 | FY2025 | FY2023 | FY2024 | FY2025 |
| **General** | 0.21 | 0.09 | 0.00 | 4.28 | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 |
| **Papers** | 0.05 | 0.07 | 0.00 | 0.00 | 2.77 | 2.93 | 0.00 | 0.00 | 0.00 |
| **Plastics** | 0.00 | 0.00 | 0.00 | 0.00 | 0.24 | 0.29 | 0.00 | 0.00 | 0.00 |

### Total Waste Generation

The Group generated 4.74 tonnes of scheduled and non-scheduled waste across all subsidiaries in FY2025, of which 76.8% was diverted from disposal through recycling and waste recovery initiatives.



# SUSTAINABILITY REPORT

### Effluent Management

Recognising the environmental impact of effluent discharge, LF Metal has continued to engage with a licensed contractor for the maintenance of its sewage treatment system and for the biannual collection of effluent samples, ensuring that the results remain compliant with the minimum legal limits specified under Standards A and B of the Environmental Quality (Industrial Effluent) Regulations 2009.

**Effluent Sampling Results (mg/L)**

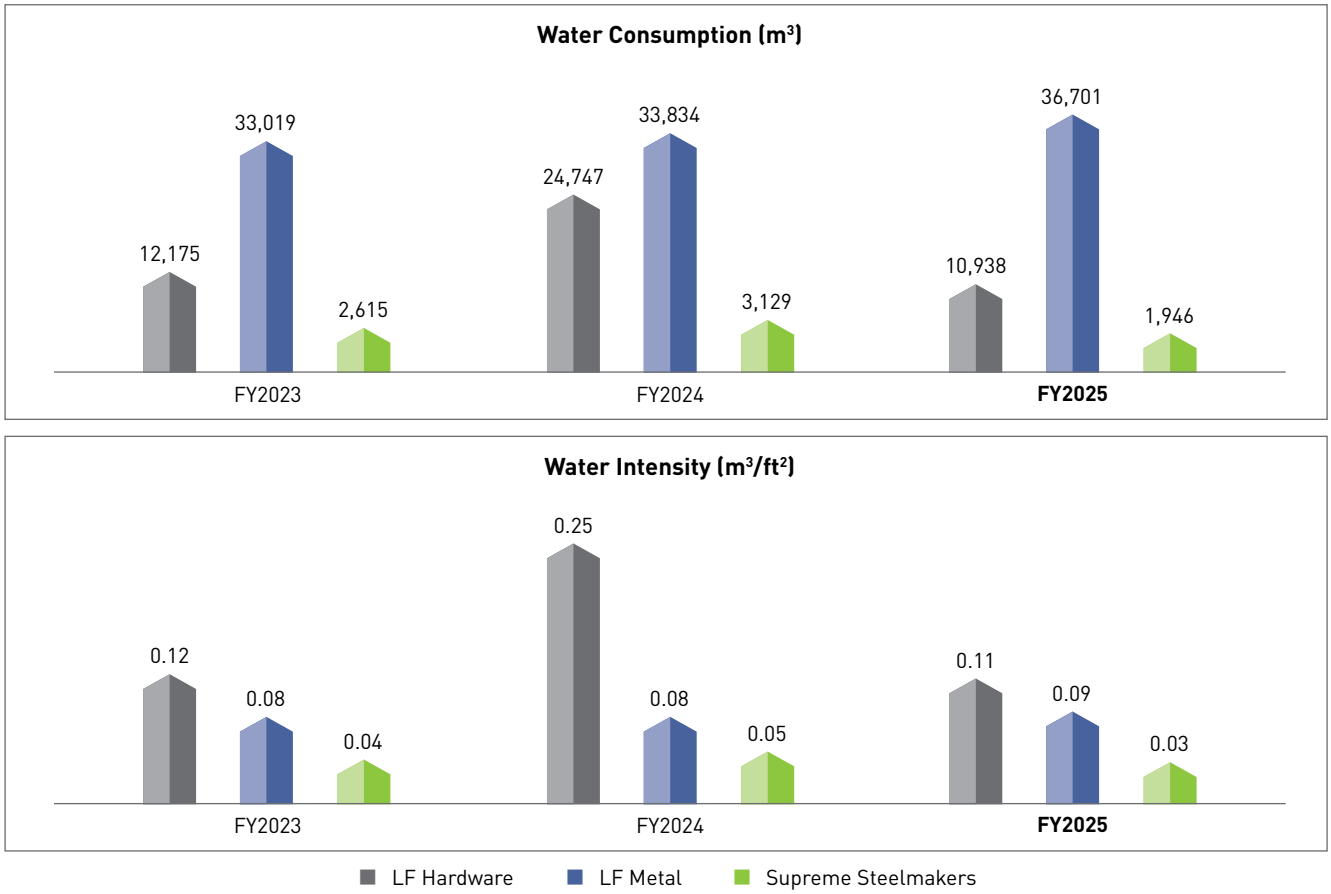
| Parameters | Standard A | Standard B | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|
| **Chemical Oxygen Demand (COD)** | 120 | 200 | 58 | 38 | 38 |
| **Biological Oxygen Demand (BOD)** | 20 | 50 | 17 | 12 | 13 |
| **Total Suspended Solids (TSS)** | 50 | 100 | 23 | 1 | 1 |
| **Ammoniacal Nitrogen (NH3 -N)** | 50 | 50 | 16 | 8 | 14 |

*Note:*
*The effluent data reported represent the average results from two sampling events conducted during the reporting period.*

### Water Efficiency

Leon Fuat has implemented water management measures throughout its operations to minimise our impact on water resources, recognising that steel processing typically involves substantial water use, particularly during the cooling and descaling stages.

In FY2025, the Group's total water consumption amounted to 49,585 $m^3$, with LF Metal accounting for 74% of the total consumption due to its extensive machinery operations.



# SUSTAINABILITY REPORT

## SOCIAL RESPONSIBILITY

The Group's social practices centre on safeguarding employee welfare, upholding fair labour standards and delivering quality products. These internal commitments are complemented by corporate social responsibility initiatives that support local communities and reinforce our dedication to responsible and inclusive growth.

### 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 Stakeholder Groups

### Occupational Safety and Health

The nature of our operations presents inherent occupational risks, making the safety and well-being of our employees a top priority. Our people remain our most valuable assets and we are committed to safeguarding their health and security at all times.

**Workplace Safety Standards and Regulations**

The Group's Health, Safety and Environment ("HSE") system references the relevant requirements of ISO 45001:2018 Occupational Health and Safety Management Systems in supporting the effective management of occupational safety and health ("OSH") risks.

Leon Fuat's Safety and Health Policy guides our efforts in fostering a culture of safety consciousness among employees and contractors, promoting a safe and responsible working environment. During the reporting period, LF Metal revised its Safety and Health Policy to highlight six (6) key principles.

**01 Regulatory Compliance**
Adhering to workplace safety standards and international human rights standards to ensure that safety and health measures meet or exceed legal and ethical requirements.

**02 Respect for Human Rights**
Recognising the dignity of all individuals and their right to a safe and healthy environment.

**03 Non-Discrimination**
Providing equal safety and health protection regardless of race, gender, age, religion, disability or any other status.

**04 Risk Management**
Proactively identifying and mitigating safety risks related to accidents and injuries in accordance with workplace standards and human rights best practices.

**05 Transparency and Participation**
Ensuring that stakeholders are informed and involved in safety, health and human rights initiatives.

**06 Continuous Improvement**
Continuously reviewing and updating practices to reflect workplace and human rights standards, as well as industry feedback and developments.

# SUSTAINABILITY REPORT

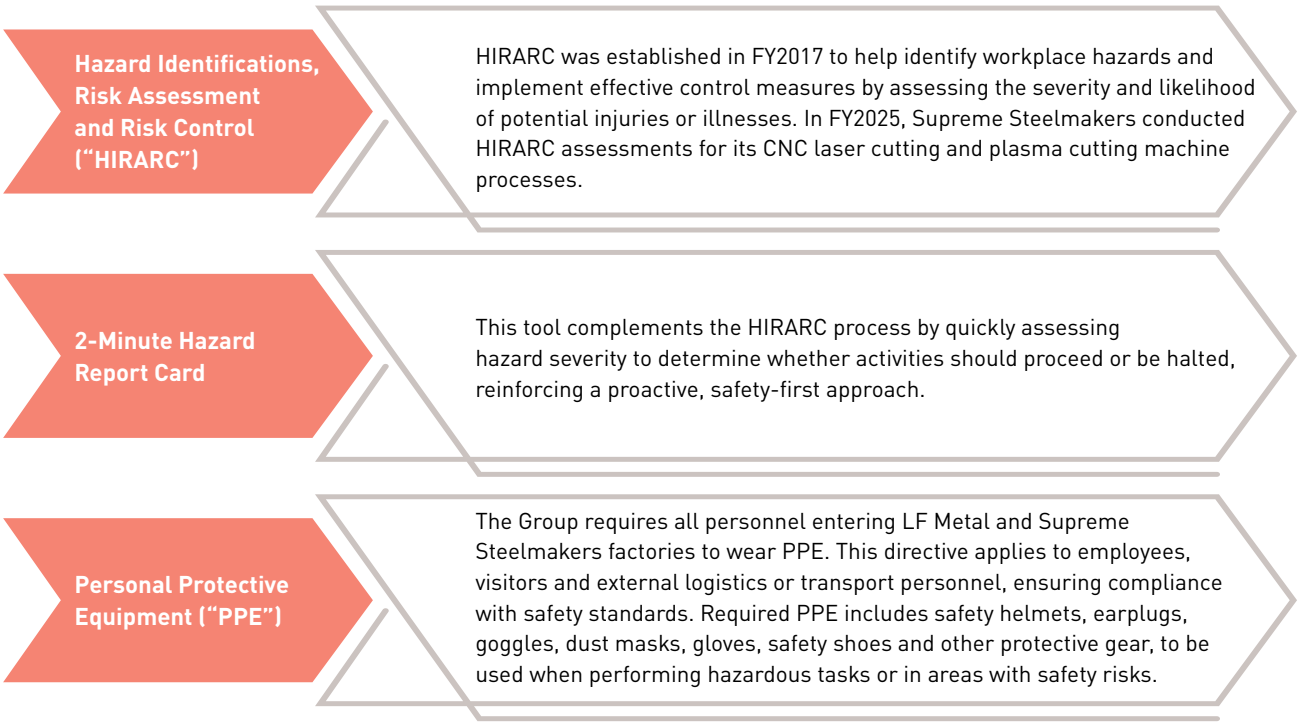
### Safety and Health Committee

The Group's three-tier Safety and Health Committee strengthens the management of OSH performance. Chaired by the Safety and Health Chairman and supported by the Safety and Health Officer/Secretary/Coordinator, the Committee includes representatives from both management and employees.

A Safety and Health Manual is in place to maintain operational safety, with a detailed control system overseen by the Safety and Health Committee. The manual outlines the Committee's functions and duties, fire safety procedures and critical safety measures specific to our facilities. Routine inspections are also conducted to uphold and improve safety and health standards.

### Safety Risk Management

Workplace safety standards are enforced through memoranda, violation notices and follow-up actions. In FY2025, LF Metal issued memoranda addressing non-compliances such as failure to report workplace accidents and the improper disposal of cigarette butts. In addition, safety violation notices were issued to employees and external transporter drivers for failing to meet PPE requirements.



# SUSTAINABILITY REPORT

### Health and Safety Training

In FY2025, 99 employees received a total of 391 training hours covering safe machinery handling, fire safety, first aid and proper use of PPE, as part of our ongoing training and awareness activities to support safe work practices and raise awareness of OSH risks.

LF Metal also conducts weekly toolbox talks at its production sites and Sunday safety walkabouts performed on a discretionary basis to reinforce safe practices.

**Employees trained on health and safety standards**

**99** **FY2025**

FY2024: 39 • FY2023: 71

**Health and Safety Programmes at LF Metal**

Internal Training: Refresher Training on Safety Operation - Coil Shearing Machine

Basic Occupational First Aid, CPR and AED

**Health and Safety Programmes at Supreme Steelmakers**

Overhead Crane Safety Operation Training

Safety Awareness Training (Do's and Don'ts)

The table below summarises key OSH metrics across our three (3) main subsidiaries.

**OSH Performance**

| | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| **Total number of hours worked** | 928,225 | 951,445 | 945,297 |
| **Number of work-related fatalities** | 1 | 0 | 0 |
| **Number of lost-time incidents** | 17 | 29 | 39 |
| **Lost-time Incident Rate** | 3.66 | 6.10 | 8.25 |

*Note:*
*LTIR is calculated per 200,000 hours worked annually.*

# SUSTAINABILITY REPORT

### Noise Management

Due to the nature of our steel processing operations, employees may be exposed to elevated noise levels. To manage this, the Group conducts regular noise assessments and implements control measures in compliance with the Occupational Safety and Health (Noise Exposure) Regulations 2019. The upcoming assessment is scheduled for FY2027.

Additionally, LF Metal conducts audiometric testing every year to monitor its workers' hearing health. In FY2025, a total of 86 employees participated in the tests. We also organise safety briefings and Noise Awareness Training to enhance employee awareness of potential hearing issues. To manage noise exposure in our facilities, we provide hearing protection devices such as anti-noise ear shields to all relevant personnel.

### Labour Practices and Standards

The Group upholds ethical labour practices as the foundation of a workplace that respects and supports every employee. We emphasise equal opportunities and maintains a culture rooted in dignity and responsible business conduct. This commitment strengthens employee well-being and contributes to higher engagement and productivity.

We provide a minimum notice period for significant operational changes to maintain transparency and give employees adequate time to prepare. There were no substantiated complaints concerning human rights violations over the past three (3) reporting years.

### Employee Benefits and Welfare

Leon Fuat offers a range of statutory and non-statutory benefits, prioritising employee well-being and development.

- Leave entitlements (annual leave, marriage leave, parental leave, compassionate leave, and examination leave)
- General healthcare and medical benefits
- Retirement Provision Employees' Provident Fund ("EPF")
- Festival half or full day "Eve-leave" for employees at LF Metal
- Disability and Invalidity Coverage Social Security Organisation ("SOCSO")
- Employment Insurance System ("EIS")

In FY2025, LF Metal enhanced its medical benefits by expanding the annual medical allowance to include dental treatments, preventive care, optical examinations, and prescription glasses or contact lenses, in addition to existing general outpatient coverage.

### Parental Leave

Parental leave is offered as part of our employee benefits to support working parents in balancing family and professional responsibilities.

**Parental Leave Entitlement**

| | FY2023 | | FY2024 | | FY2025 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| **No. of employees who took parental leave** | 12 | 8 | 6 | 3 | 3 | 2 |
| **No. of employees who returned after parental leave** | 12 | 5 | 6 | 3 | 3 | 2 |
| **No. of employees who returned to work after parental leave and were still employed 12 months later** | 10 | 4 | 7 | 3 | 3 | 2 |

# SUSTAINABILITY REPORT

### Training and Development

Leon Fuat's training and development programmes focus on enhancing daily job skills, developing employees' potential for career growth and promoting lifelong learning. In FY2025, we delivered 3,176 training hours through a mix of virtual and in-person sessions to maximise accessibility and engagement.

**3,176**
**Total Training Hours**
conducted for employee development

FY2024: 2,382 hours
FY2023: 1,837 hours

**7.15**
**Average Training Hours**
attended per employee

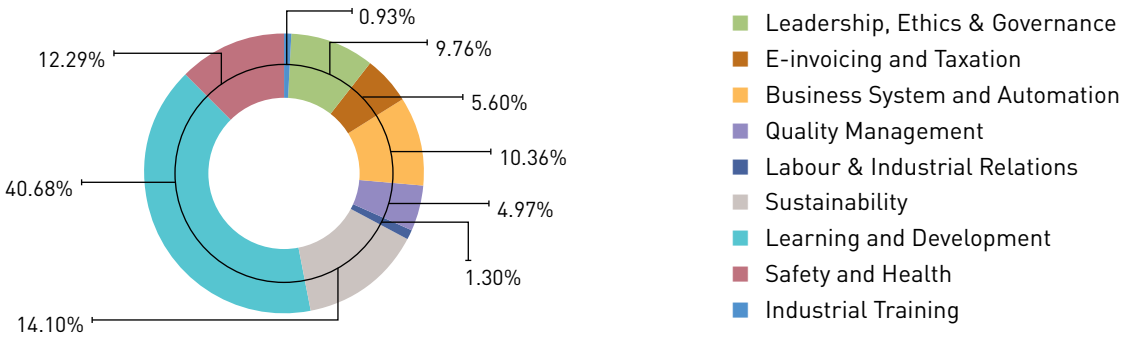
FY2024: 5.51 hours
FY2023: 4.45 hours

**Average Training Hours by Gender**

**4.55 hours**
FY2024: 3.29 hours
FY2023: 4.02 hours

**16.34 hours**
FY2024: 13.50 hours
FY2023: 5.90 hours

**Categories of Training Programme (%)**




**Total Training Hours by Employee Category**

| Total Training Hours by employee category | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| **Senior management** | 127.00 | 202.00 | 103.00 |
| **Management** | 332.50 | 594.82 | 1,104.00 |
| **Executive** | 355.50 | 781.78 | 1,159.00 |
| **Non-executive** | 1,022.00 | 803.32 | 810.30 |

**Average Training Hours by Employee Category**

| Average Training Hours by employee category | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| **Senior management** | 12.70 | 20.20 | 10.30 |
| **Management** | 10.08 | 16.99 | 31.54 |
| **Executive** | 6.24 | 12.22 | 15.66 |
| **Non-executive** | 3.27 | 2.49 | 2.49 |

# SUSTAINABILITY REPORT

### Employee Engagement

In FY2025, we organised the following initiatives to connect with and support our employees at LF Metal, fostering a positive and supportive workplace culture.

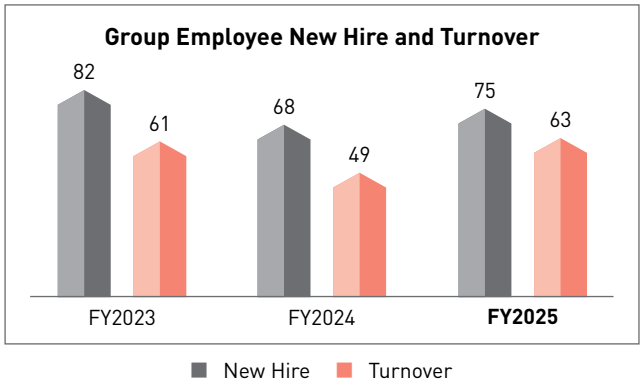
**Employee Engagement Programmes at LF Metal**

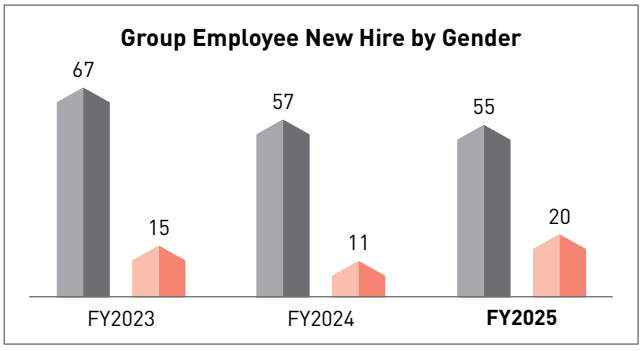
Monthly Healthcare Activities

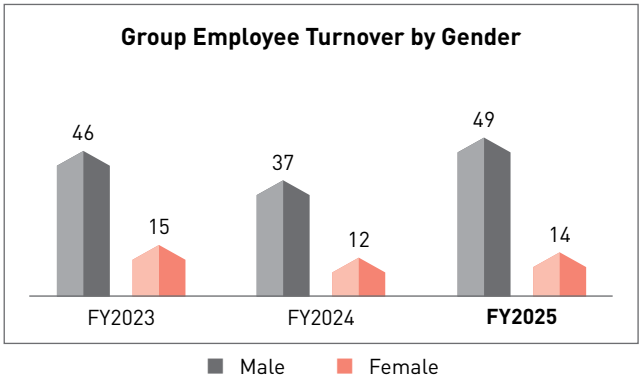
Leadership and Communication Programme

### Talent Acquisition and Retention

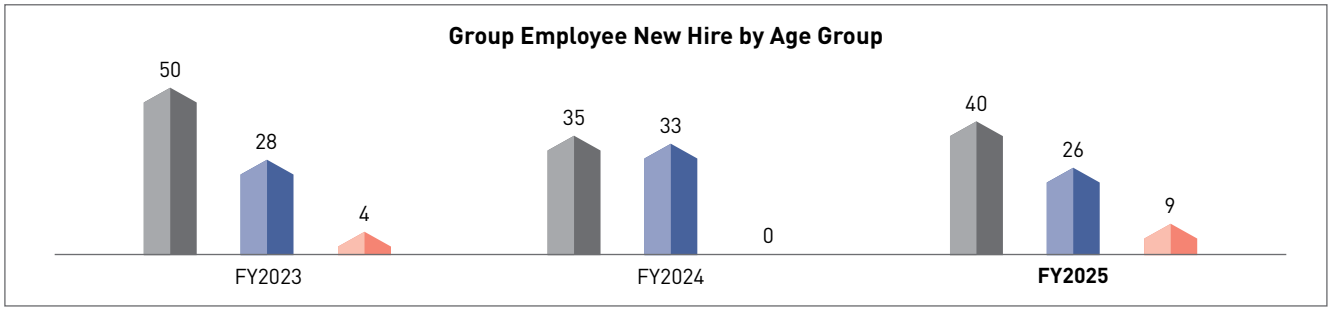
The following provides an overview of new hires and employee turnover in FY2025.

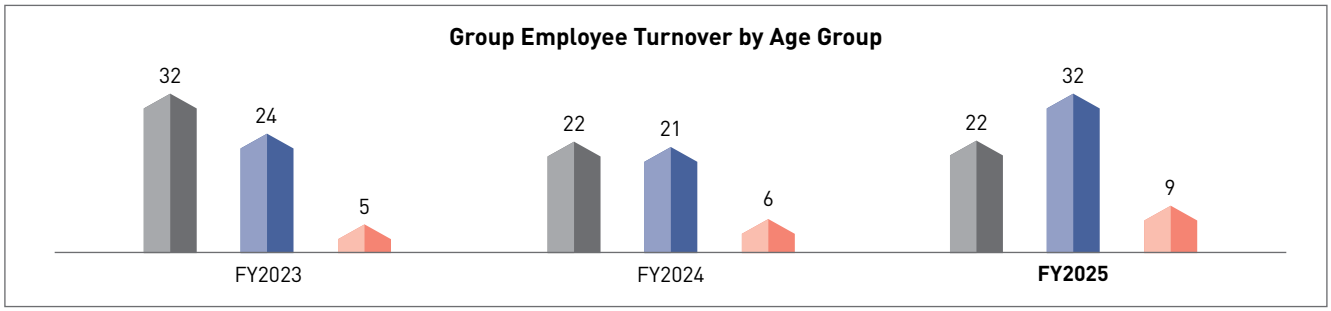


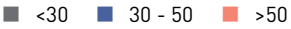



# SUSTAINABILITY REPORT



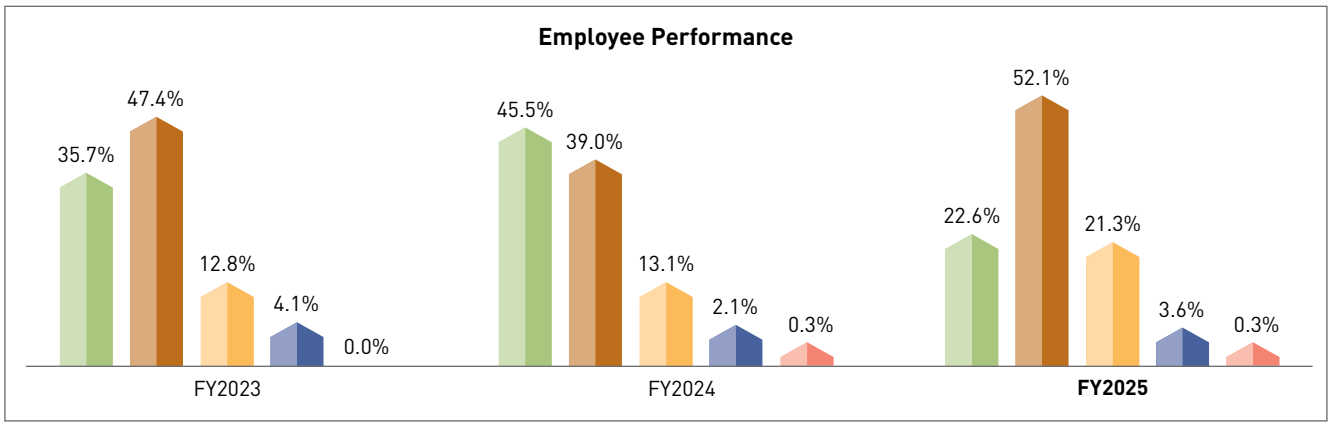



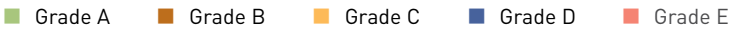

**Employee Turnover by Employee Category**

| | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| **Senior management** | 0 | 0 | 0 |
| **Management** | 1 | 3 | 0 |
| **Executive** | 9 | 7 | 7 |
| **Non-executive** | 51 | 39 | 56 |

### Performance Appraisal and Evaluation

Leon Fuat conducts annual performance assessments to evaluate employee performance and identify areas for improvement. In FY2025, 305 LF Metal employees underwent evaluations, with 22.6% achieving Grade A and 52.1% achieving Grade B.



# SUSTAINABILITY REPORT

## Diversity and Inclusiveness

We foster an inclusive workplace where all employees feel valued and treated fairly, regardless of age, gender or nationality. Our zero-tolerance Discrimination and Harassment Policy is reinforced through periodic employee training. Employees are encouraged to provide feedback or raise concerns about harassment, bias or discrimination without fear of reprisal. There were no substantiated instances of discrimination over the past three (3) reporting years.

Looking ahead, LF Metal is preparing an AI-enabled Fair Screening Platform, scheduled for implementation in FY2026. The platform is expected to streamline recruitment, reduce time-to-hire and support equitable hiring practices from the earliest stage.

### Workforce Diversity

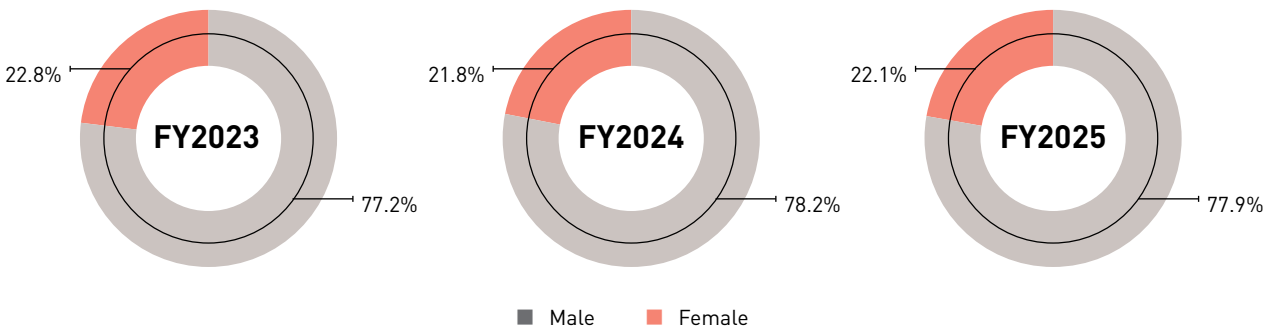
This year, our workforce grew by 2.78%. While most employees are male and aged between 30 and 50 due to the nature of our business, we welcome qualified individuals of all genders, ages and nationalities to be part of the Group.

**Total Employees**
**444**
FY2024: 432 • FY2023: 413

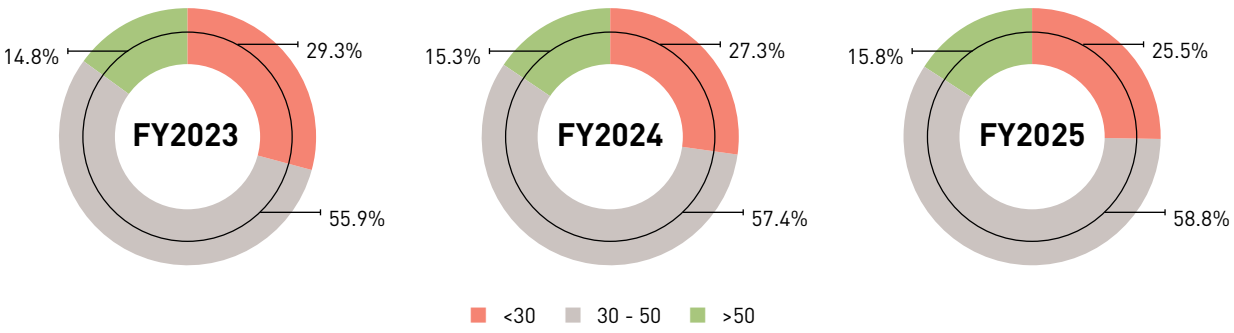
**Type of Employment**
**90.8%**
**Permanent**
FY2024: 79.2% • FY2023: 84.3%

**Employee Nationality**
**70.5%**
**Local**
FY2024: 68.1% • FY2023: 69.0%

**Employee Diversity By Gender**




**Employee Diversity by Age**



# SUSTAINABILITY REPORT

**Gender Diversity by Employee Category (%)**

| Employee Category | Gender | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|
| **Senior Management** | Men | 100.0 | 100.0 | 100.0 |
| | Women | 0.0 | 0.0 | 0.0 |
| **Management** | Men | 48.5 | 51.4 | 51.4 |
| | Women | 51.5 | 48.6 | 48.6 |
| **Executive** | Men | 19.3 | 26.6 | 25.7 |
| | Women | 80.7 | 73.4 | 74.3 |
| **Non-Executive** | Men | 90.1 | 90.7 | 92.0 |
| | Women | 9.9 | 9.3 | 8.0 |

**Age Diversity by Employee Category (%)**

| Employee Category | Age | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|
| **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 | 2.9 | 2.9 |
| | 30-50 | 87.9 | 80.0 | 74.3 |
| | >50 | 9.1 | 17.1 | 22.9 |
| **Executive** | <30 | 19.3 | 21.9 | 24.3 |
| | 30-50 | 64.9 | 62.5 | 62.2 |
| | >50 | 15.8 | 15.6 | 13.5 |
| **Non-Executive** | <30 | 34.8 | 31.9 | 28.9 |
| | 30-50 | 52.1 | 55.1 | 57.5 |
| | >50 | 13.1 | 13.0 | 13.5 |

## Product Quality and Customer Satisfaction

Leon Fuat acknowledges the association between delivering high quality goods and offering excellent customer service. Our commitment to meeting customer expectations and ensuring timely delivery has strengthened the Group's reputation and fostered long-term relationships with our valued customers.

All three (3) of our subsidiaries are certified under ISO 9001:2015 (Quality Management Systems), which requires a structured approach for continual improvement, enabling us to systematically identify and address areas for enhancement.

### 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:** 11/12/2028

### LF Metal
**ISO 9001:2015**

**Scope:** Distribution of Steel Materials and Provision of Steel Processing Services.

**Date of issue:** 12/01/2004
**Date of expiry:** 30/07/2027

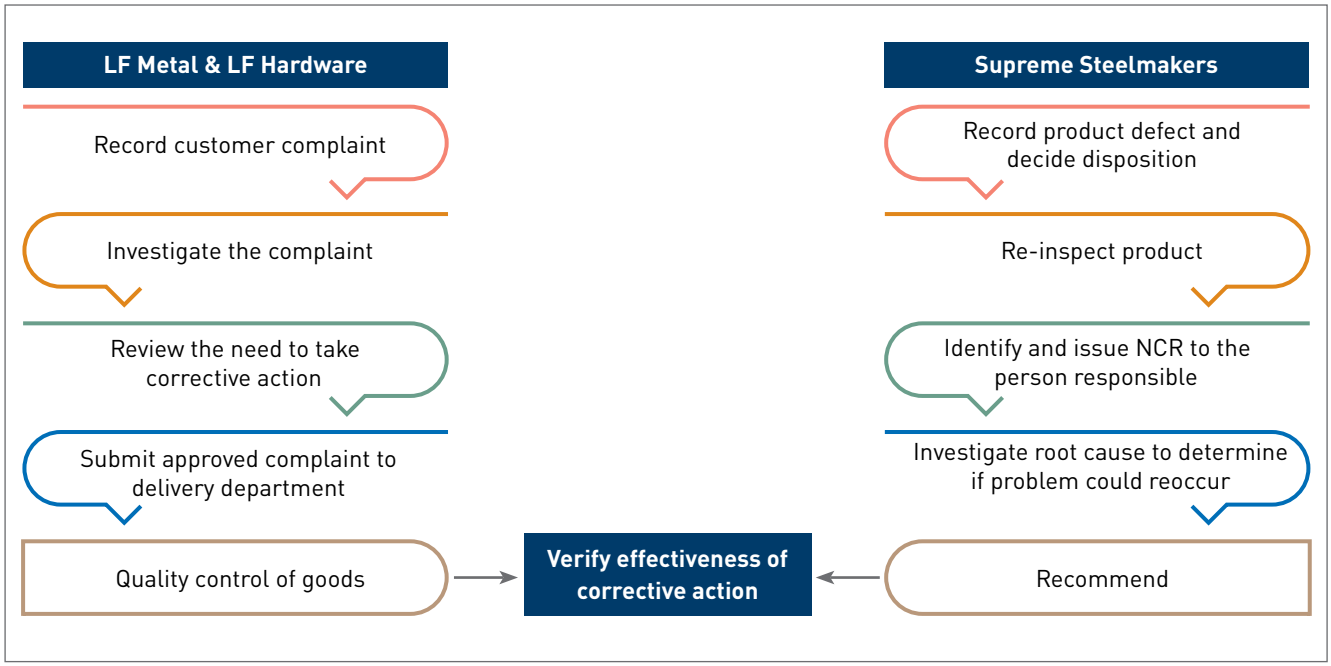
### Supreme Steelmakers
**ISO 9001:2015**

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

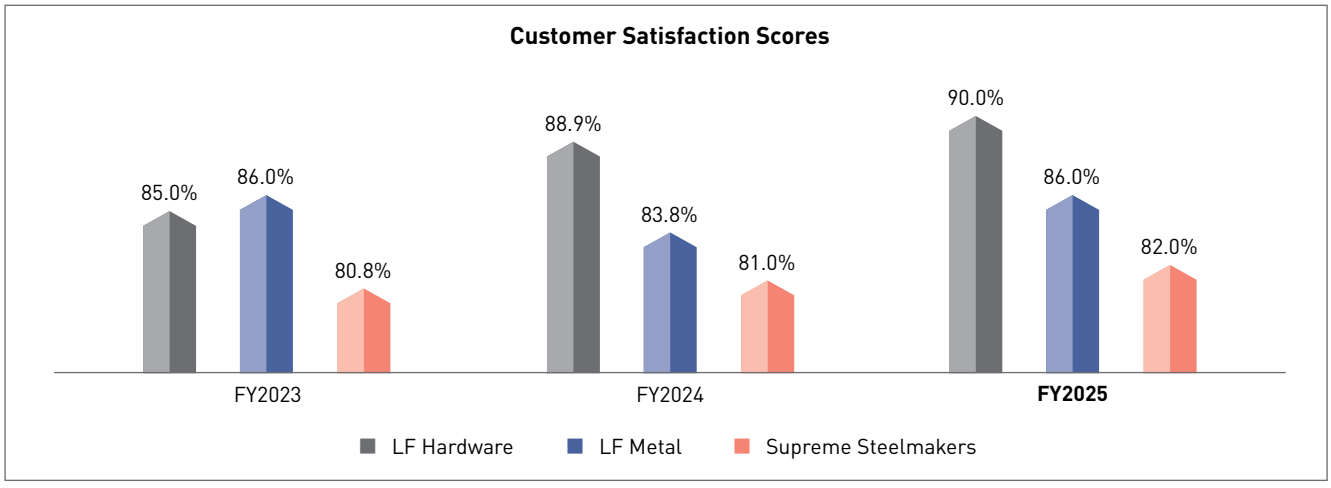
**Date of issue:** 18/01/2010
**Date of expiry:** 17/01/2028

# SUSTAINABILITY REPORT

The Group adopts a holistic approach to produce quality products and address customer requirements. We engage with our customers frequently and conduct an annual satisfaction survey to gather valuable insights regarding their satisfaction level. The usage of the Customer Return Note system ensures thorough tracking and prompt resolution of any customer-related concerns.




The Group also strives to ensure that the quality of our steel products aligns with recognised high standards. This is reflected in our customer satisfaction scores of 90.0% for LF Hardware, 86.0% for LF Metal and 82.0% for Supreme Steelmakers.



# SUSTAINABILITY REPORT

## Corporate Social Responsibility

As a responsible corporate citizen, Leon Fuat remains committed to supporting the communities we serve and the broader social environment through community investments and corporate social responsibility ("CSR") initiatives. Special requests from organisations are carefully evaluated based on available funding resources and the collective decision of the Charity Committee, ensuring alignment with our goal of contributing positively to the communities and environment in which we operate.

In FY2025, Leon Fuat has invested RM44,600 in CSR programmes, benefitting ten (10) organisations.

**CSR Contributions and Beneficiaries**

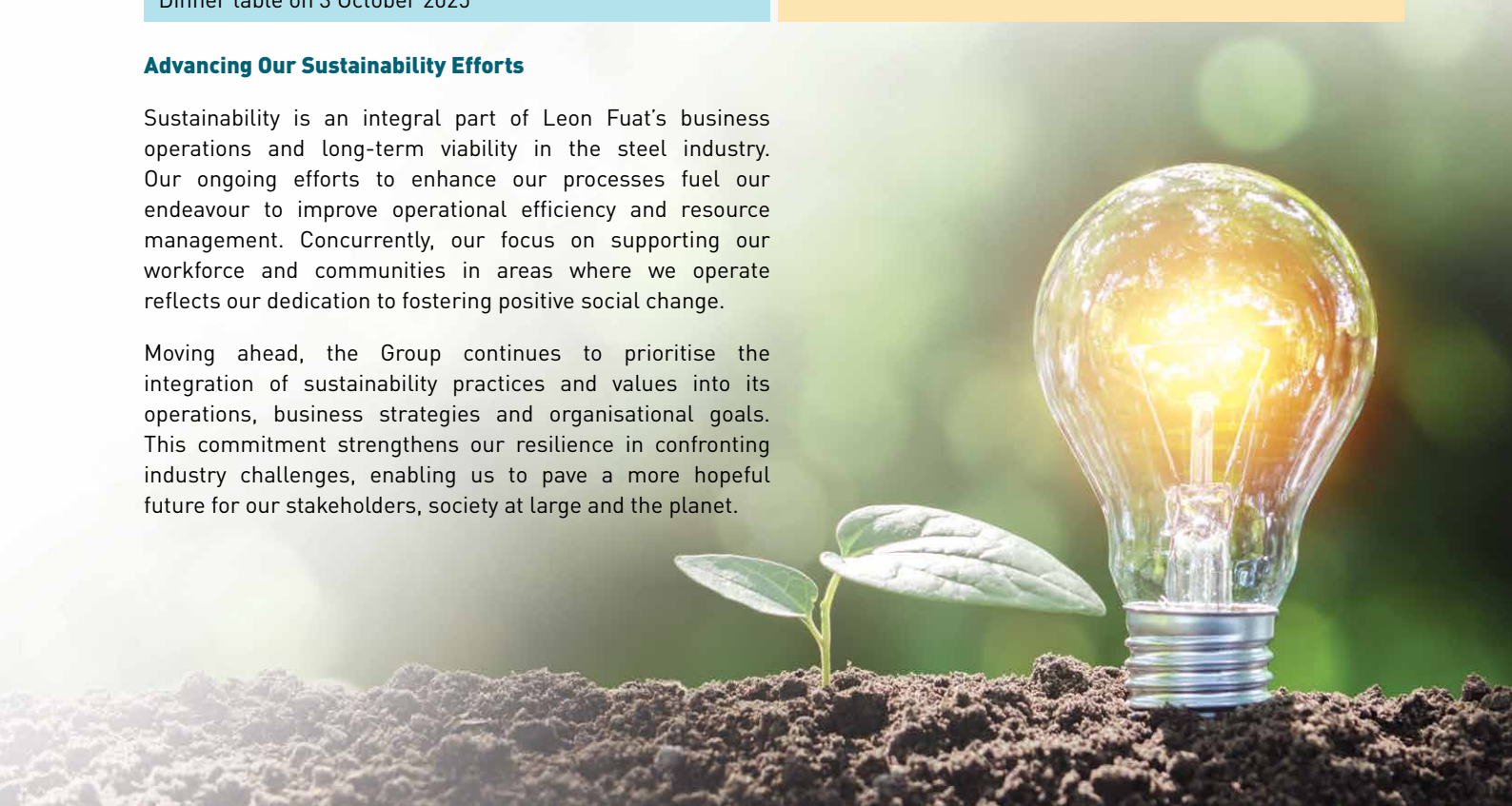
| | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| **Total amount invested in CSR programmes (RM)** | 9,650 | 38,200 | 44,600 |
| **Number of beneficiaries (organisations)** | 10 | 7 | 10 |

- RM300 worth charitable donation to Persatuan Penganut Dewa Goh Foo Keng Klang Selangor on 28 August 2025
- RM3,000 sponsorship to Malaysia Steel & Metal Distributors' Association ("MSMDA") for their Karaoke Singing Competition & Dinner 2025 on 21 August 2025
- RM23,000 contribution to the Choy Lee Futt Chang Choy Lion Dance Association Kuala Lumpur for their 11th anniversary on 15 December 2025
- RM3,000 contribution to the Perak Chinese Hardware Dealers' Association for their 86th Anniversary Dinner on 21 October 2025
- RM3,000 contribution to the Puchong Chinese Chamber of Commerce & Industry (PCCCI) for their 7th Anniversary Dinner table on 3 October 2025
- RM300 worth charitable donation to Templer on 21 August 2025
- RM500 sponsorship to Yayasan Wasco Charity Golf Tournament 2025 on 17 July 2025
- RM10,000 donation to Sekolah Menengah Chong Hwa Kuantan for their charity run on 12 June 2025
- RM300 donation to the Penang Hardware & Machinery Merchants' Association for their 78th Anniversary Celebration Dinner on 3 November 2025
- RM1,200 charitable donation to Persatuan Kebajikan Chin Chun Hu on 16 October 2025

## Advancing Our Sustainability Efforts

Sustainability is an integral part of Leon Fuat's business operations and long-term viability in the steel industry. Our ongoing efforts to enhance our processes fuel our endeavour to improve operational efficiency and resource management. Concurrently, our focus on supporting our workforce and communities in areas where we operate reflects our dedication to fostering positive social change.

Moving ahead, the Group continues to prioritise the integration of sustainability practices and values into its operations, business strategies and organisational goals. This commitment strengthens our resilience in confronting industry challenges, enabling us to pave a more hopeful future for our stakeholders, society at large and the planet.



# LEON FUAT BERHAD

BMLR Transition Period

Date & Time: 2026-04-23_10:04:23

FYE 31/12/2025

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---|---|---|---|---|---|
| Corporate Governance and Anti-Corruption | Percentage of employees who have received training on anti-corruption by employee category •Management | % | 8.57 | - | Internal |
| Corporate Governance and Anti-Corruption | Percentage of employees who have received training on anti-corruption by employee category •Executive | % | 5.41 | - | Internal |
| Corporate Governance and Anti-Corruption | Percentage of employees who have received training on anti-corruption by employee category •Non-Executive | % | 0 | - | Internal |
| Corporate Governance and Anti-Corruption | Percentage of operations assessed for corruption related risks | % | 0 | - | Internal |
| Corporate Governance and Anti-Corruption | Confirmed incidents of corruption and actions taken | Number | 0 | - | Internal |
| Data Privacy and Cybersecurity | Number of substantiated complaints concerning breaches of customer privacy or losses of customer data | Number | 0 | - | Internal |
| Responsible Procurement | Proportion of spending on local suppliers | % | 20.1 | - | Internal |
| Climate Change and Energy | Total energy consumption | MWh | 13,752 | - | Internal |
| Climate Change and Energy | Scope 1 emissions in tonnes of CO2e | tCO2e | 1,724 | - | Internal |
| Climate Change and Energy | Scope 2 emissions in tonnes of CO2e | tCO2e | 3,816 | - | Internal |
| Climate Change and Energy | Scope 3 emissions in tonnes of CO2e (business travel and employee commuting) | tCO2e | 456 | - | Internal |
| Effluent and Waste Management | Total waste generated | Metric tonnes | 4.74 | - | Internal |
| Effluent and Waste Management | Total waste diverted from disposal | Metric tonnes | 3.64 | - | Internal |

## LEON FUAT BERHAD

BMLR Transition Period

Date & Time: 2026-04-23_10:04:23

FYE 31/12/2025

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---|---|---|---|---|---|
| Effluent and Waste Management | Total waste directed to disposal | Metric tonnes | 1.10 | - | Internal |
| Water Efficiency | Total volume of water used | m3 | 49,585 | - | Internal |
| Occupational Safety and Health | Number of work-related fatalities | Number | 0 | - | Internal |
| Occupational Safety and Health | Lost time incident rate ("LTIR") | Rate | 8.25 | - | Internal |
| Occupational Safety and Health | Number of employees trained on health and safety standards | Number | 99 | - | Internal |
| Labour Practices and Standards | Number of substantiated complaints concerning human rights violation | Number | 0 | - | Internal |
| Labour Practices and Standards | Total hours of training by employee category<br>•Senior Management | Hours | 103 | - | Internal |
| Labour Practices and Standards | Total hours of training by employee category<br>•Management | Hours | 1,104 | - | Internal |
| Labour Practices and Standards | Total hours of training by employee category<br>•Executive | Hours | 1,159 | - | Internal |
| Labour Practices and Standards | Total hours of training by employee category<br>•Non-Executive | Hours | 810 | - | Internal |
| Labour Practices and Standards | Total number of employee turnover by employee category<br>•Senior Management | Number | 0 | - | Internal |
| Labour Practices and Standards | Total number of employee turnover by employee category<br>•Management | Number | 0 | - | Internal |
| Labour Practices and Standards | Total number of employee turnover by employee category<br>•Executive | Number | 7 | - | Internal |

# LEON FUAT BERHAD

BMLR Transition Period

Date & Time: 2026-04-23 10:04:23

FYE 31/12/2025

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---|---|---|---|---|---|
| Labour Practices and Standards | Total number of employee turnover by employee category •Non-Executive | Number | 56 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Senior Management (Male) | % | 100.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Senior Management (Female) | % | 0.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Management (Male) | % | 51.4 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Management (Female) | % | 48.6 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Executive (Male) | % | 25.7 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Executive (Female) | % | 74.3 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Non-Executive (Male) | % | 92.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by gender group for each employee category •Non-Executive (Female) | % | 8.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Senior Management (<30) | % | 0.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Senior Management (30-50) | % | 20.0 | - | Internal |

# LEON FUAT BERHAD

BMLR Transition Period

Date & Time: 2026-04-23_10:04:23

FYE 31/12/2025

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---|---|---|---|---|---|
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Senior Management (>50) | % | 80.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Management (<30) | % | 2.9 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Management (30-50) | % | 74.3 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Management (>50) | % | 22.9 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Executive (<30) | % | 24.3 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Executive (30-50) | % | 62.2 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Executive (>50) | % | 13.5 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Non-Executive (<30) | % | 28.9 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Non-Executive (30-50) | % | 57.5 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees by age group for each employee category •Non-Executive (>50) | % | 13.5 | - | Internal |
| Diversity and Inclusiveness | Percentage of directors by gender •Male | % | 88.9 | - | Internal |

# LEON FUAT BERHAD

BMLR Transition Period

Date & Time: 2026-04-23 10:04:23

FYE 31/12/2025

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance |
|---|---|---|---|---|---|
| Diversity and Inclusiveness | Percentage of directors by gender<br>•Female | % | 11.1 | - | Internal |
| Diversity and Inclusiveness | Percentage of directors by age<br>•<30 | % | 0.0 | - | Internal |
| Diversity and Inclusiveness | Percentage of directors by age<br>•30 - 50 | % | 33.3 | - | Internal |
| Diversity and Inclusiveness | Percentage of directors by age<br>•>50 | % | 66.7 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees that are contractors or temporary staff<br>•Permanent | % | 90.8 | - | Internal |
| Diversity and Inclusiveness | Percentage of employees that are contractors or temporary staff<br>•Contract | % | 9.2 | - | Internal |
| Corporate Social Responsibility | Total amount invested in the community where the target beneficiaries are external to the listed issuer | RM | 44,600 | - | Internal |
| Corporate Social Responsibility | Total number of beneficiaries of the investment in communities | Number | 10 | - | Internal |

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

| | |
|---|---|
| **Statement of use** | Leon Fuat Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 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 | 32 |
| | 2-2 Entities included in the organisation's sustainability reporting | 32 |
| | 2-3 Reporting period, frequency and contact point | 32 |
| | 2-4 Restatements of information | 55 |
| | 2-6 Activities, value chain and other business relationships | 32, 45 |
| | 2-7 Employees | 66 |
| | 2-9 Governance structure and composition | 38 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 38 |
| | 2-13 Delegation of responsibility for managing impacts | 38 |
| | 2-14 Role of the highest governance body in sustainability reporting | 38 |
| | 2-16 Communication of critical concerns | 38 |
| | 2-17 Collective knowledge of the highest governance body | 38 |
| | 2-19 Remuneration policies | 46 |
| | 2-22 Statement on sustainable development strategy | 35 |
| | 2-23 Policy commitments | 36 |
| | 2-24 Embedding policy commitments | 36 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 47 |
| | 2-27 Compliance with laws and regulations | 47 |
| | 2-28 Membership associations | 33 |
| | 2-29 Approach to stakeholder engagement | 39,40 |
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | 41 |
| | 3-2 List of material topics | 41 |
| | 3-3 Management of material topics | 44 - 69 |
| **GRI 201: Economic Performance 2016** | 201-2 Financial implications and other risks and opportunities due to climate change | 50 - 51 |
| **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 | 47 - 48 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 48 |
| | 205-3 Confirmed incidents of corruption and actions taken | 48 |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organisation | 52 - 54 |
| | 302-3 Energy intensity | 52 |

# SUSTAINABILITY REPORT

| GRI Standard | Disclosure | Location (Page) |
|---|---|---|
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | 58 |
| | 303-2 Management of water discharge-related impacts | 58 |
| | 303-3 Water withdrawal | 58 |
| | 303-4 Water discharge | 58 |
| | 303-5 Water consumption | 58 |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 55 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 55 |
| | 305-3 Other indirect (Scope 3) GHG emissions | 55 |
| | 305-4 GHG emissions intensity | 55 |
| **GRI 306: Waste 2020** | 306-1 Waste generation and significant waste-related impacts | 56 - 58 |
| | 306-2 Management of significant waste-related impacts | 56 |
| | 306-3 Waste generated | 56 - 57 |
| | 306-4 Waste diverted from disposal | 57 |
| | 306-5 Waste directed to disposal | 57 |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | 64 - 65 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 62 |
| | 401-3 Parental leave | 62 |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | 60 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 60 |
| | 403-3 Occupational health services | 59 - 60 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 60 |
| | 403-5 Worker training on occupational health and safety | 61 |
| | 403-6 Promotion of worker health | 62 |
| | 403-9 Work-related injuries | 61 |
| | 403-10 Work-related ill health | 61 |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | 63 |
| | 404-2 Programmes for upgrading employee skills and transition assistance programmes | 63 |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 46, 65 - 67 |
| **GRI 406: Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 66 |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programmes | 69 |
| **GRI 418: Customer Privacy 2016** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 49 |

# REIMAGINING HORIZONS

BEYOND OPERATIONAL STRIDES, LEON FUAT HAS **EMBEDDED ESG CONSIDERATIONS AND UNSDGS INTO ITS ACTIVITIES SINCE 2017,** DRIVING A PERFORMANCE CULTURE OF INTEGRITY AND ACCOUNTABILITY.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Leon Fuat Berhad ("Board") remains 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"). This commitment forms an integral part of the Board's fundamental duties and responsibilities to protect and enhance shareholders' value while achieving 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 2025 ("FY2025"). 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 comprising individuals with diverse background and experience with a broad range of skills and expertise. The Board remains committed to fulfilling its fiduciary and leadership responsibilities in pursuit of the Group's objectives. This includes reviewing strategic plans, overseeing business conduct, identifying risks and reviewing and evaluating the adequacy and integrity of the internal control systems of the Group while ensuring the implementation of 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 in the execution and ensure proper and effective discharge of the Board's 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 the Board to facilitate the smooth and effective functioning of the Board, while also serving in an advisory capacity by keeping the Board informed of legal and statutory requirements, as well as development in corporate governance practices and 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 to the ethical principles and standards of good conduct expected of the Directors, Management, and employees of the Group, promoting integrity and accountability.

The Whistle-Blowing Policy provides an appropriate platform for reporting by employees and other stakeholders of genuine concerns regarding malpractice, wrongdoing or risk that may impact the Group. It outlines the reporting procedures and channels to ensure that appropriate actions are taken. The Whistle-Blowing Policy is published on the Company's website and is subject to regularly review by the Board to ensure it remains aligned with the Board's objectives and responsibilities.

The Board is committed to combating bribery across the organisation, its working environment, and all business dealings involving the Group. In support of this commitment, the Group 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 designated, at each subsidiary level, a person responsible for anti-bribery compliance functions to serve as the point of contact for reporting bribery-related issues or workplace grievances. 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, among others, the fit and proper criteria to be considered for the appointment and re-election of Directors of the Company and its subsidiaries. The Board seeks to ensure that such board appointments are made based on assessment of character and integrity, experience and competence, and time and commitment. A fit and proper assessment of a Director may also be conducted whenever the Company becomes aware of information that may materially compromise the 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. All Directors and Key Senior Management of the Group are required to declare, on a quarterly basis at scheduled Board and Audit Committee meetings, any interest in competing businesses with that of the Group, or other situations that may give rise to a COI or interfere with the exercise of their judgement in their respective capacities as Directors or Key Senior Management of the Group, which could be disadvantageous to the Group's interests. In addition, declarations from the Directors and Key Senior Management of the Group are required as and when any such interests or COI situation arises.

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 meeting 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 directorships as soon as practicable for notification to the Board. It was noted that 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 FY2025. 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 | 4 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 | 5 out of 5 |

# 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<br>Dato' Sri Ooi Bin Keong<br>Ooi Seng Khong<br>Ooi Kong Tiong<br>Ng Kok Teong<br>Chan Kee Loin<br>Thien Shy Wei | 21 & 22 April 2025 | Mandatory Accreditation Programme (MAP)<br>Part II: Leading for Impact (LIP) |
| Ooi Shang How | 26 August 2025 | Seminar on Sales Tax Expansion: Updates & Implications for the Iron and Steel Industry |
| | 29 & 30 September 2025 | Communicate with Impact Through Storytelling Program |
| Wong Sze Yan | 21 & 22 April 2025 | Mandatory Accreditation Programme (MAP)<br>Part II: Leading for Impact (LIP) |
| | 17 November 2025 | MFRS 10 – Consolidated of Holding Company and Subsidiary Company<br>MFRS 124 – Related Party Transactions and Disclosures |
| | 26 November 2025 | Transitioning to MFRS 16 Leases |
| | 1 December 2025 | Financial Instruments Under MFRS 9, MFRS 132 and MFRS 7<br>MFRS 13 – Application for Fair Value to Asset Valuation<br>MFRS 15 – Revenue Recognition Model for All Contracts |

## II. BOARD COMPOSITION

The Board currently 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 Group in respect of FY2025 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 the 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 duties and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Nomination Committee**

The current composition of Nomination Committee is set out below.

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

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

During the FY2025, the Nomination Committee met once on 27 February 2025 with full attendance of its members.

**Activities of the Nomination Committee**

During the FY2025, the Nomination Committee carried out the following activities in the discharge of its duties:

1. 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 Committees, 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 of the evaluation, the Nomination Committee and the Board were satisfied with the Board size and composition which remain unchanged since the previous financial year; 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.

2. 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.

3. Reviewed the tenure of the Independent Non-Executive Directors of the Company and considered Practice 5.3 under the MCCG governing the tenure of independent directors to not exceeding a term limit of 9 years. The Nomination Committee noted that none of the Independent Non-Executive Directors of the Company have served on the Board for a cumulative term exceeding 9 years.

4. Reviewed the term of office and performance of the Audit Committee in accordance with the Listing Requirements and based on the evaluation performed, the Nomination Committee was satisfied that the Audit Committee and its members have effectively discharged their duties and responsibilities in accordance with its Terms of Reference.

5. 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 having considered the retiring Directors' eligibility for re-election in accordance with the Group's Directors' Fit and Proper Policy, and also noted the Directors' Self and Peer Performance Evaluation Form encompassing fit and proper assessment, contribution and performance of the Directors, has recommended their re-election for shareholders' approval at the 2025 AGM of the Company.

6. Reviewed the training needs of the Directors and worked with the Board to ensure that all Directors continue to possess the requisite skills and knowledge, and remain abreast of emerging trends, industry developments and relevant regulatory requirements and changes to effectively discharge their duties.

7. Reviewed the activities carried out by the Nomination Committee for inclusion in the Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 | Member, Non-Independent Non-Executive Director |
| Wong Sze Yan | Member, Independent Non-Executive Director |

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

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

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;
- 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Activities of the Remuneration Committee**

During the FY2025, the Remuneration Committee carried out the following activities to discharge its duties:

1. Reviewed 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 remain reasonable and competitive, considering the Company's performance, in order to attract, motivate and retain the senior talent towards the achievement of the 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 Directors' fees and meeting allowances for the Non-Executive Directors of the Company for tabling to the shareholders for approval at the 2025 AGM of the Company.

4. Reviewed the activities carried out by the Remuneration Committee for inclusion in the Annual Report.

5. 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 FY2025, 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 | 5,000 | - | - | - | **125,000** |
| Thien Shy Wei | 120,000 | 5,000 | - | - | - | **125,000** |
| Wong Sze Yan | 120,000 | 5,000 | - | - | - | **125,000** |
| **Executive Directors** | | | | | | |
| Dato' Sri Ooi Bin Keong | 330,000 | - | 864,000 | 72,000 | 155,255 | **1,421,255** |
| Ooi Seng Khong | 190,000 | - | 864,000 | 180,000 | 164,040 | **1,398,040** |
| Ooi Kong Tiong | 330,000 | - | 691,200 | 57,600 | 124,626 | **1,203,426** |
| Ng Kok Teong | 260,000 | - | 604,800 | 50,400 | 110,552 | **1,025,752** |
| Ooi Shang How | 190,000 | - | 604,800 | 126,000 | 128,209 | **1,049,009** |
| **Total** | **1,800,000** | **20,000** | **3,628,800** | **486,000** | **682,682** | **6,617,482** |

# 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 | 5,000 | - | - | - | **125,000** |
| Thien Shy Wei | 120,000 | 5,000 | - | - | - | **125,000** |
| Wong Sze Yan | 120,000 | 5,000 | - | - | - | **125,000** |
| **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** | **1,100,000** | **20,000** | **-** | **-** | **-** | **1,120,000** |

*Note:*
*[1] Other emoluments comprise estimated monetary value of benefits-in-kind, employer's contribution to Employees Provident Fund (EPF), Allowance in lieu of EPF, 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 FY2025, analysed into bands of RM50,000 is as follows:

| Remuneration band | Number of Key Management Personnel |
|---|---|
| RM500,001 to RM550,000 | 2 |
| 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 who performed the scheduled 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, as an integral part of the evaluation of the External Auditors, 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. 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. Draft announcements of the Company for public release are prepared by the Company Secretary in consultation with the Executive Director and/or the Chief Financial Officer for review before they are 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 of shareholders remains the principal forum for direct 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, operations and future strategic direction of the Group and provide opportunities for the shareholders to communicate their feedback to the Board and Management.

The notice convening the 18th AGM of the Company held on 13 June 2025 was issued to the shareholders on 30 April 2025, 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, amongst other details, 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 18th 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 2025.

This Statement was reviewed and approved by the Board on 10 April 2026.

# DIRECTORS' RESPONSIBILITY STATEMENT

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 2025 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 2025, 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 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:

- Policies, procedures and confirmation on the independence of the External Auditors;
- Consideration of fraud in an audit of financial statements;
- 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 new MFRSs and amendments/improvements to MFRSs that have been issued but are yet to be effective;
- Sustainability reporting developments, including requirements for statement of assurance, align with the National Sustainability Reporting Framework and disclosure under Main Market Listing Requirements; 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 27 February 2025 and 11 April 2025 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 issues were brought to the attention of the AC, save for the significant upsurge of inventories that warrant close monitoring by Management;

v. Conducted ongoing review and monitoring of the inventory reduction and rationalisation plan to optimise inventory levels of respective subsidiaries in order to 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 RRPT entered into by the Group every quarter as well as the circular to the shareholders on the proposed renewal of existing mandate for RRPT 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 the 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 plan, internal audit reports, including follow-up audit reports presented by the Internal Auditors, and sought clarifications from Management and the Internal Auditors on the audit coverage and approach; as well as audit issues highlighted. It was noted that the Audit Committee could assign ad-hoc internal audit reviews on a need basis if situation warrants any special unscheduled reviews to be performed;

x. Conducted regular private sessions with the Internal Auditors without the presence of Management on 27 February 2025, 28 May 2025, 28 August 2025 and 27 November 2025 and noted that the Internal Auditors reported no significant internal control deficiencies, nor was there any lack of cooperation and assistance provided by the Management to the Internal Auditors;

xi. Conducted annual evaluation of the External Auditors' performance, considering the audit team's competency, independence, audit scope and planning, amongst other 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;

xii. Conducted annual evaluation of the performance, resources and competency of the Internal Auditors and was satisfied with their effectiveness and performance;

xiii. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company;

xiv. Reviewed the Terms of Reference of the Audit Committee and Policy on the Evaluation of the External and Internal Auditors; and

xv. Reviewed any conflict of interest ("COI") situation within the Group based on the declaration of RRPT concerning the interests of certain Directors, and actual or potential COI situations, if any, involving the Directors and Key Senior Management for the financial year ended 31 December 2025.

# AUDIT COMMITTEE REPORT

## REVIEW OF AUDIT COMMITTEE

During the financial year, the Board, through the Nomination Committee, undertook an annual review of the performance of Audit Committee and based on the evaluation performed, the Board 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.

In addition to providing internal audit services, IAE facilitates the Group's risk assessment functions. 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 undertook by the Internal Auditors during the financial year based on the approved internal audit plan:

- Reviewed the implementation of the anti-bribery and corruption preventive measures identified by Management in the corruption risk assessment in LF Metal, LF Hardware, Supreme Steelmakers and PSP, and reported to the Audit Committee its findings including the areas requiring further improvement;
- Reviewed the Company's Sustainability Report in respect of the financial year ended 31 December 2024 and presented their report to the Audit Committee covering the scope of review and approach, observations and areas for improvement;
- Developed and presented the Internal Audit Annual Plan covering the proposed audit scope designed based on identification of key risk areas, the targeted subsidiaries and proposed audit timeline;
- Assessed the health, safety and environment management functions in LF Metal and reported to the Audit Committee the control status, detailed observations and proposed corrective actions agreed to by the action owners with targeted completion dates;
- Reviewed the sales and credit control functions, inventory management and purchasing functions of LF Hardware and PSP, 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 status and/or lapses alongside the target completion dates;
- Facilitated Management of Supreme Steelmakers in their sustainability-related risks and opportunities assessment to address the high and medium priority sustainability risks identified, covering current operational priorities and ongoing initiatives across supplier oversight, energy management, safety, and governance;
- Conducted follow-up reviews to ascertain the progress of Management's implementation of the agreed action plans to address the identified control lapses or enhance the existing control procedures, 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 FY2025 was RM227,152.62.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Leon Fuat Berhad is pleased to present the Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 December 2025 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities.

This Statement is prepared with reference to the SORMIC Guide 2025 and addresses Part II of Principle B, Intended Outcome 10.0, Practices 10.1 and 10.2, read together with Guidance 10.1 and 10.2 as set out in the Malaysian Code on Corporate Governance ("MCCG"), which relate to risk management and internal control framework.

## BOARD RESPONSIBILITIES

Pursuant to Practice 10.1 and Guidance 10.1 of the MCCG, the Board has established an effective risk management and internal control framework, determined the risk tolerance and identified, assessed and monitored key business risks to safeguard the shareholders' investment and the Group's assets. The Board is supported by the Audit Committee ("AC"), comprising entirely of non-executive Directors with a majority of independent directors, to oversee the Group's risk management framework and policies. Collectively, the Board and AC are responsible for ensuring a sound risk management and internal control framework is maintained in the Group.

In response to Practice 10.2 and Guidance 10.2, the Board discloses in this Statement the features of its risk management framework, including its policy, working group, management assurance process, board review, and the key risks faced by the Group during the financial year, and how the Group navigates and mitigates those risks.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management framework aligns with international risk management principles. It includes risk identification, assessment, mitigation, monitoring and reporting.

At Management level, the management team from the operating subsidiaries formed the Risk Management Working Group ("RMWG"). The 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 11 February 2025, 13 May 2025, 12 August 2025, and 13 November 2025 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***

The Group's key competitive strength lies in its broad range of facilities and products, as well as its diverse customer base. To maintain its market position as an effective intermediary between steel mills and industrial end-users, the Group maintains an adequate level of inventory to meet market demand promptly and ensure timely delivery. This strategy also enables the Group to mitigate competition risk from the existing and new entrants in the steel market.

Nonetheless, the Group's key strength comes with risks. When market demand slows due to steel price uncertainty, inventory levels will increase and the inventory turnover period will lengthen, thereby increasing the Group's interest expense and potential stock impairment and adversely impacting the Group's financial performance. In addition, the Group faces the steel price fluctuation, often driven by volatility in commodity and crude oil prices, as well as foreign currency exchange rates against the Ringgit Malaysia.

To maintain its steel market position and counter the market risks, the Group continues to monitor steel prices and related foreign currencies. It takes proactive measures, including negotiating forward contracts where necessary and adopting prudent inventory management to minimise any negative impact.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

***Key Risks and Mitigation (Continued)***

The Group is also exposed to credit risks arising from potential defaults on trade receivables, which may be caused by events and circumstances beyond Management's anticipation. Nonetheless, Management endeavours to reduce the Group's credit risk by tightening its credit controls, ensuring credit reviews and approvals are conducted in compliance with the Group's credit policy, and maintaining its credit exposures within the credit risk appetite and tolerance.

The Group faces interest rate risk, primarily from fluctuations in its bank borrowing rates, which will influence its net profit, overall financial position, and liquidity. The Group's outstanding bank borrowings as at 31 December 2025 amounted to RM488.05 million, comprising mainly trade facilities for the purchase of steel materials, term loans, and overdrafts. To manage this risk, Management is cautiously monitoring compliance with banks' covenants, improving its cash flow position to achieve a good credit rating, and negotiating with bankers for more favourable financing terms.

The Group is navigating climate-related transition risks arising from potential carbon pricing mechanisms, including a carbon tax, which may increase operating costs due to steel production's emissions-intensive nature. The Group will need to monitor greenhouse gas emissions and energy consumption, undertake energy-efficiency and process-improvement initiatives, and assess potential financial impacts through scenario analysis during this transition period. Climate-related risks will be integrated into the Group's enterprise risk management framework and will be reviewed periodically by Management and the Board.

***Internal Controls***

In addition to the above, 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) Insurance coverage to 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 stakeholders' grievances, if any.

## 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. The Chief Financial Officer highlights and explains variances to the Board. The Board ensures and closely follows up on business and operational issues, as well as on the 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 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 enhance control measures to contain the risks within the respective subsidiaries' quantitative and qualitative risk appetite.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Listing Requirements, 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 2025 and up to 10 April 2026, being the date of this Statement.

## 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 can 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, fraud, 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 10 April 2026.

## REVIEW BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2025, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by Section 7 of the SORMIC Guide 2025, or

b. is factually inaccurate.

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

# 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 2025, 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 2025 were as follows:

| | Group RM | Company RM |
|---|---|---|
| Statutory audit fees | | |
| - Baker Tilly Monteiro Heng PLT | 264,000 | 50,000 |
| Non-audit fees | | |
| - Baker Tilly Monteiro Heng PLT | 8,000 | 8,000 |
| - Member firms of Baker Tilly International | 18,403 | 2,700 |
| **Total** | **290,403** | **60,700** |

## 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 2025 are set out in Section 2.5 of the Circular to Shareholders dated 30 April 2026.

## 5. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

**(a) Group Total Income and Total Assets**

| | | Group | |
|---|---|---|---|
| | | 2025 | 2024 |
| **Total Income** | **Remarks** | **RM** | **RM** |
| Revenue | | 907,286,609 | 928,738,836 |
| Other income | | 2,798,055 | 3,076,327 |
| **Total** | | **910,084,664** | **931,815,163** |
| **Total Assets** | | **1,126,346,742** | **1,147,280,259** |

**(b) Business Activities**

| | | Group | |
|---|---|---|---|
| | | 2025 | 2024 |
| **Shariah Non-Compliant Activities** | **Remarks** | **RM** | **RM** |
| Interest income | Conventional | 829,740 | 993,304 |
| Insurance income | Conventional | 686,694 | 285,252 |
| **Total** | | **1,516,434** | **1,278,556** |

# ADDITIONAL COMPLIANCE INFORMATION

## (c) Component of Financial Position

### (i) Cash Component

| Islamic Account/Instruments | Remarks | Group 2025 RM | Group 2024 RM |
|---|---|---|---|
| Cash at bank (exclude cash in hand) | | 1,084,047 | 1,564,909 |
| **Total** | | **1,084,047** | **1,564,909** |
| **Conventional Account/Instruments** | | | |
| Cash at bank (exclude cash in hand) | | 19,575,967 | 34,168,824 |
| **Total** | | **19,575,967** | **34,168,824** |

### (ii) Debt Component

| Islamic Financing | Remarks | Group 2025 RM | Group 2024 RM |
|---|---|---|---|
| **Current** | | | |
| Bank borrowings | | 119,911,718 | 77,922,732 |
| **Non-Current** | | | |
| Bank borrowings | | - | - |
| **Total** | | **119,911,718** | **77,922,732** |
| **Conventional Borrowing** | | | |
| **Current** | | | |
| Hire purchase payables | | 1,178,274 | 3,630,770 |
| Term loans | | 18,919,860 | 13,539,240 |
| Banker's acceptances | | 180,922,000 | 265,241,000 |
| Bank overdrafts | | 42,090,029 | 49,092,831 |
| Trade financing | | 39,183,314 | 5,315,017 |
| **Non-Current** | | | |
| Hire purchase payables | | - | 1,178,274 |
| Term loans | | 73,147,487 | 92,067,347 |
| **Total** | | **355,440,964** | **430,064,479** |

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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 2025.

## 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 for the financial year, net of tax | 11,464,251 | 1,622,276 |
| Attributable to: | | |
| Owners of the Company | 11,464,251 | 1,622,276 |

## DIVIDENDS

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

| | RM |
|---|---|
| Single-tier final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2024, paid on 22 July 2025 | 3,410,000 |

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 2025, 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 2026.

## RESERVES OR 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 all known bad debts had been written off 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 auditors' remuneration of the Group and the Company during the financial year were RM273,802 and RM50,000 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

* 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

## 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 2025 | Bought | Sold | At 31 December 2025 |
| **Shareholdings in the ultimate holding company - Leon Fuat Holdings Sdn. Bhd.** | | | | |
| ***Direct interests*** | | | | |
| 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 |
| ***Indirect interests*** | | | | |
| 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)

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1 January 2025 | Bought | Sold | At 31 December 2025 |
| **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 | 13,900 | - | 34,100 |

[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 financial 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 arise from transactions as disclosed in Note 30 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 | 4,146,183 | - |
| - Defined contribution plan | 467,856 | - |
| - Estimated monetary value of benefits-in-kind | 183,443 | - |
| | 6,097,482 | 600,000 |
| Non-executive directors: | | |
| - Fees | 500,000 | 500,000 |
| - Other emoluments | 20,000 | 20,000 |
| | 520,000 | 520,000 |
| **Directors of subsidiaries** | | |
| Executive directors: | | |
| - Fees | 280,000 | - |
| - Other emoluments | 2,337,537 | - |
| - Defined contribution plan | 279,936 | - |
| - Estimated monetary value of benefits-in-kind | 106,813 | - |
| | 3,004,286 | - |
| **Total directors' remuneration** | 9,621,768 | 1,120,000 |

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 2025 | 2024 |
|---|---|---|---|---|
| **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 | Dormant | 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 of metal coil and sheets | 100% | 100% |

* *Audited by auditors other than Baker Tilly Monteiro Heng PLT.*

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

The available 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.

**OOI SENG KHONG**
Director

**OOI SHANG HOW**
Director

Date: 10 April 2026

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

| | Note | Group 2025 RM | Group 2024 RM | Company 2025 RM | Company 2024 RM |
|---|---|---|---|---|---|
| Revenue | 4 | 907,286,609 | 928,738,836 | 4,335,994 | 2,287,272 |
| Cost of sales | 5 | (820,116,450) | (847,561,609) | - | - |
| **Gross profit** | | 87,170,159 | 81,177,227 | 4,335,994 | 2,287,272 |
| Other income | | 2,798,055 | 3,076,327 | 184,998 | 175,290 |
| Distribution costs | | (17,624,771) | (15,806,161) | - | - |
| Administrative costs | | (29,556,689) | (30,283,275) | (2,585,582) | (2,690,797) |
| Net reversal/(addition) of impairment losses on financial instruments | | 604,069 | (636,581) | - | - |
| Other costs | | (2,031,388) | (1,653,599) | (92,697) | (464,110) |
| **Profit/(Loss) from operations** | | 41,359,435 | 35,873,938 | 1,842,713 | (692,345) |
| Finance costs | | (25,745,646) | (24,749,809) | (234) | (179) |
| **Profit/(Loss) before tax** | 6 | 15,613,789 | 11,124,129 | 1,842,479 | (692,524) |
| Tax expense | 7 | (4,149,538) | (3,630,828) | (220,203) | (32,716) |
| **Profit/(Loss) for the financial year** | | 11,464,251 | 7,493,301 | 1,622,276 | (725,240) |
| **Other comprehensive loss, net of tax** | | | | | |
| *Item that may be reclassified subsequently to profit or loss* | | | | | |
| Exchange differences on translation of a foreign operation | | (14,931) | (32,832) | - | - |
| **Total comprehensive income/(loss) for the financial year** | | 11,449,320 | 7,460,469 | 1,622,276 | (725,240) |
| **Profit/(Loss) for the financial year attributable to:** | | | | | |
| Owners of the Company | | 11,464,251 | 7,526,813 | 1,622,276 | (725,240) |
| Non-controlling interests | | - | (33,512) | - | - |
| | | 11,464,251 | 7,493,301 | 1,622,276 | (725,240) |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the Company | | 11,449,320 | 7,493,981 | 1,622,276 | (725,240) |
| Non-controlling interests | | - | (33,512) | - | - |
| | | 11,449,320 | 7,460,469 | 1,622,276 | (725,240) |
| **Earnings per share (sen):** | | | | | |
| Basic/Diluted | 8 | 3.36 | 2.21 | | |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

| | Note | Group 2025 RM | Group 2024 RM | Company 2025 RM | Company 2024 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | 372,650,767 | 383,868,888 | 12,419 | 8,843 |
| Intangible asset | 10 | 634,499 | 811,568 | - | - |
| Capital work-in-progress | 11 | 50,000 | 6,304,428 | - | - |
| Investment in subsidiaries | 12 | - | - | 184,813,025 | 184,879,651 |
| **Total non-current assets** | | 373,335,266 | 390,984,884 | 184,825,444 | 184,888,494 |
| **Current assets** | | | | | |
| Inventories | 13 | 464,469,051 | 430,371,203 | - | - |
| Trade and other receivables | 14 | 262,191,844 | 277,047,795 | 9,284 | 19,024 |
| Amount due from subsidiaries | 15 | - | - | 556,702 | 1,684,785 |
| Dividend receivable | | - | - | 2,000,000 | - |
| Tax assets | | 1,410,398 | 5,970,188 | 122,797 | 173,000 |
| Deposits with licensed banks | 16 | 4,248,225 | 7,150,235 | 3,709,108 | 6,623,496 |
| Cash and bank balances | 17 | 20,691,958 | 35,755,954 | 1,109,225 | 700,608 |
| **Total current assets** | | 753,011,476 | 756,295,375 | 7,507,116 | 9,200,913 |
| **TOTAL ASSETS** | | 1,126,346,742 | 1,147,280,259 | 192,332,560 | 194,089,407 |
| **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 | 412,685,727 | 404,646,407 | 5,088,853 | 6,876,577 |
| **TOTAL EQUITY** | | 599,108,242 | 591,068,922 | 191,511,368 | 193,299,092 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 20 | 73,147,487 | 93,245,621 | - | - |
| Lease liabilities | 21 | 10,830,660 | 12,693,011 | - | - |
| Deferred tax liabilities | 22 | 12,625,757 | 10,753,569 | - | - |
| **Total non-current liabilities** | | 96,603,904 | 116,692,201 | - | - |
| **Current liabilities** | | | | | |
| Trade and other payables | 23 | 25,735,656 | 21,578,646 | 821,192 | 790,315 |
| Tax liabilities | | 208,761 | 169,838 | - | - |
| Loans and borrowings | 20 | 402,205,195 | 414,741,590 | - | - |
| Lease liabilities | 21 | 1,862,351 | 1,850,590 | - | - |
| Contract liabilities | 24 | 618,479 | 1,178,472 | - | - |
| Derivative financial liabilities | 25 | 4,154 | - | - | - |
| **Total current liabilities** | | 430,634,596 | 439,519,136 | 821,192 | 790,315 |
| **TOTAL LIABILITIES** | | 527,238,500 | 556,211,337 | 821,192 | 790,315 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,126,346,742 | 1,147,280,259 | 192,332,560 | 194,089,407 |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

| | | ← Attributable to owners of the Company → | | | | | |
|---|---|---|---|---|---|---|---|
| **Group** | **Note** | **Share capital RM** | **Merger deficit RM** | **Capital reserve RM** | **Translation reserve RM** | **Retained earnings RM** | **Total equity RM** |
| **At 1 January 2025** | | 186,422,515 | (103,959,997) | 923 | 101,249 | 508,504,232 | 591,068,922 |
| **Total comprehensive income/(loss) for the financial year** | | | | | | | |
| Profit for the financial year | | - | - | - | - | 11,464,251 | 11,464,251 |
| Other comprehensive loss for the financial year | | - | - | - | (14,931) | - | (14,931) |
| **Total comprehensive (loss)/income** | | - | - | - | (14,931) | 11,464,251 | 11,449,320 |
| **Transaction with owners** | | | | | | | |
| Dividends, representing total transaction with owners | 26 | - | - | - | - | (3,410,000) | (3,410,000) |
| **At 31 December 2025** | | 186,422,515 | (103,959,997) | 923 | 86,318 | 516,558,483 | 599,108,242 |

| | | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Note** | **Share capital RM** | **Merger deficit RM** | **Capital reserve RM** | **Translation reserve RM** | **Retained earnings RM** | **Sub-total RM** | **Non-controlling interests RM** | **Total equity 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 |
| **Transactions with owners** | | | | | | | | | |
| Changes in ownership interests in a subsidiary | | - | - | - | - | 54,461 | 54,461 | (325,066) | (270,605) |
| Dividends | 26 | - | - | - | - | (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 |

# STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

| Company | Note | Share capital RM | Retained earnings RM | Total equity RM |
|---|---|---|---|---|
| **At 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 | 26 | - | (5,115,000) | (5,115,000) |
| **At 31 December 2024/1 January 2025** | | 186,422,515 | 6,876,577 | 193,299,092 |
| Profit for the financial year, representing total comprehensive income for the financial year | | - | 1,622,276 | 1,622,276 |
| Dividends, representing total transaction with owners | 26 | - | (3,410,000) | (3,410,000) |
| **At 31 December 2025** | | 186,422,515 | 5,088,853 | 191,511,368 |

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

| | Note | Group 2025 RM | Group 2024 RM | Company 2025 RM | Company 2024 RM |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit/(Loss) before tax | | 15,613,789 | 11,124,129 | 1,842,479 | (692,524) |
| Adjustments for: | | | | | |
| Amortisation of intangible asset | | 177,069 | 73,779 | - | - |
| Bad debt written off | | 4,207 | - | - | - |
| Depreciation of property, plant and equipment | | 24,736,941 | 22,329,828 | 3,845 | 3,467 |
| Dividend income | | - | - | (2,000,000) | - |
| Fair value loss/(gain) on derivatives | | 4,154 | (23,960) | - | - |
| Gain on disposal of property, plant and equipment | | (239,128) | (183,813) | - | - |
| Impairment losses on: | | | | | |
| - trade receivables | | 275,930 | 796,336 | - | - |
| - investment in a subsidiary | | - | - | 66,626 | 444,420 |
| Interest expense | | 24,050,078 | 22,827,700 | - | - |
| Interest income | | (971,487) | (1,260,160) | (184,998) | (175,290) |
| Inventories written down | | 3,031,642 | 7,021,379 | - | - |
| Net gain on a lease termination | | - | (1,940) | - | - |
| Net unrealised foreign exchange loss/(gain) | | 296,833 | (233,535) | - | - |
| Property, plant and equipment written off | | 49,093 | 13,767 | - | - |
| Reversal of impairment losses on trade receivables | | (879,999) | (159,755) | - | - |
| Waiver of interest income | | 193,191 | - | - | - |
| **Operating profit/(loss) before changes in working capital** | | 66,342,313 | 62,323,755 | (272,048) | (419,927) |
| Inventories | | (37,137,807) | (66,630,753) | - | - |
| Trade and other receivables | | 13,600,253 | (14,634,110) | 1,128,085 | 2,307,730 |
| Trade and other payables | | 3,006,778 | (10,631,161) | 30,877 | (132,618) |
| Contract liabilities | | (559,993) | (1,956,148) | - | - |
| Net cash generated from/(used in) operations | | 45,251,544 | (31,528,417) | 886,914 | 1,755,185 |
| Interest received | | 936,058 | 891,317 | 194,736 | 160,768 |
| Interest paid | | (22,049,028) | (23,586,427) | - | - |
| Net income tax refunded/(paid) | | 2,321,363 | 6,088,128 | (170,000) | (286,716) |
| Net cash from/(used in) operating activities | | 26,459,937 | (48,135,399) | 911,650 | 1,629,237 |

# STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

| | Note | Group 2025 RM | Group 2024 RM | Company 2025 RM | Company 2024 RM |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Acquisition of non-controlling interest of a subsidiary | | - | (270,605) | - | - |
| Capital work-in-progress paid | (a) | (2,374,395) | (6,721,525) | - | - |
| Changes in a deposit pledged with a licensed bank | | (12,378) | (12,313) | - | - |
| Deposits paid for acquisition of property, plant and equipment | | (1,297,020) | (1,726,163) | - | - |
| Dividends received | | - | - | - | 8,000,000 |
| Proceeds from disposal of property, plant and equipment | | 230,146 | 183,940 | - | - |
| Purchase of intangible asset | | - | (885,347) | - | - |
| Purchase of property, plant and equipment | (b) | (3,037,123) | (9,237,828) | (7,421) | (4,744) |
| Net cash (used in)/from investing activities | | (6,490,770) | (18,669,841) | (7,421) | 7,995,256 |
| **Cash flows from financing activities** | (d) | | | | |
| Dividends paid | 26 | (3,410,000) | (5,115,000) | (3,410,000) | (5,115,000) |
| Drawdown of term loans | | - | 9,209,018 | - | - |
| Net drawdown of trade finance | | 33,868,297 | 5,315,017 | - | - |
| Net drawdown/(repayment) of islamic financing | | 41,988,986 | (3,643,915) | - | - |
| Net (repayment)/drawdown of bankers' acceptances | | (84,319,000) | 58,822,723 | - | - |
| Payment of hire purchase payables | | (3,630,770) | (5,497,969) | - | - |
| Payment of lease liabilities | | (1,850,590) | (1,813,352) | - | - |
| Repayment of term loans | | (13,539,240) | (11,250,750) | - | - |
| Net cash (used in)/from financing activities | | (30,892,317) | 46,025,772 | (3,410,000) | (5,115,000) |
| Net (decrease)/increase in cash and cash equivalents | | (10,923,150) | (20,779,468) | (2,505,771) | 4,509,493 |
| **Cash and cash equivalents at the beginning of the financial year** | | (6,713,381) | 14,103,616 | 7,324,104 | 2,814,611 |
| Effect of exchange rate changes on cash and cash equivalents | | (52,432) | (37,529) | - | - |
| **Cash and cash equivalents at the end of the financial year** | 27 | (17,688,963) | (6,713,381) | 4,818,333 | 7,324,104 |

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

| | 2025 RM | 2024 RM |
|---|---|---|
| **Group** | | |
| Additions in capital work-in-progress | 3,588,428 | 7,061,947 |
| Less: Transferred from deposits paid in prior years | (1,161,160) | - |
| Less: Transferred from inventories | (2,873) | (169,355) |
| Less: Contra against trade receivables | - | (7,110) |
| Less: Owing to other payables | (50,000) | (163,957) |
| Cash payments on capital work-in-progress | 2,374,395 | 6,721,525 |

# STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

**(b) Purchase of property, plant and equipment:**

| | 2025 RM | 2024 RM |
|---|---|---|
| **Group** | | |
| Purchase of property, plant and equipment | 3,725,075 | 34,127,034 |
| Less: Transferred from deposits paid and prepayment in prior year | (512,234) | - |
| Less: Transferred from inventories | (5,444) | - |
| Less: Financed by lease arrangements | - | (5,018,785) |
| Less: Financed by term loans | - | (19,626,960) |
| Less: Contra against trade and other receivables | (43,429) | - |
| Less: Owing to other payables | (126,845) | (243,461) |
| Cash payments on purchase of property, plant and equipment | 3,037,123 | 9,237,828 |
| **Company** | | |
| Cash payment on purchase of office equipment | 7,421 | 4,744 |

**(c) Total cash outflows for leases**

During the financial year, the Group had total cash outflows for leases amounting to RM2,596,920 (2024: RM2,563,610).

**(d) Reconciliation of liabilities arising from financing activities:**

| Group | 1 January 2025 RM | Cash flows RM | 31 December 2025 RM |
|---|---|---|---|
| Bankers' acceptances | 265,241,000 | (84,319,000) | 180,922,000 |
| Hire purchase payables | 4,809,044 | (3,630,770) | 1,178,274 |
| Islamic financing | 77,922,732 | 41,988,986 | 119,911,718 |
| Lease liabilities | 14,543,601 | (1,850,590) | 12,693,011 |
| Term loans | 105,606,587 | (13,539,240) | 92,067,347 |
| Trade finance | 5,315,017 | 33,868,297 | 39,183,314 |
| | 473,437,981 | (27,482,317) | 445,955,664 |

| | | | ← Non-cash → | | |
|---|---|---|---|---|---|
| Group | 1 January 2024 RM | Cash flows RM | Acquisition RM | Others RM | 31 December 2024 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 |

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 Suite 12-02, Level 12, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 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 10 April 2026.

## 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 MFRS

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

MFRS 121 The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRS 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 |
|---|---|---|
| New MFRS | | |
| MFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| Amendments to MFRSs | | |
| 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 | Statements of Cash Flows | 1 January 2026 |
| MFRS 121 | The Effects of Changes in Foreign Exchange Rates | 1 January 2027 |
| 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)

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 communicates 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 have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing component 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 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.

Leasehold land is depreciated over the lease term between 30 years to 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 and lease liabilities in Note 9 and Note 21 respectively to the financial statements.

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 is recognised 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 | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Revenue from contract customers** | | | | |
| Sale of goods | 907,286,609 | 928,738,836 | - | - |
| Management fees | - | - | 617,664 | 615,448 |
| Corporate guarantee fees charged to subsidiaries | - | - | 1,718,330 | 1,671,824 |
| | 907,286,609 | 928,738,836 | 2,335,994 | 2,287,272 |
| **Revenue from other sources** | | | | |
| Dividend income from subsidiaries | - | - | 2,000,000 | - |
| | 907,286,609 | 928,738,836 | 4,335,994 | 2,287,272 |

### (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 28.

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Timing of revenue recognition** | | | | |
| At a point in time | 907,286,609 | 928,738,836 | - | - |
| Over time | - | - | 2,335,994 | 2,287,272 |
| | 907,286,609 | 928,738,836 | 2,335,994 | 2,287,272 |

### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5. COST OF SALES

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Direct costs | 792,589,861 | 819,647,775 |
| Other operating costs | 27,526,589 | 27,913,834 |
| | 820,116,450 | 847,561,609 |

## 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 | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Amortisation of intangible asset | | 177,069 | 73,779 | - | - |
| Auditors' remuneration | | | | | |
| - statutory audit: | | | | | |
| - Baker Tilly Monteiro Heng PLT | | 264,000 | 258,000 | 50,000 | 49,000 |
| - Member firms of Baker Tilly International | | - | 34,086 | - | - |
| - Other auditors | | 9,802 | - | - | - |
| - other services: | | | | | |
| - Baker Tilly Monteiro Heng PLT | | 8,000 | 8,000 | 8,000 | 8,000 |
| - Member firms of Baker Tilly International | | 18,403 | 8,521 | 2,700 | - |
| Bad debts written off | | 4,207 | - | - | - |
| Depreciation of property, plant and equipment | 9 | 24,736,941 | 22,329,828 | 3,845 | 3,467 |
| Employee benefits expenses | (a) | 42,047,288 | 40,408,626 | 2,167,305 | 2,228,922 |
| Expenses relating to short-term leases: | | | | | |
| - premises | | 174,270 | 181,243 | - | - |
| Fair value loss/(gain) on derivatives | 25 | 4,154 | (23,960) | - | - |
| Impairment losses on: | | | | | |
| - trade receivables | 31(b)(i) | 275,930 | 796,336 | - | - |
| - investment in a subsidiary | 12 | - | - | 66,626 | 444,420 |
| Interest expenses in respect of: | | | | | |
| - bank overdrafts | | 3,633,369 | 2,999,119 | - | - |
| - bankers' acceptances | | 9,018,137 | 10,148,581 | - | - |
| - hire purchase | | 150,504 | 375,352 | - | - |
| - islamic financing | | 3,816,134 | 3,576,471 | - | - |
| - lease liabilities | | 572,060 | 569,015 | - | - |
| - trade finance | | 1,421,683 | 4,646 | - | - |
| - term loans | | 5,438,191 | 5,154,516 | - | - |
| Inventories written down | | 3,031,642 | 7,021,379 | - | - |
| Net realised foreign exchange loss | | 617,744 | 555,116 | - | - |
| Net unrealised foreign exchange loss/(gain) | | 296,833 | (233,535) | - | - |
| Property, plant and equipment written off | | 49,093 | 13,767 | - | - |

# 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)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Waiver of interest income | | 193,191 | - | - | - |
| Gain on disposal of property, plant and equipment | | (239,128) | (183,813) | - | - |
| Interest income from: | | | | | |
| - cash at banks | | (419,663) | (566,298) | (13,814) | (21,190) |
| - deposits with licensed banks | | (183,786) | (315,099) | (171,184) | (154,100) |
| - trade receivables' overdue balances | | (368,038) | (378,763) | - | - |
| Net gain on a lease termination | | - | (1,940) | - | - |
| Rental income from premises | | (879,384) | (989,304) | - | - |
| Reversal of impairment losses on trade receivables | 31(b)(i) | (879,999) | (159,755) | - | - |

### (a) Employee benefits expenses

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Salaries, bonuses, allowances and others | 37,587,162 | 35,942,099 | 2,044,785 | 2,110,325 |
| Defined contribution plan | 3,418,072 | 3,291,127 | 112,305 | 109,938 |
| Social security contributions | 402,041 | 347,779 | 6,419 | 5,628 |
| Staff welfare | 640,013 | 827,621 | 3,796 | 3,031 |
| | 42,047,288 | 40,408,626 | 2,167,305 | 2,228,922 |
| **Recognised in:** | | | | |
| Cost of sales | 15,754,870 | 14,595,260 | - | - |
| Distribution and administrative costs | 26,292,418 | 25,813,366 | 2,167,305 | 2,228,922 |
| | 42,047,288 | 40,408,626 | 2,167,305 | 2,228,922 |

**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 2025 and 31 December 2024 as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Directors of the Company** | | | | |
| Executive directors: | | | | |
| - Fees | 1,300,000 | 1,300,000 | 600,000 | 600,000 |
| - Other emoluments | 4,146,183 | 4,191,575 | - | - |
| - Defined contribution plan | 467,856 | 502,416 | - | - |
| | 5,914,039 | 5,993,991 | 600,000 | 600,000 |
| Non-executive directors: | | | | |
| - Fees | 500,000 | 490,000 | 500,000 | 490,000 |
| - Other emoluments | 20,000 | 22,000 | 20,000 | 22,000 |
| | 520,000 | 512,000 | 520,000 | 512,000 |

# 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 2025 and 31 December 2024 as follows: (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Directors of subsidiaries** | | | | |
| Executive directors: | | | | |
| - Fees | 280,000 | 280,000 | - | - |
| - Other emoluments | 2,337,537 | 2,451,246 | - | - |
| - Defined contribution plan | 279,936 | 289,800 | - | - |
| | 2,897,473 | 3,021,046 | - | - |
| **Total directors' remuneration** | 9,331,512 | 9,527,037 | 1,120,000 | 1,112,000 |

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 RM183,443 (2024: RM179,248) and RM106,813 (2024: RM94,939) respectively.

## 7. TAX EXPENSE

The major components of tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Current income tax:** | | | | | |
| - Current income tax charge | | 2,908,636 | 857,758 | 218,000 | 31,000 |
| - Adjustment in respect of prior years | | (631,286) | (164,591) | 2,203 | 1,716 |
| | | 2,277,350 | 693,167 | 220,203 | 32,716 |
| **Deferred tax:** | 22 | | | | |
| - Origination of temporary differences | | 1,218,588 | 3,231,039 | - | - |
| - Adjustment in respect of prior years | | 653,600 | (293,378) | - | - |
| | | 1,872,188 | 2,937,661 | - | - |
| Tax expense | | 4,149,538 | 3,630,828 | 220,203 | 32,716 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7. TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 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 | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Profit/(Loss) before tax | 15,613,789 | 11,124,129 | 1,842,479 | (692,524) |
| Tax at Malaysian statutory income tax rate of 24% (2024: 24%) | 3,747,300 | 2,669,800 | 442,200 | (166,200) |
| Effect of different tax rate in a foreign jurisdiction | 3,619 | 28,811 | - | - |
| Tax effects of: | | | | |
| - non-deductible expenses | 2,011,701 | 1,170,874 | 252,738 | 205,564 |
| - non-taxable income | (21,430) | (816) | (480,000) | - |
| - double deduction expenses | (44,213) | (43,666) | - | - |
| Reinvestment allowance claimed | (1,869,247) | (272,939) | - | - |
| Utilisation of previously unrecognised deferred tax assets | - | (8,364) | - | (8,364) |
| Deferred tax assets not recognised on business losses and temporary differences | 299,494 | 545,097 | 3,062 | - |
| Adjustments in respect of prior years: | | | | |
| - income tax | (631,286) | (164,591) | 2,203 | 1,716 |
| - deferred tax | 653,600 | (293,378) | - | - |
| Tax expense | 4,149,538 | 3,630,828 | 220,203 | 32,716 |

## 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 RM11,464,251 (2024: RM7,526,813) by the weighted average number of ordinary shares in issue during the financial year of 341,000,000 (2024: 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.

## 9. PROPERTY, PLANT AND EQUIPMENT

| Group 2025 | Freehold land RM | Buildings on freehold land RM | Buildings on leasehold land 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 2025 | 76,762,282 | 52,803,129 | 102,242,460 | 4,038,147 | 7,632,863 | 202,051,052 | 19,057,827 | 75,103,408 | 539,691,168 |
| Additions | - | - | - | 5,050 | 209,017 | 2,132,539 | 1,378,469 | - | 3,725,075 |
| Transfer from capital work-in-progress (Note 11) | - | - | - | - | - | 9,842,856 | - | - | 9,842,856 |
| Disposals | - | - | - | - | (24,829) | (155,490) | (875,773) | - | (1,056,092) |
| Written off | - | - | - | - | (349,921) | (5,401,260) | - | - | (5,751,181) |
| At 31 December 2025 | 76,762,282 | 52,803,129 | 102,242,460 | 4,043,197 | 7,467,130 | 208,469,697 | 19,560,523 | 75,103,408 | 546,451,826 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2025 | - | 12,913,294 | 11,083,859 | 3,365,139 | 6,581,443 | 100,083,150 | 12,287,294 | 9,508,101 | 155,822,280 |
| Depreciation charge for the financial year (Note 6) | - | 1,056,025 | 2,362,317 | 158,987 | 403,631 | 15,568,423 | 2,450,404 | 2,737,154 | 24,736,941 |
| Disposals | - | - | - | - | (24,815) | (155,490) | (875,769) | - | (1,056,074) |
| Written off | - | - | - | - | (344,305) | (5,357,783) | - | - | (5,702,088) |
| At 31 December 2025 | - | 13,969,319 | 13,446,176 | 3,524,126 | 6,615,954 | 110,138,300 | 13,861,929 | 12,245,255 | 173,801,059 |
| **Carrying amount** | | | | | | | | | |
| At 31 December 2025 | 76,762,282 | 38,833,810 | 88,796,284 | 519,071 | 851,176 | 98,331,397 | 5,698,594 | 62,858,153 | 372,650,767 |

## 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group 2024 | Freehold land RM | Buildings on freehold land RM | Buildings on leasehold land 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 | 52,803,129 | 97,302,957 | 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 | 52,803,129 | 102,242,460 | 4,038,147 | 7,632,863 | 202,051,052 | 19,057,827 | 75,103,408 | 539,691,168 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2024 | - | 11,857,270 | 8,773,996 | 3,152,894 | 6,430,380 | 87,132,344 | 11,394,678 | 8,600,677 | 137,342,239 |
| Depreciation charge for the financial year (Note 6) | - | 1,056,024 | 2,309,863 | 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 | - | 12,913,294 | 11,083,859 | 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 | 39,889,835 | 91,158,601 | 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)

Included in leasehold buildings of the Group are warehouse buildings of a subsidiary with carrying amount of RM11,940,748 (2024: RM12,580,431) which are erected on a land leased from a third party landlord which has a remaining lease term of approximately 19 years (2024: 20 years).

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

| | Company | |
|---|---|---|
| | 2025 RM | 2024 RM |
| **Office equipment** | | |
| **Cost** | | |
| At 1 January | 28,558 | 23,814 |
| Additions | 7,421 | 4,744 |
| At 31 December | 35,979 | 28,558 |
| **Accumulated depreciation** | | |
| At 1 January | 19,715 | 16,248 |
| Charge for the financial year | 3,845 | 3,467 |
| At 31 December | 23,560 | 19,715 |
| **Carrying amount** | | |
| At 31 December | 12,419 | 8,843 |

### (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 | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Freehold land | 61,080,682 | 61,080,682 |
| Buildings | 101,460,371 | 103,887,294 |
| Plant and machinery | 57,630,602 | 60,759,165 |
| | 220,171,655 | 225,727,141 |

### (b) Assets under hire purchase

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

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Motor vehicles | 2,103,783 | 4,413,205 |
| Plant and machinery | 5,566,277 | 6,284,506 |
| | 7,670,060 | 10,697,711 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (c) Asset subject to operating leases

The Group leases part of 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 2024 | 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 2024/2025 | 137,747,283 | 17,298,306 | 155,045,589 |
| **Accumulated depreciation** | | | |
| At 1 January 2024 | 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 |
| Depreciation charge for the financial year | 2,778,659 | 639,683 | 3,418,342 |
| At 31 December 2025 | 22,057,937 | 5,357,558 | 27,415,495 |
| **Carrying amount** | | | |
| At 31 December 2024 | 118,468,005 | 12,580,431 | 131,048,436 |
| At 31 December 2025 | 115,689,346 | 11,940,748 | 127,630,094 |

# 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 | Total RM |
|---|---|---|---|
| **Group** | | | |
| **Carrying amount** | | | |
| At 1 January 2024 | 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 |
| Depreciation charge for the financial year | (1,056,180) | (1,680,974) | (2,737,154) |
| At 31 December 2025 | 60,371,076 | 2,487,077 | 62,858,153 |

* 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 2 years and approximately 96 years (2024: 2 years and 96 years).

The remaining lease terms of the leasehold land are approximately between 19 years and 92 years (2024: 20 years and 93 years).

#### (ii) Asset pledged as security

The leasehold land with a carrying amount of RM53,586,468 (2024: RM54,279,187) 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

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| **Computer software** | | |
| **Cost** | | |
| At 1 January | 885,347 | - |
| Addition | - | 885,347 |
| At 31 December | 885,347 | 885,347 |
| **Accumulated amortisation** | | |
| At 1 January | 73,779 | - |
| Amortisation for the financial year | 177,069 | 73,779 |
| At 31 December | 250,848 | 73,779 |
| **Carrying amount** | | |
| At 31 December | 634,499 | 811,568 |

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

## 11. CAPITAL WORK-IN-PROGRESS

| | | Group | |
|---|---|---|---|
| | Note | 2025 RM | 2024 RM |
| At 1 January | | 6,304,428 | 53,351,640 |
| Additions | | 3,588,428 | 7,061,947 |
| Transfer to property, plant and equipment | 9 | (9,842,856) | (53,842,039) |
| Expense off | | - | (267,120) |
| At 31 December | | 50,000 | 6,304,428 |

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 RM Nil (2024: RM2,921,390) pledged as security to secure certain loans and borrowings of a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 12. INVESTMENT IN SUBSIDIARIES

| | Note | Company 2025 RM | 2024 RM |
|---|---|---|---|
| **Unquoted shares, at cost** | | | |
| At 1 January/31 December | | 186,571,997 | 186,571,997 |
| **Accumulated impairment losses** | | | |
| At 1 January | | 1,692,346 | 1,247,926 |
| Additions | 6 | 66,626 | 444,420 |
| At 31 December | | 1,758,972 | 1,692,346 |
| **Carrying amount** | | | |
| At 31 December | | 184,813,025 | 184,879,651 |

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 2025 | 2024 |
|---|---|---|---|---|
| **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 | Dormant | 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% | 100% |

** Audited by auditors other than Baker Tilly Monteiro Heng PLT.*

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 13. INVENTORIES

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| **At cost** | | |
| Trading inventories | 420,461,338 | 343,396,512 |
| Goods-in-transit | 4,204,872 | 25,236,188 |
| Spare parts | 2,111,971 | 1,676,358 |
| | 426,778,181 | 370,309,058 |
| **At net realisable value** | | |
| Trading inventories | 37,690,870 | 60,062,145 |
| | 464,469,051 | 430,371,203 |

(a) During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM792,589,861 (2024: RM819,647,775).

(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 RM3,031,642 (2024: RM7,021,379).

## 14. TRADE AND OTHER RECEIVABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Trade receivables** | | | | | |
| External parties | (a) | 234,541,336 | 260,674,819 | - | - |
| Related party | (b) | 206,719 | 178,918 | - | - |
| | | 234,748,055 | 260,853,737 | - | - |
| Less: Impairment losses on external parties | 31(b)(i) | (1,784,176) | (2,481,603) | - | - |
| **Total trade receivables** | | 232,963,879 | 258,372,134 | - | - |
| **Other receivables** | | | | | |
| Other receivables | | 480,380 | 438,657 | 4,784 | 14,524 |
| Advances to suppliers | (c) | 22,524,261 | 10,340,764 | - | - |
| Deferred expenses | | 45,396 | 66,979 | - | - |
| Deposits | (d) | 2,215,793 | 2,978,624 | 4,500 | 4,500 |
| Prepayments | | 3,962,135 | 4,850,637 | - | - |
| **Total other receivables** | | 29,227,965 | 18,675,661 | 9,284 | 19,024 |
| **Total trade and other receivables** | | 262,191,844 | 277,047,795 | 9,284 | 19,024 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The Group's trade receivables normal credit term range from 14 to 90 days (2024: 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 31(b)(i).

(b) The amount due from a related party is subject to normal trade term and its further information is disclosed in Note 30.

(c) Advances to suppliers of the Group amounting to RM2,943,592 (2024: RM6,483,614) 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 RM62,500 (2024: RM60,000) represents rental and utilities deposits paid to a fellow subsidiary;

(ii) an amount of RM125,100 (2024: RM125,100) represents rental deposits paid to ultimate holding company;

(iii) an amount of RM1,297,020 (2024: RM1,726,163) being down payments for acquisition of property, plant and equipment; and

(iv) an amount of RM997,950 (2024: RM Nil) being deposit for acquisition of freehold land.

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

| | Group | |
|---|---|---|
| | **2025** | **2024** |
| | **RM** | **RM** |
| United States Dollar | - | 3,250,949 |
| Singapore Dollar | 3,322,447 | 525,895 |

## 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 16. DEPOSITS WITH LICENSED BANKS

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Deposits with licensed banks: | | | | |
| - pledged | 539,117 | 526,739 | - | - |
| - not pledged | 3,709,108 | 6,623,496 | 3,709,108 | 6,623,496 |
| | 4,248,225 | 7,150,235 | 3,709,108 | 6,623,496 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Interest rate (%) (per annum) | 2.35 - 3.05 | 2.35 - 3.35 | 3.05 | 3.35 |
| Maturity (days) | 30 - 365 | 30 - 365 | 30 | 30 |

Deposit of the Group amounting to RM539,117 (2024: RM526,739) is pledged with a licensed bank as security for banking facilities granted to a subsidiary as disclosed in Note 20(c).

## 17. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Cash at banks | 20,660,014 | 35,733,733 | 1,109,222 | 700,605 |
| Cash in hand | 31,944 | 22,221 | 3 | 3 |
| | 20,691,958 | 35,755,954 | 1,109,225 | 700,608 |

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

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| United States Dollar | 540,019 | 1,299,991 |
| Singapore Dollar | 346,345 | 58,717 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18. SHARE CAPITAL

| | Group/Company | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | 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 assets.

## 19. RESERVES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Capital reserve | (a) | 923 | 923 | - | - |
| Merger deficit | (b) | (103,959,997) | (103,959,997) | - | - |
| Retained earnings | | 516,558,483 | 508,504,232 | 5,088,853 | 6,876,577 |
| Translation reserve | (c) | 86,318 | 101,249 | - | - |
| | | 412,685,727 | 404,646,407 | 5,088,853 | 6,876,577 |

**(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 | Group 2025 RM | 2024 RM |
|---|---|---|---|
| **Non-current** | | | |
| **Secured** | | | |
| Hire purchase payables | (a) | - | 1,178,274 |
| Term loans | (b) | 73,147,487 | 92,067,347 |
| **Total non-current** | | 73,147,487 | 93,245,621 |
| **Current** | | | |
| **Secured** | | | |
| Hire purchase payables | (a) | 1,178,274 | 3,630,770 |
| Term loans | (b) | 18,919,860 | 13,539,240 |
| Bankers' acceptances | (c) | 117,329,000 | 149,124,000 |
| Bank overdrafts | (c) | 34,455,421 | 43,024,330 |
| | | 171,882,555 | 209,318,340 |
| **Unsecured** | | | |
| Bankers' acceptances | (c) | 63,593,000 | 116,117,000 |
| Bank overdrafts | (c) | 7,634,608 | 6,068,501 |
| Islamic financing | (d) | 119,911,718 | 77,922,732 |
| Trade finance | (e) | 39,183,314 | 5,315,017 |
| | | 230,322,640 | 205,423,250 |
| **Total current** | | 402,205,195 | 414,741,590 |
| **Total loans and borrowings** | | | |
| Hire purchase payables | (a) | 1,178,274 | 4,809,044 |
| Term loans | (b) | 92,067,347 | 105,606,587 |
| Bankers' acceptances | (c) | 180,922,000 | 265,241,000 |
| Bank overdrafts | (c) | 42,090,029 | 49,092,831 |
| Islamic financing | (d) | 119,911,718 | 77,922,732 |
| Trade finance | (e) | 39,183,314 | 5,315,017 |
| | | 475,352,682 | 507,987,211 |

# 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% (2024: 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:

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Minimum hire purchase payments: | | |
| Not later than 1 year | 1,193,968 | 3,781,275 |
| Later than 1 year and not later than 5 years | - | 1,193,968 |
| | 1,193,968 | 4,975,243 |
| Less: Future finance charges | (15,694) | (166,199) |
| Present value of net minimum hire purchase payments | 1,178,274 | 4,809,044 |
| Present value of net minimum hire purchase payments: | | |
| Not later than 1 year | 1,178,274 | 3,630,770 |
| Later than 1 year and not later than 5 years | - | 1,178,274 |
| | 1,178,274 | 4,809,044 |
| Less: Amount due within 12 months | (1,178,274) | (3,630,770) |
| Amount due after 12 months | - | 1,178,274 |

### (b) Term loans – Secured

Details of the repayment terms are as follows:

**Term Loan 1**

Term loan 1 of a subsidiary of RM300,000 (2024: RM2,100,000) bears interest at a rate of 4.35% (2024: 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 RM4,040,160 (2024: RM8,888,352) bears interest at a rate of 5.19% (2024: 5.45%) 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 RM8,793,455 (2024: RM10,300,907) bears interest at a rate of 5.95% (2024: 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 RM21,511,775 (2024: RM24,257,963) bears interest at a rate of 5.95% (2024: 6.20%) per annum and is repayable by monthly principal instalments of RM228,849 and a final instalment of RM228,818 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 RM1,165,250 (2024: RM1,402,250) bears interest at a rate of 5.69% (2024: 5.99%) 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 RM4,731,700 (2024: RM5,532,100) bears interest at a rate of 5.51% (2024: 5.80%) 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 RM9,866,636 (2024: RM11,466,644) bears interest at a rate of 5.49% (2024: 5.75%) 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 (2024: RM22,031,411) bears interest at a rate of 5.19% (2024: 5.45%) per annum and is repayable by monthly principal instalments of RM458,988 and a final instalment of RM458,975 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 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 9**

Term loan 9 of a subsidiary of RM9,442,960 (2024: RM9,442,960) bears interest at a rate of 4.65% (2024: 4.90%) per annum and is repayable by monthly principal instalments of RM87,436 and a final instalment of RM87,308 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 (2024: RM10,184,000) bears interest at a rate of 4.65% (2024: 4.90%) per annum and is repayable by monthly principal instalments of RM94,297 and a final instalment of RM94,221 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) 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 3.74% to 4.64% (2024: 3.73% to 4.44%) per annum and 6.95% to 7.45% (2024: 7.20% 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 3.68% to 4.49% (2024: 3.96% to 4.50%) per annum and 7.42% to 7.57% (2024: 7.67% to 7.82%) per annum respectively and are supported by corporate guarantees given by the Company.

### (d) 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 profit charges at rates ranging from 4.63% to 4.66% (2024: 4.53% to 4.59%) per annum. The unsecured facility is supported by a corporate guarantee provided by the Company.

### (e) Trade finance

The trade finance facility represents the Flexitab - Invoice Financing. This amount as at the end of the financial year is unsecured and bears interest at rates ranging from 4.02% to 4.15% (2024: 4.29% to 4.31%) per annum. The unsecured facility is supported by a corporate guarantee provided by the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 21. LEASE LIABILITIES

| | Note | Group 2025 RM | Group 2024 RM |
|---|---|---|---|
| **Non-current** | | | |
| **Unsecured** | | | |
| Lease liabilities | (a) | 10,830,660 | 12,693,011 |
| **Current** | | | |
| **Unsecured** | | | |
| Lease liabilities | (a) | 1,862,351 | 1,850,590 |
| | | 12,693,011 | 14,543,601 |

**(a) Lease liabilities**

The incremental borrowing rates applied to lease liabilities ranging from 4.50% to 6.20% (2024: 4.50% to 6.20%) per annum.

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

| | Group 2025 RM | Group 2024 RM |
|---|---|---|
| Minimum lease payments: | | |
| Not later than 1 year | 2,389,650 | 2,422,650 |
| Later than 1 year and not later than 5 years | 3,756,328 | 5,354,031 |
| Later than 5 years | 12,694,252 | 13,486,199 |
| | 18,840,230 | 21,262,880 |
| Less: Future finance charges | (6,147,219) | (6,719,279) |
| Present value of net minimum lease payments | 12,693,011 | 14,543,601 |
| Present value of net minimum lease payments: | | |
| Not later than 1 year | 1,862,351 | 1,850,590 |
| Later than 1 year and not later than 5 years | 1,880,793 | 3,401,820 |
| Later than 5 years | 8,949,867 | 9,291,191 |
| | 12,693,011 | 14,543,601 |
| Less: Amount due within 12 months | (1,862,351) | (1,850,590) |
| Amount due after 12 months | 10,830,660 | 12,693,011 |

## 22. DEFERRED TAX LIABILITIES

| | Note | Group 2025 RM | Group 2024 RM |
|---|---|---|---|
| At 1 January | | 10,753,569 | 7,815,908 |
| Recognised in profit or loss | 7 | 1,872,188 | 2,937,661 |
| At 31 December | | 12,625,757 | 10,753,569 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 22. DEFERRED TAX LIABILITIES (CONTINUED)

Presented after appropriate offsetting as follows:

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Deferred tax liabilities | 20,257,459 | 20,009,469 |
| Deferred tax assets | (7,631,702) | (9,255,900) |
| | 12,625,757 | 10,753,569 |

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

| | At 1 January 2024 RM | Recognised in profit or loss RM | At 31 December 2024 RM | Recognised in profit or loss RM | At 31 December 2025 RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Deferred tax liabilities:** | | | | | |
| Property, plant and equipment | 14,823,517 | 4,418,879 | 19,242,396 | 370,195 | 19,612,591 |
| Fair value adjustment in respect of a subsidiary acquired | 548,630 | (20,488) | 528,142 | (20,488) | 507,654 |
| Others | 136,056 | 102,875 | 238,931 | (101,717) | 137,214 |
| **Total deferred tax liabilities** | 15,508,203 | 4,501,266 | 20,009,469 | 247,990 | 20,257,459 |
| **Deferred tax assets:** | | | | | |
| Impairment losses on trade receivables | (216,282) | (244,233) | (460,515) | 137,655 | (322,860) |
| Accrual of bonus | (1,310,890) | 188,358 | (1,122,532) | 2,917 | (1,119,615) |
| Inventories written down | (3,148,458) | (174,777) | (3,323,235) | 490,933 | (2,832,302) |
| Lease liabilities | (2,727,275) | (763,189) | (3,490,464) | 444,142 | (3,046,322) |
| Unabsorbed capital allowances | - | (514,384) | (514,384) | 457,041 | (57,343) |
| Unrealised profits on inventories | (268,412) | (76,358) | (344,770) | 103,826 | (240,944) |
| Others | (20,978) | 20,978 | - | (12,316) | (12,316) |
| **Total deferred tax assets** | (7,692,295) | (1,563,605) | (9,255,900) | 1,624,198 | (7,631,702) |
| | 7,815,908 | 2,937,661 | 10,753,569 | 1,872,188 | 12,625,757 |

Unrecognised deferred tax assets

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Deductible temporary differences | 566,634 | 576,533 | 204,114 | 191,356 |
| Unabsorbed capital allowances | 3,949,822 | 3,757,506 | - | - |
| Unused tax losses | 11,072,882 | 10,007,407 | - | - |
| | 15,589,338 | 14,341,446 | 204,114 | 191,356 |

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)

## 22. 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:

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| 2028 | 5,643,625 | 5,643,625 |
| 2032 | 46,910 | 46,910 |
| 2033 | 999,598 | 999,598 |
| 2034 | 1,669,795 | 1,669,795 |
| 2035 | 1,133,867 | - |
| | 9,493,795 | 8,359,928 |

## 23. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Trade payables** | | | | | |
| External parties | (a) | 6,236,935 | 6,555,455 | - | - |
| Related party | (b) | 32 | 37,207 | - | - |
| **Total trade payables** | | 6,236,967 | 6,592,662 | - | - |
| **Other payables** | | | | | |
| Other payables | (c) | 3,782,666 | 3,626,843 | 19,440 | - |
| SST payable | | 283,850 | 100,187 | - | - |
| Rental deposits received | | 504,734 | 523,054 | - | - |
| Advances from customers | | 3,905,925 | 836,672 | - | - |
| Accruals | (c) | 11,021,514 | 9,899,228 | 801,752 | 790,315 |
| **Total other payables** | | 19,498,689 | 14,985,984 | 821,192 | 790,315 |
| **Total trade and other payables** | | 25,735,656 | 21,578,646 | 821,192 | 790,315 |

(a) Trade payables

The Group's trade payables normal trade credit term range from 14 to 90 days (2024: 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 30.

(c) Included in accruals of the Group and of the Company are directors' fees amounting to RM1,530,000 (2024: RM1,535,000) and RM550,000 (2024: RM555,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 23. TRADE AND OTHER PAYABLES (CONTINUED)

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

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| **Trade payables** | | |
| United States Dollar | 169,406 | 686,612 |
| **Other payables** | | |
| Singapore Dollar | 34,248 | 41,943 |
| United States Dollar | 52,996 | - |

(e) For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 31(b)(iii).

## 24. CONTRACT LIABILITIES

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| At 1 January | 1,178,472 | 3,134,620 |
| Recognised in profit or loss | (619,523) | (2,552,333) |
| Additions | 59,530 | 596,185 |
| At 31 December | 618,479 | 1,178,472 |

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.

## 25. DERIVATIVE FINANCIAL LIABILITIES

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| **Contract notional amount** | | |
| **Hedging derivative:** | | |
| Forward currency contracts | 557,737 | - |
| **At fair value through profit or loss** | | |
| **Hedging derivative:** | | |
| **Current liabilities** | | |
| Forward currency contracts | 4,154 | - |

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 loss of RM4,154 (2024: gain 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 31(c)(i).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 26. DIVIDENDS

| | Group/Company | |
|---|---|---|
| | 2025 RM | 2024 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 2023, paid on 19 July 2024 | - | 5,115,000 |
| - Single-tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2024, paid on 22 July 2025 | 3,410,000 | - |

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 2025, 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 2026.

## 27. CASH AND CASH EQUIVALENTS

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

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Cash and bank balances | 17 | 20,691,958 | 35,755,954 | 1,109,225 | 700,608 |
| Deposits with licensed banks | 16 | 4,248,225 | 7,150,235 | 3,709,108 | 6,623,496 |
| | | 24,940,183 | 42,906,189 | 4,818,333 | 7,324,104 |
| Less: Bank overdrafts | 20 | (42,090,029) | (49,092,831) | - | - |
| Less: Deposit pledged with a licensed bank | 16 | (539,117) | (526,739) | - | - |
| | | (17,688,963) | (6,713,381) | 4,818,333 | 7,324,104 |

## 28. 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)

## 28. SEGMENT INFORMATION (CONTINUED)

**Measurement of reportable segment**

| 2025 | Trading of steel products RM | Processing/ Manufacturing of steel products RM | Others RM | Total RM |
|---|---|---|---|---|
| **Revenue** | | | | |
| External revenue | 305,571,466 | 601,291,572 | 423,571 | 907,286,609 |
| Cost of sales | (271,115,092) | (545,816,686) | (153,030) | (817,084,808) |
| Gross profit before inventories written down | 34,456,374 | 55,474,886 | 270,541 | 90,201,801 |
| Inventories written down | | | | (3,031,642) |
| **Gross profit** | | | | 87,170,159 |
| **Add/(Less):** | | | | |
| Other income | | | | 2,798,055 |
| Operating expenses | | | | (49,212,848) |
| Net reversal of impairment losses on financial instruments | | | | 604,069 |
| Finance costs | | | | (25,745,646) |
| **Profit before tax** | | | | 15,613,789 |
| Tax expense | | | | (4,149,538) |
| **Profit for the financial year** | | | | 11,464,251 |

| 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 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 28. 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 | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Malaysia | 373,335,266 | 390,984,884 |

**Information about major customers**

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

## 29. COMMITMENTS

### (a) Commitments

The Group has made commitments for the following capital expenditures:

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| **Approved and contracted for:** | | |
| Acquisition of property, plant and equipment | 10,402,275 | 1,975,361 |

### (b) Operating lease commitments – as lessor

The Group leases part of its warehouse buildings with non-cancellable period of 1 year (2024: 1 year) 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 | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Not later than 1 year | 879,384 | 879,384 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 30. 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 | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| **Transaction with ultimate holding company** | | | | |
| - Rental paid and payable | 1,442,400 | 1,431,600 | - | - |
| **Transactions with subsidiaries** | | | | |
| - Management fees received and receivables | - | - | (617,664) | (615,448) |
| - Dividend income received and receivables | - | - | (2,000,000) | - |
| - Corporate guarantee fees received and receivables | - | - | (1,718,330) | (1,671,824) |
| **Transactions with fellow subsidiaries** | | | | |
| - 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 | (4,679,761) | (6,626,774) | - | - |
| - Purchases | 64 | 38,713 | - | - |

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 14, 15 and 23.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 30. RELATED PARTIES (CONTINUED)

### (c) Compensation of key management personnel

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 RM | 2024 RM | 2025 RM | 2024 RM |
| Short-term employee benefits | 7,292,906 | 7,456,155 | 486,993 | 488,817 |
| Fees | 2,080,000 | 2,070,000 | 1,100,000 | 1,090,000 |
| Benefits-in-kind | 318,758 | 286,331 | 8,798 | 1,694 |
| | 9,691,664 | 9,812,486 | 1,595,791 | 1,580,511 |
| Post-employment benefits | 842,160 | 886,884 | 55,872 | 55,872 |
| | 10,533,824 | 10,699,370 | 1,651,663 | 1,636,383 |

## 31. 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:

| 2025 | Carrying amount RM | Amortised cost RM | Fair value through profit or loss RM |
|---|---|---|---|
| **Financial assets** | | | |
| **Group** | | | |
| Trade and other receivables (i) | 234,363,032 | 234,363,032 | - |
| Deposits with licensed banks | 4,248,225 | 4,248,225 | - |
| Cash and bank balances | 20,691,958 | 20,691,958 | - |
| | 259,303,215 | 259,303,215 | - |
| **Company** | | | |
| Other receivable | 9,284 | 9,284 | - |
| Amount due from subsidiaries | 556,702 | 556,702 | - |
| Dividend receivables | 2,000,000 | 2,000,000 | - |
| Deposits with a licensed bank | 3,709,108 | 3,709,108 | - |
| Cash and bank balances | 1,109,225 | 1,109,225 | - |
| | 7,384,319 | 7,384,319 | - |
| **Financial liabilities** | | | |
| **Group** | | | |
| Trade and other payables (ii) | 21,545,881 | 21,545,881 | - |
| Loans and borrowings | 475,352,682 | 475,352,682 | - |
| Derivative financial liabilities | 4,154 | - | 4,154 |
| | 496,902,717 | 496,898,563 | 4,154 |
| **Company** | | | |
| Other payables | 821,192 | 821,192 | - |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 31. 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)

| 2024 | Carrying amount RM | Amortised cost RM |
|---|---|---|
| **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 | 507,987,211 | 507,987,211 |
| | 528,628,998 | 528,628,998 |
| **Company** | | |
| Other payables | 790,315 | 790,315 |

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

*(ii) Excluding SST payable and advances from customers.*

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 31. 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)

## 31. 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 RM | Collective impairment RM | Net carrying amount RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2025** | | | | |
| Current | 117,859,978 | (9,147) | (91,175) | 117,759,656 |
| Past due | | | | |
| 1 - 30 days | 59,084,076 | (1,161) | (89,715) | 58,993,200 |
| 31 - 60 days | 30,374,945 | (1,140) | (83,632) | 30,290,173 |
| 61 - 90 days | 15,574,717 | (1,240) | (95,145) | 15,478,332 |
| > 90 days | 11,854,339 | (945,407) | (466,414) | 10,442,518 |
| Total | 234,748,055 | (958,095) | (826,081) | 232,963,879 |
| **2024** | | | | |
| Current | 130,313,586 | - | (80,813) | 130,232,773 |
| Past due | | | | |
| 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 |

The movement in the allowance for impairment losses on trade receivables during the financial years ended 31 December 2025 and 31 December 2024 were:

| | Note | Individual impairment RM | Collective impairment RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2025** | | | | |
| At 1 January 2025 | | 1,157,523 | 1,324,080 | 2,481,603 |
| Additions | 6 | 239,192 | 36,738 | 275,930 |
| Reversal | 6 | (345,262) | (534,737) | (879,999) |
| Written off | | (93,358) | - | (93,358) |
| At 31 December 2025 | | 958,095 | 826,081 | 1,784,176 |
| **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 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 31. 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 RM474,174,408 (2024: RM503,178,167) 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)

## 31. 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 RM474,174,408 (2024: RM503,178,167) expose the Group to cash flow interest rate risk whilst borrowings and lease liabilities at fixed rate amounting to RM13,871,285 (2024: RM19,352,645) 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 2025 would decrease/increase by RM1,801,863 (2024: RM1,912,077) 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)

## 31. 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:

| 2025 | 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 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables (i) | 21,545,881 | 21,545,881 | 21,545,881 | - | - | - |
| Hire purchase payables | 1,178,274 | 1,193,968 | 1,193,968 | - | - | - |
| Term loans | 92,067,347 | 108,272,685 | 23,464,757 | 18,217,423 | 44,526,923 | 23,063,582 |
| Lease liabilities | 12,693,011 | 18,840,230 | 2,389,650 | 1,543,050 | 2,213,278 | 12,694,252 |
| Bankers' acceptances | 180,922,000 | 180,922,000 | 180,922,000 | - | - | - |
| Bank overdrafts | 42,090,029 | 42,090,029 | 42,090,029 | - | - | - |
| Islamic financing | 119,911,718 | 122,515,748 | 122,515,748 | - | - | - |
| Trade finance | 39,183,314 | 39,906,554 | 39,906,554 | - | - | - |
| Derivative financial liabilities | 4,154 | 4,154 | 4,154 | - | - | - |
| | 509,595,728 | 535,291,249 | 434,032,741 | 19,760,473 | 46,740,201 | 34,757,834 |
| **Company** | | | | | | |
| **Financial liabilities** | | | | | | |
| Other payables | 821,192 | 821,192 | 821,192 | - | - | - |
| Financial guarantee * | - | 474,174,408 | 474,174,408 | - | - | - |
| | 821,192 | 474,995,600 | 474,995,600 | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 31. 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)

| 2024 | 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 |
|---|---|---|---|---|---|---|
| **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 | - | - | - |

*(i) Excluding SST 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)

## 31. 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") and Singapore Dollar ("SGD") as disclosed in Notes 14, 17, 23 and 25.

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 and SGD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD and SGD, with all other variables held constant on the Group's total equity and profit for the financial year.

| | | Group | |
|---|---|---|---|
| | | 2025 RM | 2024 RM |
| USD/RM | - Strengthened 5% | (9,125) | 146,844 |
| | - Weakened 5% | 9,125 | (146,844) |
| SGD/RM | - Strengthened 5% | 138,113 | 20,621 |
| | - Weakened 5% | (138,113) | (20,621) |

### (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)

## 31. 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:

| | | Fair value of financial instruments not carried at fair value | | | |
|---|---|---|---|---|---|
| | | ← Fair value → | | | |
| Group | Carrying amount RM | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
| **2025** | | | | | |
| **Financial liability** | | | | | |
| Hire purchase payables | 1,178,274 | - | - | 1,177,768 | 1,177,768 |
| **2024** | | | | | |
| **Financial liability** | | | | | |
| Hire purchase payables | 4,809,044 | - | - | 4,804,375 | 4,804,375 |

**Level 3 fair value**

Fair 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 2025, there have been no transfers within the fair value measurement hierarchy (2024: no transfer in either directions).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 32. 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 2024. 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.

| | Group | |
|---|---|---|
| | 2025 RM | 2024 RM |
| Total interest-bearing borrowings and lease liabilities | 488,045,693 | 522,530,812 |
| Less: Deposits with licensed banks, cash and bank balances | (24,940,183) | (42,906,189) |
| Total net debts | 463,105,510 | 479,624,623 |
| Total equity | 599,108,242 | 591,068,922 |
| Total net debts plus equity | 1,062,213,752 | 1,070,693,545 |
| Gearing ratio | 44% | 45% |

Certain subsidiaries of the Company are required to comply with gearing ratio in respect of their borrowings.

## 33. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation. Lease liabilities previously included within loans and borrowings have been presented as a separate line item in the statement of financial position.

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **OOI SENG KHONG** and **OOI SHANG HOW**, 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 104 to 155 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 2025 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.

**OOI SENG KHONG**
Director

**OOI SHANG HOW**
Director

Kuala Lumpur
Date: 10 April 2026

# 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 104 to 155 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 10 April 2026.

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 2025 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 104 to 155.

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 2025, 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"), as applicable to audits of financial statements of public interest entities, 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 2025, the Group's inventories amounted to RM464.47 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 review 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.

# INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF LEON FUAT BERHAD (INCORPORATED IN MALAYSIA)

**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.

**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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis of forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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: 10 April 2026

# LIST OF PROPERTIES
AS AT 31 DECEMBER 2025

| 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 2025 (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) | 18 | Office and factory: 15,190,478 & 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 4½ 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) | 29 | Office and factory: 2,227,633 & 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: 10,403,301 & 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 | 700,864/411,384 (factory and warehouse built-up area) | 3 - 7 | Factory and warehouse: 70,058,579 & Land: 29,672,799 | 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) | 10 | Office and warehouse: 11,940,748 | 2016 |
| LF Metal | H.S.(M) 47185, Lot No. PT65648, 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: 20,395,696 | 2022 |

# LIST OF PROPERTIES
AS AT 31 DECEMBER 2025

| 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 2025 (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 Pelabuhan 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 07.12.2110 | 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) | 3 | Double-storey link house: 3,146,352 | 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)** | 28 | Factory: 249,584 & Land: 294,257 | 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) | 26 | Office and factory: 2,721,699 & Land: 3,223,716 | 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) | 25 | Apartment: 131,892 | 2018 |

| 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 2025 (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) | 25 | Apartment: 144,331 | 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) | 16 | Double-storey link house: 403,099 | 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) | 6 | Office, factory and warehouse: 11,012,398 & 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 31 MARCH 2026

## 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 | 7 | 0.28 | 155 | 0.00 |
| 100 - 1,000 | 242 | 9.60 | 145,300 | 0.04 |
| 1,001 - 10,000 | 1,201 | 47.66 | 7,124,145 | 2.09 |
| 10,001 - 100,000 | 875 | 34.72 | 29,560,900 | 8.67 |
| 100,001 - 17,049,999 | 194 | 7.70 | 84,479,500 | 24.77 |
| 17,050,000 and above | 1 | 0.04 | 219,690,000 | 64.43 |
| **Total** | **2,520** | **100.00** | **341,000,000** | **100.00** |

## DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

| | Direct | | Indirect | |
|---|---|---|---|---|
| Name of Directors | 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 | - | - | 35,100 [1] | 0.01 |
| Wong Sze Yan | - | - | - | - |
| Others [4] | | | | |
| Ooi Shang Yao | 25,000 | 0.01 | - | - |

***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 interest held by the son of Dato' Sri Ooi Bin Keong pursuant to Section 59(11)(c) of the Act.*

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per Register of Substantial Shareholders' Shareholdings)

| | Direct | | Indirect | |
|---|---|---|---|---|
| **Name of Substantial Shareholders** | **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. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chor Sek Choon | 5,000,000 | 1.47 |
| 3. | Tan Kok Choon | 3,735,400 | 1.10 |
| 4. | Do Hock Kwong | 2,913,000 | 0.85 |
| 5. | Sin Hock | 2,826,600 | 0.83 |
| 6. | Tan Aik Choon | 2,151,500 | 0.63 |
| 7. | Jeffrey Ng Pow Kong | 2,050,700 | 0.60 |
| 8. | Lim Pei Tiam @ Liam Ahat Kiat | 2,000,000 | 0.59 |
| 9. | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chiau Haw Choon | 1,981,500 | 0.58 |
| 10. | Loo Suo Li | 1,545,800 | 0.45 |
| 11. | Chay Chee Ken | 1,474,800 | 0.43 |
| 12. | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Goalkey System Sdn Bhd (MY14 61) | 1,467,900 | 0.43 |
| 13. | Kingsley Lim Fung Wang | 1,420,000 | 0.42 |
| 14. | Lim Hong Choon | 1,416,300 | 0.42 |
| 15. | Liau Keen Yee | 1,403,000 | 0.41 |

# STATISTICS OF SHAREHOLDINGS
AS AT 31 MARCH 2026

## TOP 30 SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 16. | AllianceGroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Pang Kiam (8085241) | 1,341,500 | 0.39 |
| 17. | Eng Kong Chuan | 1,222,200 | 0.36 |
| 18. | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Lai Chin Yang (T Mutiara-CL) | 1,164,000 | 0.34 |
| 19. | Tan Sing Hoe | 1,092,300 | 0.32 |
| 20. | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Koing @ Lee Kim Sin | 1,066,600 | 0.31 |
| 21. | Oh Chiew Ho | 1,000,000 | 0.29 |
| 22. | Tan Jian Jong | 968,600 | 0.28 |
| 23. | AllianceGroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Choon Fook (8027431) | 968,500 | 0.28 |
| 24. | Maybank Nominees (Tempatan) Sdn Bhd<br>Wong Choy Fong | 961,100 | 0.28 |
| 25. | Liau Yuan Hin | 820,000 | 0.24 |
| 26. | Lim Choon | 800,000 | 0.24 |
| 27. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Koh Yi Hao | 795,600 | 0.23 |
| 28. | Kenanga Nominees (Asing) Sdn Bhd<br>Pledged Securities Account for Wu Teng Siong | 781,100 | 0.23 |
| 29. | Pintaras Jaya Bhd | 730,800 | 0.22 |
| 30. | Choo Wing Sing | 712,900 | 0.21 |
| | **Total** | **265,501,700** | **77.86** |

# NOTICE OF 19TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 19th 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, 12 June 2026 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 2025 together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees and allowances up to RM2,130,000.00 from 13 June 2026 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 2025. *Resolution 2*
4. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Constitution:
   (i) Ooi Kong Tiong *Resolution 3*
   (ii) Ng Kok Teong *Resolution 4*
   (iii) Ooi Shang How *Resolution 5*
5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors for the financial year ending 31 December 2026 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 19TH 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 2026 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 2025, if approved by the shareholders at the AGM, will be paid on 24 July 2026 to depositors registered in the Record of Depositors at the close of business on 30 June 2026.

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 2026 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**

**LIM FEI CHIA**
**SSM PC NO. 202008000515**
**MAICSA 7036158**

**LIEW CHAK HOOI**
**SSM PC NO. 201908004042**
**MAICSA 7055965**

Company Secretaries
Kuala Lumpur

30 April 2026

# NOTICE OF 19TH ANNUAL GENERAL MEETING

**NOTES:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 5 June 2026 (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 Suite 12.02, Level 12, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 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 2025

   The Audited Financial Statements for the financial year ended 31 December 2025 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 are subject to approval at a general meeting. The proposed Directors' fees and allowances payable to the Directors of the Company and its subsidiaries for the period from 13 June 2026 until the next AGM have been determined after taking into consideration the total number of Directors of the Company and its subsidiaries, as well as the estimated number of Board meetings to be held during the period. The Directors' fees for the Directors of the Company and its subsidiaries remain unchanged from the preceding financial year and consistent with those disclosed in the Audited Financial Statements of the Company for the financial year ended 31 December 2025, which include the Directors' fees paid or payable at the subsidiary level.
9. Final dividend (Resolution 2)

   At its meeting held on 10 April 2026, 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 the retiring Directors' eligibility for re-election in accordance with the Group's Directors' Fit and Proper Policy with criteria - character and integrity, experience and competence, time and commitment to effectively discharge their duties as Directors. The Board also noted the Directors' Self and Peer Performance Evaluation encompassing fit and proper assessment, contribution and performance of the Directors of the Company and satisfied that the Directors met the criteria and 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 2026. 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 AGM of the Company.

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# PROXY FORM

| | |
|---|---|
| **No. 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 19th 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, 12 June 2026 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 RM2,130,000 from 13 June 2026 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 2025 | | |
| 3. To re-elect Ooi Kong Tiong who retires in accordance with Article 92 of the Company's Constitution | | |
| 4. To re-elect Ng Kok Teong who retires in accordance with Article 92 of the Company's Constitution | | |
| 5. To re-elect Ooi Shang How 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 2026 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 _____, 2026.

_____
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 5 June 2026 (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 Suite 12.02, Level 12, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 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**
Suite 12.02, Level 12
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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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

www.leonfuat.com.my