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CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD

[Registration No. 197101000234 (10587-A)]
(Incorporated in Malaysia)

Precision, **Perfection**



Annual Report
2023



Precision, Perfection

Choo Bee Metal Industries Berhad is known for its precision and perfection in crafting a wide range of steel products. With a strong focus on quality and attention to detail, we are a trusted leader in the industry. Our commitment to excellence allows us to innovate and consistently surpass expectations, bringing us to a better position in the ever-changing market.

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ENCLOSED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 Annual General Meeting (“AGM”) of Choo Bee Metal Industries Berhad (“CBMI” or “the Company”) will be conducted fully virtual for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this Notice:

Date	:	Thursday, 20 June 2024
Time	:	10.00 a.m.
Venue	:	Online Meeting Platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657)
Mode of Communication	:	(1) Type text in the meeting platform. The messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e one (1) hour before the AGM, which is from 9.00 a.m. on Thursday, 20 June 2024 (2) submit questions prior to the AGM by emailing to mark.tan@choobee.com.my not later than 5.00 p.m. on Tuesday, 18 June 2024

AGENDA

AS ORDINARY BUSINESS:

- To receive the Audited Financial Statements for the financial year ended 31 December 2023, together with the Directors’ and Auditors’ Reports thereon. (Please refer to Note 2)
- To approve the payment of a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2023. (Ordinary Resolution 1)
- To approve the payment of Directors’ Fees of RM240,000 for the Directors in respect of the financial year ended 31 December 2023. (Ordinary Resolution 2)
- To approve the payment of Directors’ Benefits payable to Non-Executive Directors up to an amount of RM50,200 from 2024 AGM until the next AGM of the Company. (Ordinary Resolution 3)
- To re-elect the following Directors retiring by rotation in accordance with Article 102 of the Company’s Constitution:
 - 5.1 Soon Cheng Hai (Ordinary Resolution 4)
 - 5.2 Puan Sri Shahrizan Binti Abdullah (Ordinary Resolution 5)
- To re-appoint BDO PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

AS SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolutions:

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR – PUAN SRI SHAHRIZAN BINTI ABDULLAH** (Ordinary Resolution 7)

“That’s subject to her re-election as a Director of the Company under Ordinary Resolution 5.2, Puan Sri Shahrizan Binti Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance.”

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AS SPECIAL BUSINESS: (Cont'd)

To consider and, if thought fit, pass the following resolutions: (Cont'd)

8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

(Ordinary Resolution 8)

"That, subject to the Companies Act 2016, the provisions of the Company's Constitution, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:

- i) the aggregate number of shares purchased does not exceed 6,000,000 shares inclusive of those shares already purchased and retained in treasury, which as at 31 March 2024 amounted to 1,442,887 shares;
- ii) an amount of RM6,500,000 be allocated for the Proposed Share Buy-Back out of the total of the audited retained earnings as at 31 December 2023, so that the total consideration of shares purchased and held as treasury shares or cancelled at any time do not exceed RM6,500,000. The retained earnings of the Company based on the audited financial statements for the year ended 31 December 2023 is RM258,335,000;
- iii) the Directors of the Company may decide in their absolute discretion either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends and/or in such manner as may be permitted pursuant to Section 127 of the Companies Act 2016 and the provisions of the Main LR of Bursa Securities and any other relevant authorities.

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act 2016, the provisions of the Constitution of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AS SPECIAL BUSINESS: (Cont'd)

To consider and, if thought fit, pass the following resolutions: (Cont'd)

9. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 9)

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act"), the Directors be and are hereby empowered to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

THAT pursuant to Section 85 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this Mandate.

AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

CHAN EOI LENG
(SSM PC No. 202008003055)
(MAICSA 7030866)

CHONG KWAI YOONG
(SSM PC No. 202308000244)
(MAICSA 7075434)
Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
30 April 2024

NOTES:

1. PROXY

Only members whose names appear on the Record of Depositors as at 10 June 2024 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead. A proxy must be 18 years and above and may but need not be a member of the Company.

A member, other than an exempt authorised nominee is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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 but the proportion of holdings to be represented by each proxy must be specified.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES: (Cont'd)

1. PROXY (Cont'd)

The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached. The instrument appointing a proxy or proxies must be deposited at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof either by hand, post, courier or electronic mail to bsr.helpdesk@boardroomlimited.com before the Form of Proxy lodgement cut-off time as mentioned above. Alternatively, the proxy form can be submitted by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal. Kindly follow the link at <https://investor.boardroomlimited.com> to login and deposit your proxy form electronically, also forty-eight (48) hours before the meeting.

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

Agenda 1 is meant for discussion only as Section 340(1) of the Companies Act 2016 requires the Audited Financial Statements to be laid before the Company at the AGM and they do not require shareholders' approval. Hence, Agenda 1 will not be put forward for polling.

3. DIRECTORS' FEES AND BENEFITS

Section 230 (1) of the Companies Act 2016 provides amongst others, that "fees" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two (2) separate ordinary resolutions as follows:

Resolution 2: Payment of Directors' Fees in respect of the financial year ended 31 December 2023

Resolution 3: Payment of Directors' Benefits from 2024 AGM until the next AGM of the Company

The Directors' Fee includes fees payable to the Chairman and members of the Board.

Based on the Nomination and Remuneration Committee's recommendation, the Board decided that the Directors' fees per annum (p.a.) shall remain unchanged.

Summary of the Payment of Directors' Fees for YE 2023 and Directors' Benefits to Directors from the 2024 AGM until the next AGM in year 2025:

Description	Executive Directors	Non-Executive Directors / Members
Directors' Fee	RM20,000.00 per annum per Director	RM60,000.00 per annum per Director
Description	Non-Executive Directors / Members	
Allowance for Chairman of Audit and Risk Management Committee	RM10,000.00 per year	
Allowance for Chairman of Nomination and Remuneration Committee	RM6,000.00 per year	
Meeting Allowance for Directors and Board Committees	RM800.00 per meeting (Board/Audit and Risk Management Committee) RM500.00 per meeting (Nomination and Remuneration Committee)	

Notes:

The Directors' benefits payable to the Non-Executive Directors would be calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees and includes all benefits payable to the Directors, such as meeting allowances, committees' fees, etc.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES: (Cont'd)

4. RE-ELECTION OF DIRECTORS

Soon Cheng Hai and Puan Sri Shahrizan Binti Abdullah are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 2024 AGM.

The Board has via the Nomination and Remuneration Committee in November 2023 conducted an assessment on the effectiveness and contributions of the said retiring Directors including their skills, experience, competency, and commitment, and has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors of the Annual Report 2023.

5. RE-APPOINTMENT OF AUDITORS

The Audit and Risk Management Committee ("ARMC") has in March 2024 carried out an assessment of the suitability and independence of the external auditors, BDO PLT and was satisfied with the suitability of BDO PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The ARMC in its assessment also found BDO PLT to be sufficiently objective and independent.

The Board therefore approved the ARMC's recommendation that the re-appointment of BDO PLT as external auditors of the Company be put forward for the shareholders' approval at the 2024 AGM.

6. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The proposed Ordinary Resolution 8, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 6,000,000 (representing 3.037%) of the number of issued shares of the Company inclusive those shares already purchased and retained in treasury. Details of the Proposed Share Buy-Back is set out in the Share Buy-Back Statement of the Company, which is sent out together with the Company's 2023 Annual Report.

7. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The Company had during its 2023 AGM held on 21 June 2023, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. The Company did not issue any new shares pursuant to this mandate obtained and accordingly no proceeds were raised.

The proposed Ordinary Resolution 9 is a renewal general mandate for issuance of shares by the Company pursuant to Sections 75 and 76 of the Act, the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities. The mandate, if passed, will provide flexibility for the Company and empower the Directors to issue and allot new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of funding future investments project(s), working capital and/or acquisitions. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.



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MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operations

The Company is principally engaged in the manufacturing and sales of flat-based steel products from Hot Rolled and Cold Rolled coils, as well as providing processing services such as shearing and slitting of steel products. Its subsidiaries are primarily involved in the:

- a) Trading of hardware and construction materials; and
- b) Manufacturing of stainless-steel pipes as well as trading of hardware.

The Group is an established player in its market, where the Group's products are sold principally through its network of dealers in Peninsular Malaysia, Sabah, Sarawak and Singapore (export market). Currently, the Group's products are mostly sold domestically (86%) where exports contribute 14% to the Group's revenue.

Currently, the Group has 7 main tube making production lines (located in Pengkalan, Ipoh), producing mainly welded steel pipes for oil and gas, water transmission, structural applications and construction industry as well as for general usage purposes. The total installed capacity per annum is approximately 200,000 metric tonnes.

Objectives and Strategies

The vision of the Group is to be one of the nation's premier manufacturers, suppliers and service centre of steel products. The Group's long-term objective is to remain resilient and sustainable in its core business competency, while delivering sustainable shareholder value to all stakeholders. The strategies employed by the Group to meet its long-term objective include continual cost efficiency improvements, strengthening productivity, enhancing quality and delivery of our products.

Review of Financial Results

For the financial year ("FY") 2023, the market remained challenging due to several disruptive factors, which include weaker average selling prices, slowdown in the construction sector impacting demand as well as the Ringgit depreciation that plunged to new lows against the US dollar on the back of widening interest rate differential between the overnight policy rate and the federal funds rate.

Against this backdrop, the Group's revenue declined by 18% to RM402.1 million vis-a-vis to FY 2022 of RM493.1 million. This was mainly attributed to lacklustre average selling prices as well as weaker sales volume amid the challenging market environment. Correspondingly, gross profit retreated to RM26.5 million as compared with RM37.4 million recorded in FY 2022, despite inventories write back to net realisable value of RM8.8 million.

As for the Group's administrative and selling/distribution expenses, total expenditure declined by 2% as compared with the previous year due to disciplined costs control. Other income for the year came in higher at RM4.2 million as compared with RM3.4 million recorded in the previous year, mainly due to fair valuation adjustments on derivative financial instruments and realised forex gains totaling RM2.3 million.

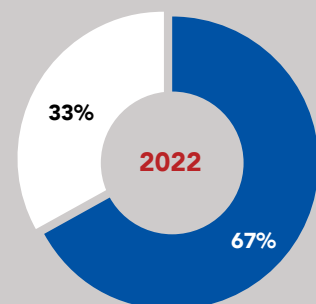
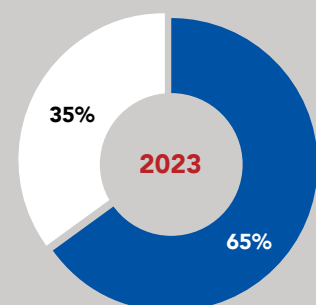
In tandem with the compressed gross profit, the Group's profit before taxation shrunk to RM1.3 million as compared with RM11.7 million recorded in FY 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Review of Operating Activities

The revenue of the Group can be further analysed as follows:

	Trading RM'000	Manufacturing RM'000	Total RM'000
2023			
Total revenue	278,667	218,026	496,693
Inter-segment sales	(18,070)	(76,509)	(94,579)
Revenue from external customers	260,597	141,517	402,114
2022			
Total revenue	354,612	248,614	603,226
Inter-segment sales	(22,743)	(87,371)	(110,114)
Revenue from external customers	331,869	161,243	493,112
Decrease	(71,272)	(19,726)	(90,998)
Decrease	-21%	-12%	-18%



● Trading ● Manufacturing

For the FY 2023, the trading segment contributed 65% of the Group's revenue, while the manufacturing segment contributed 35%.

The detailed segmental performance is disclosed in Note 4 of the financial statements.

Financial Position

The Group had adopted the best business practice as in past years to ensure that all investments made were within business objectives and limitations. Our financial position as at 31 December 2023 are as follows:

1. Assets:

a. Property, plant and equipment (including Investment properties)

The higher property, plant and equipment of RM251.2 million were mainly attributed to the increase in capital-work-in-progress billings (Manufacturing segment's new factory expansion project). Investment properties recorded a lower amount of RM9.7 million as a result of downward revaluation adjustments.

b. Inventories

Inventories increased to RM216.3 million from RM209.3 million recorded in the previous financial year. This was mainly attributed to slower inventory turnover amid the challenging market environment.

c. Trade and other receivables

Trade and other receivables declined to RM108.0 million from RM153.7 million recorded in the previous financial year, which was in line with the lower revenue trend as well as healthy collections during the year.

d. Cash and bank balances

Cash reserves came in lower at RM30.7 million mainly due to capital progress payments for the manufacturing segment's new factory expansion project.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Position (Cont'd)

2. Liabilities:

Trade and other payables

The Group's trade and other payables decreased to RM11.7 million as compared with RM14.5 million recorded in the previous financial year. This was inline with lower business operations during the year as well as disciplined cost management.

The Group remains prudent in maintaining a sound financial position even in the midst of the challenging and volatile market environment, whereby total yield accumulated during these years are translated in our strong net tangible assets, low gearing ratio, net assets position and healthy cash reserves of the Group, further underlining the strengths reflecting the business' going-concern capabilities which enables the execution of our strategic objectives in creating value over the coming years.

The Group will continue to explore opportunities for continued growth and capital expansion to add value to shareholders.

Economic and Industry Outlook

In 2023, growth for the Malaysian economy normalised to 3.7% following a strong growth of 8.7% in the previous year. For the first quarter ("1Q 2023"), the economy expanded by 5.6%, driven mainly by domestic demand. It then grew moderately by 2.9% in 2Q 2023, followed by 3.3% expansion in 3Q 2023 and finally 3.0% growth in 4Q'23. The last three (3) quarters registered slower growth attributed to prolonged weakness in external demand.

Malaysia's 2024 economic momentum is expected to steadily improve with a gross domestic product ("GDP") growth of between 4% to 5%. The economy is expected to benefit from a potential recovery in external demand, global trade diversion, resilient domestic demand/expenditure supported by benign inflation and interest rates as well as the timely implementation of critical infrastructure projects. The risks on the horizon for growth will hinge largely on the global economy successfully achieving a soft landing and avoiding further escalation of geopolitical conflicts.

Global average steel prices will likely remain subdued in 2024 despite a modest recovery in China in the second half of 2023 ("2H 2023"). Depressed prices and demand, especially in major markets other than China are expected to keep a leash on global average selling prices. The current weakness in global steel demand is driven by lower demand from the manufacturing and construction sector in developed economies and ongoing challenges faced in China's property sector. Additionally, tight fiscal condition and inflationary pressures may affect growth in developed economies impacting steel demand and average steel prices further.

On the domestic front, in line with global steel situation, average steel demand and average selling prices are also expected to remain lacklustre in 2024, with a potential rebound in the second half of 2024 ("2H 2024"). A rebound will largely depend on the stronger recovery in China's property market, foreign investment driven by the semiconductor industry and China's commitment to improve the nation's transportation infrastructure, timely rollout of local new/existing infrastructure projects as well as renewed confidence in the construction sector. Headwinds that persist from the external environment impacting the steel industry are ongoing geopolitical tensions, US growth prospects, global fiscal policies and inflationary pressures.

The Group takes cognisance of the economic uncertainties and volatility in steel prices and will continue to remain vigilant and focus on the following strategies:

- i. Improve operational efficiency through automation;
- ii. Costs optimisation;
- ii. Enhance the quality and delivery of our products;
- iv. Employ prudent procurement and inventory management; and
- v. Explore market share expansion by increasing business network covering Klang Valley, East Malaysia, Southern region and Singapore.

Dividend

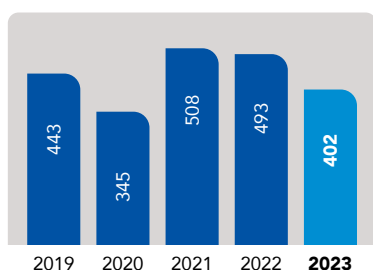
Your Board is pleased to recommend a final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2023.



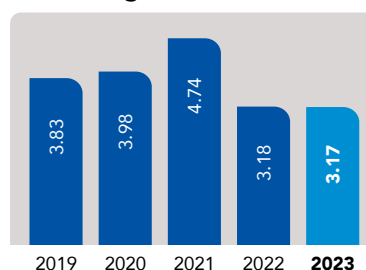
FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

	2019	2020	2021	2022	2023
Revenue (RM'Million)	443	345	508	493	402
NTA Per Share (RM)	3.83	3.98	4.74	3.18	3.17
Profit/(Loss) Before Taxation (RM'Million)	(1)	23	137	12	1
Profit/(Loss) After Taxation (RM'Million)	(1)	19	103	8	1
Earnings/(Loss) Per Share (Sen)	(0.85)	14.90	78.95	5.17	0.58
Dividend Cover (Times)	-	3.73	10.53	1.66	1.15
Borrowings (RM'Million)	-	5	6	10	8
Shareholders Equity (RM'Million)	501	520	619	624	621

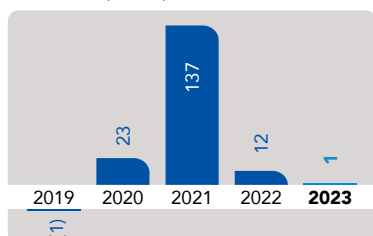
Revenue



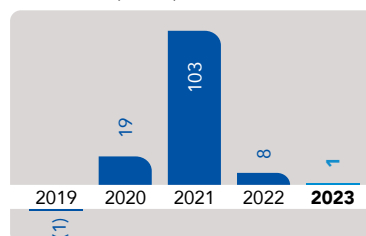
Net Tangible Asset Per Share



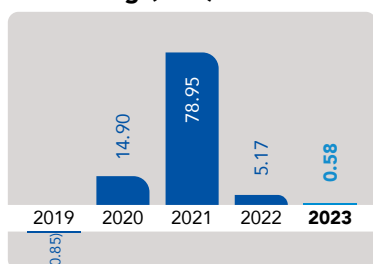
Profit/(Loss) Before Taxation



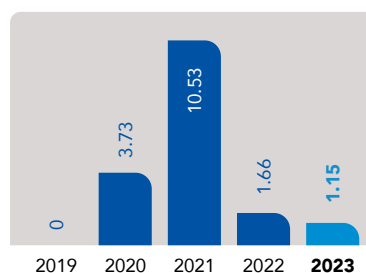
Profit/(Loss) After Taxation



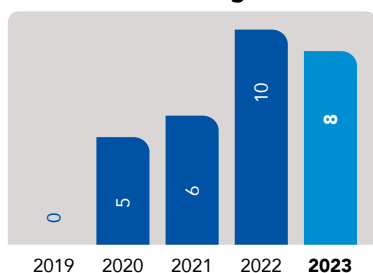
Earning/(Loss) Per Share



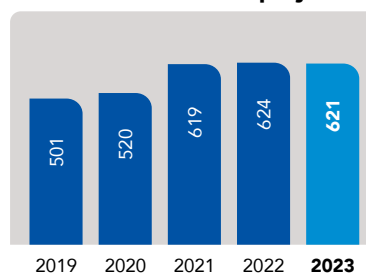
Dividend Cover Ratio



Borrowings



Shareholders Equity



SUSTAINABILITY STATEMENT

Overview, Scope and Basis of Scope

This Sustainability Statement ("Statement") covers the sustainability performance and business operations of Choo Bee Metal Industries Bhd and its subsidiaries ("Choo Bee" or the "Group") in Malaysia during the period of 1 January 2023 to 31 December 2023. It encompasses our business segments namely, manufacturing and trading of downstream steel products for a wide range of applications in the building, construction and infra-structural related sectors, water and the general manufacturing industries.



Reporting Frameworks and Standards

This Statement has been developed according to Bursa Malaysia's Main Market Listing Requirements ("MMLR"), with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), United Nations Sustainable Development Goals ("SDG") and Global Reporting Initiative ("GRI") Standards.

Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered to our Sustainability Working Group ("SWG") at finance@choobee.com.my.

Sustainability Policy

Today, stakeholders' expectations go beyond sole reliance on the financial performance of the organisation. In line with these expectations, the Board together with the management takes responsibility for the governance of sustainability for the Group including setting sustainability strategies, priorities and targets. The Group commits to delivering long term sustainable value and growth to our stakeholders.

The Group acknowledges that its operations impact the economy, environment, workplace (which includes shareholders, consumers and employees) and the communities in the areas we operate in. As such, our sustainability strategies are based on these areas whilst using materiality assessment on factors relevant to the Group. Sustainable practices are progressively embedded into the day-to-day operations and decision-making processes, and these practices guide the Group in the conduct of its businesses, and form an integral part of our overall strategy.

Our Sustainability Policy is steered by the Group's four key focus areas as set out in page 16 (under Materiality Assessment) of this Annual report.

Sustainability Governance

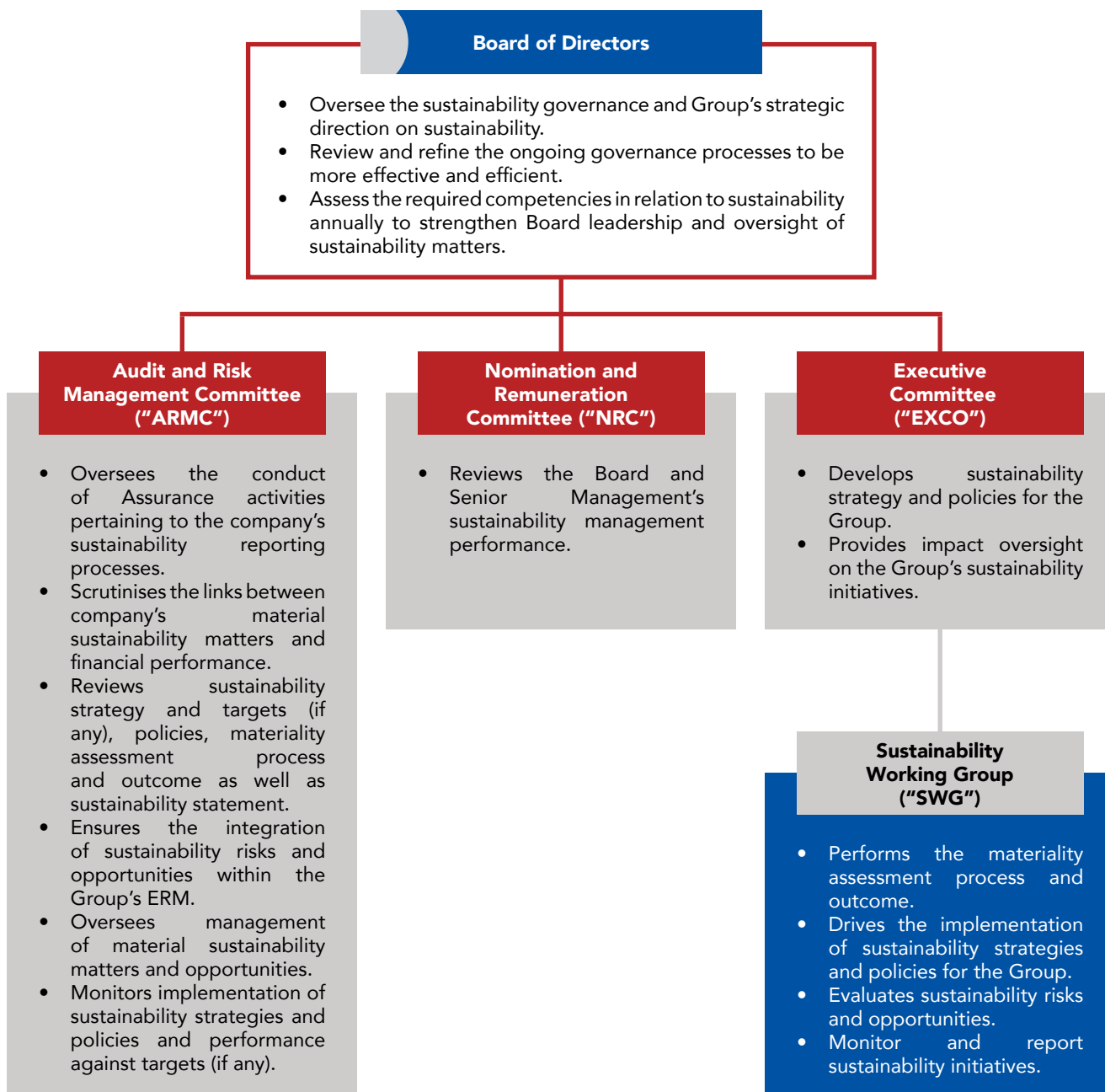
The Group's sustainability governance structure is integrated into our corporate governance framework. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements, as reflected in their respective terms of reference. The Board of Directors plays an active role in overseeing the sustainability governance and is ultimately responsible for the Group's strategic direction on sustainability, while being supported by the respective Board committees by virtue of delegation. The Executive Committee ("EXCO") supports the Board and Board committees by setting the overall corporate sustainability strategies and provides impact oversight on the Group's sustainability initiatives. The EXCO is represented by senior management and Heads of Department.

The SWG, backing the EXCO, is led by the Chief Executive Officer and comprises of middle and senior management as well as the respective Heads of Department of the Group. They are responsible for materiality assessment, drive implementation, evaluate sustainability risk and opportunities, monitor and report sustainability initiatives.

SUSTAINABILITY STATEMENT (Cont'd)

Sustainability Governance (Cont'd)

Ongoing governance processes are periodically reviewed and refined to incorporate sustainability best practices for greater effectiveness and efficiency. The Board of Directors strive to continuously be equipped with the necessary knowledge regarding the management of sustainability to drive informed decision making by attending capacity-building programmes. The Board is also cognisant of ensuring that the required competencies in relation to sustainability is assessed annually to strengthen Board leadership and oversight of sustainability matters. The Board and senior management are also evaluated for their sustainability management performance.



SUSTAINABILITY STATEMENT (Cont'd)

Stakeholder Engagement

The Group acknowledges the importance of both internal and external stakeholders' which have an effect on, or are affected by the Group and our operations. Our stakeholder groups also contribute to the Group's sustainable growth. Hence, we work closely with both our internal and external stakeholders in a timely and open manner via both formal and informal channels to identify and address sustainability issues. Ultimately, this would help the Group in making informed decisions to achieve sustainability objectives. Our key stakeholder groups identified are as below:

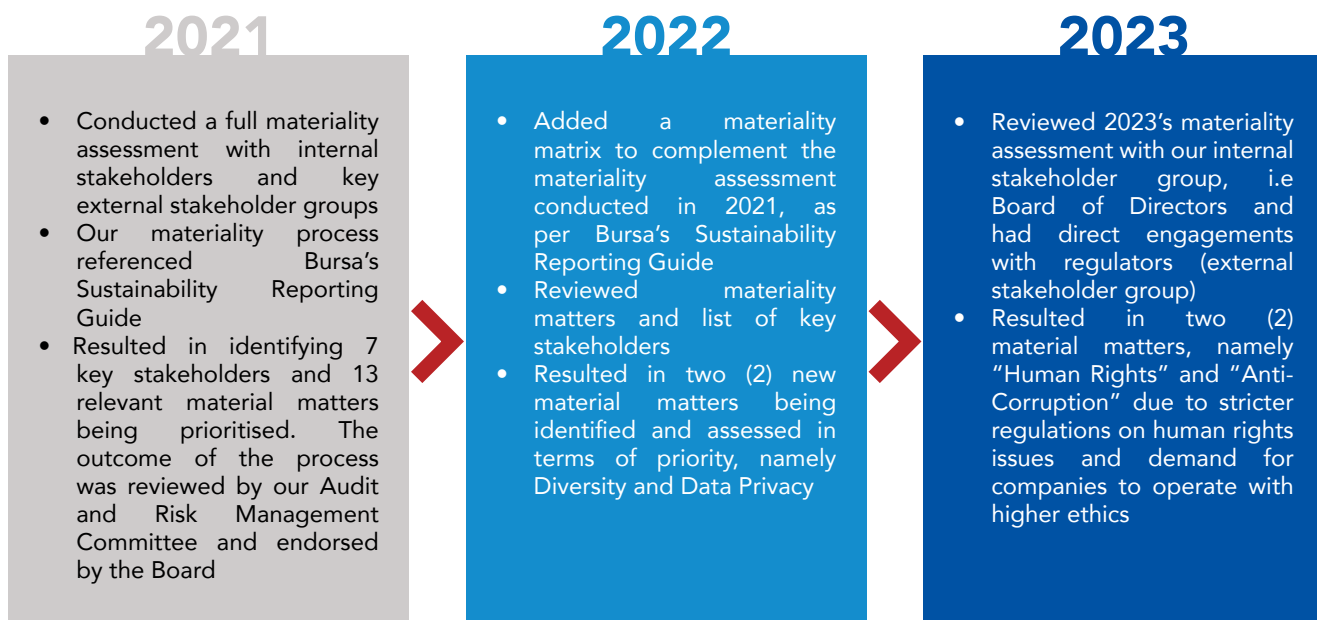
Stakeholders	Mode of Engagement	Sustainability Focus Areas	Our response
Shareholders/ Investors	<ul style="list-style-type: none"> Annual General Meeting Annual Report Analyst Briefings Corporate Website Media Interviews and Releases Quarterly Results Announcements 	<ul style="list-style-type: none"> Business Strategy and Plans Group Performance Corporate Governance Corporate Activities Dividend Risk Management Practices 	<ul style="list-style-type: none"> Timely updates on the Group's strategy and financial performance via investor briefings and announcements Uphold good governance practices across the Group Monitor sustainability performance
Customers	<ul style="list-style-type: none"> Customer Satisfaction Survey Corporate Website Direct Engagements Meetings 	<ul style="list-style-type: none"> Products and Services Updates Quality of Product and Services Delivery Time Product Range Sufficiency Relationship Management 	<ul style="list-style-type: none"> Offer quality products and services that are compliant with ISO quality standards and other certification bodies Adhere to the Personal Data Protection Act 2010 to protect the privacy of our customers data
Suppliers/ Consultants	<ul style="list-style-type: none"> Direct Engagements 	<ul style="list-style-type: none"> Quality of Product & Services Relationship Management Supply Chain Management 	<ul style="list-style-type: none"> Emphasis on provision of transparent procurement processes Source from reliable suppliers
Government/ Regulatory authorities	<ul style="list-style-type: none"> On-site inspections Participation in Programmes/Seminars Direct Engagements 	<ul style="list-style-type: none"> Corporate Governance Regulatory Compliance 	<ul style="list-style-type: none"> Full compliance with regulatory requirements Adoption of practices outlined in the Malaysian Code on Corporate Governance 2021
Media/Analyst	<ul style="list-style-type: none"> Analyst Briefings Media Interviews and Releases 	<ul style="list-style-type: none"> Timely Communications 	<ul style="list-style-type: none"> Respond in a timely manner to media enquiries Timely updates on the Group's strategy and financial performance via analyst briefings
Employees	<ul style="list-style-type: none"> Company Activities (Sports Club, Annual Dinner, etc) Employee Satisfaction Survey Performance Appraisal Seminars and Training 	<ul style="list-style-type: none"> Career Development/ Advancement Fair Employment Practices Safety, Health and Environment Workplace Conduciveness 	<ul style="list-style-type: none"> Offer industry-competitive benefits and remuneration packages Provide relevant training and development opportunities Ensure compliance with Occupational Safety and Health Act ("OSHA") 1994, including the Land Transport Act 2010 through the Occupational Safety and Health Committee Provide equal employment opportunities without discrimination Promote transparent communication with employees
Community	<ul style="list-style-type: none"> Education Sponsorships Financial Donations Internship 	<ul style="list-style-type: none"> Good Corporate Citizenship 	<ul style="list-style-type: none"> Investment in education and welfare to improve community well-being

SUSTAINABILITY STATEMENT (Cont'd)

Materiality Assessment of Sustainability Matters

The Group is cognisant of the fact that our material issues can directly and indirectly impact our ability to create long-term value for our stakeholders. Through stakeholder engagement and carrying out a materiality assessment in 2021 with reference to Bursa's Sustainability Reporting Guide, United Nations SDGs and GRI standards, the Group identified 15 material matters (summarised below). They encompass sustainability dimensions covering economic, workplace, nature (environment) and society (community). The inputs garnered for material assessment of sustainability issues were from both the internal and external environment as disclosed in our stakeholder engagement framework.

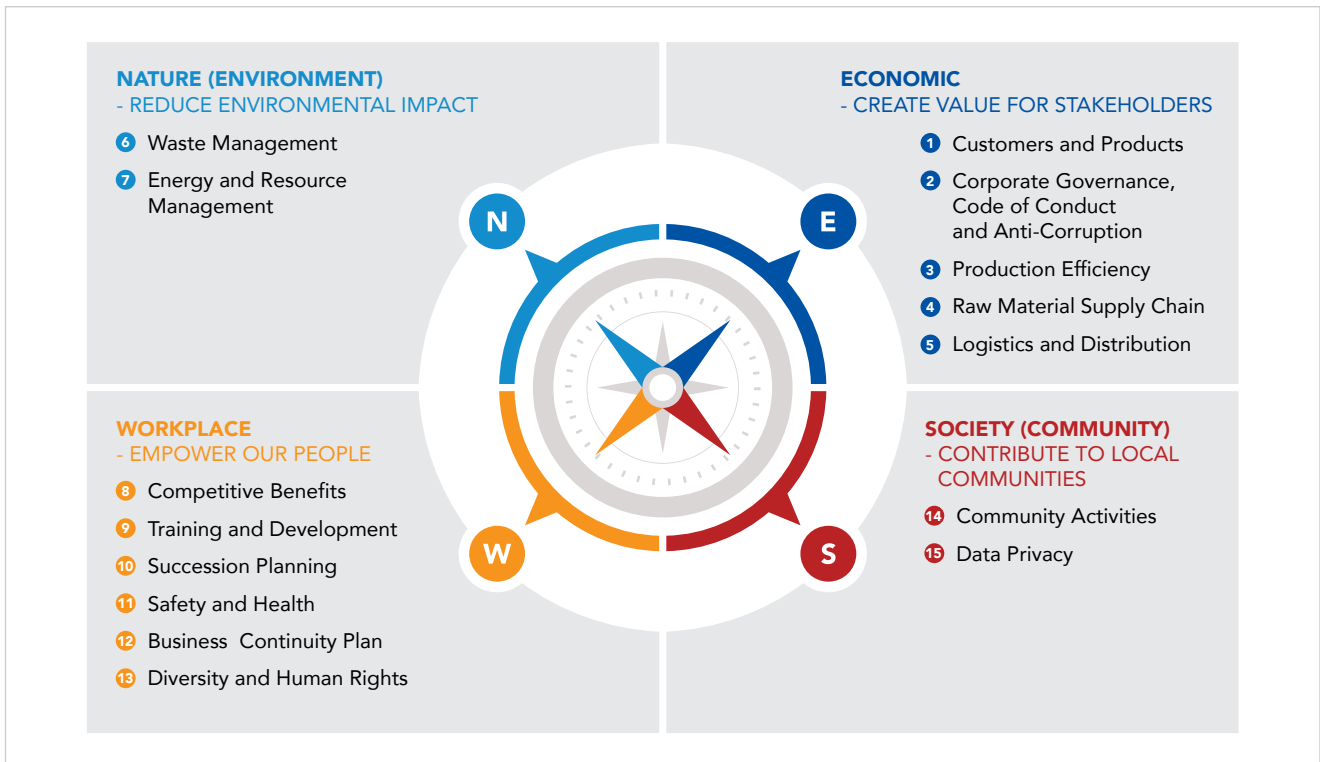
An annual review will be performed to assess the relevance of prioritised economic, environment, social and governance impacts arising from our operations. From the FY 2023 annual review carried out, the relevance of our prioritised sustainability material matters arising from our operations remained the same and aligned with the Group's strategic objectives and stakeholders' expectations. Whilst the material matters remained the same, two material matters, namely "Human Rights" and "Anti-Corruption" were included through the materiality review exercise, reflecting increased stakeholders' interest in the protection of human rights throughout the value chain and that the Group upholds high business ethics. The updated materiality matrix including the materiality assessment process undertaken has been reviewed by our Audit and Risk Management Committee and endorsed by the Board of Directors.



SUSTAINABILITY STATEMENT (Cont'd)

Sustainability Framework

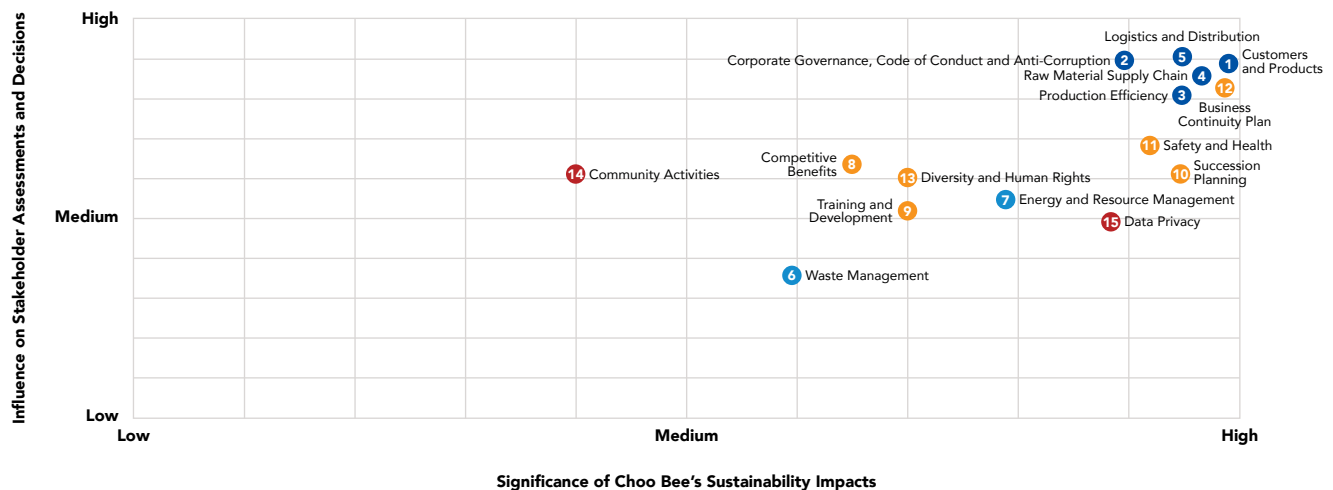
The Group's sustainability framework aspires to create value for its stakeholders, while upholding transparency and accountability, reduce our environmental impact, empower our people as well as contribute positively to the local communities where we operate. In line with this, the key material sustainability matters of the Group's sustainability framework identified are depicted below:



We aim to deliver the objectives under each focus area by addressing the concerns related to each of our material matters. Accordingly, we have set selected key targets to enable us to monitor our sustainability performance. These targets are linked to our performance scorecard to track our progress and make improvements where necessary.

Materiality Matrix

The outcome of the materiality assessment is displayed in the Materiality Matrix below.



SUSTAINABILITY STATEMENT (Cont'd)

Materiality Matrix (Cont'd)

Each key material matter is also mapped against the respective stakeholder group across our business value chain. Concurrently, we also match the impact created against United Nations SDGs and GRI frameworks.

Our stakeholders	Shareholders / Investors	Customers	Suppliers / Consultant	Government / Regulatory Authorities	Media / Analyst	Employees	Community	Contributions to SDGs	GRI
Economic									
Customers and Products	✓	✓	✓	✓	✓	✓		SDG#9	203: Indirect Economic Impacts
Corporate Governance, Code of Conduct and Anti-Corruption	✓	✓	✓	✓	✓	✓		SDG#16	2-23: Policy Commitments 2-27: Compliance 205: Anti-Corruption
Production Efficiency	✓	✓	✓	✓	✓	✓		SDG#9, #12	203: Indirect Economic Impacts
Raw Materials Supply Chain	✓	✓	✓	✓	✓	✓		SDG#9, #12	203: Indirect Economic Impacts
Logistics and Distribution	✓	✓	✓	✓	✓	✓		SDG#9, #17	203: Indirect Economic Impacts
Nature (Environment)									
Waste Management	✓	✓		✓		✓	✓	SDG#13	302: Energy 303: Water & Effluents 306: Waste
Energy and Resource Management	✓	✓		✓		✓	✓	SDG#7, #12	
Workplace									
Competitive Benefits	✓			✓		✓	✓	SDG#5, #8	401: Employment 403: Occupational Health & Safety 404: Training 405: Diversity & Equal Opportunity 406: Non-discrimination
Training and Development	✓					✓		SDG#4, #8	
Succession Planning	✓					✓		SDG#4, #8	
Safety and Health	✓			✓		✓	✓	SDG#3, #8	
Business Continuity Plan	✓	✓	✓			✓		SDG#8	
Diversity and Human Rights	✓			✓		✓	✓	SDG#5, #8	
Society (Community)									
Community Activities	✓	✓				✓	✓	SDG#4, #10	413: Local Communities
Data Privacy		✓	✓			✓	✓	SDG#16	418: Customer Privacy

SUSTAINABILITY STATEMENT (Cont'd)









SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD





Performance Scorecard



Focus Areas	Materiality Matters	Targets	Progress Against Targets
Economic	Customer Satisfaction	Achieve at least 90% for Customer Satisfaction Survey score annually	 Achieved an average score of 97% in FY 2023
Nature (Environment)	1. Waste Management: a. Scheduled Waste	Recycle at least 35% of our total annual scheduled waste from 2019 baseline by 2030 to reduce waste sent to landfill	 Achieved ahead of target year, with target maintained. Recycled 53% of total annual scheduled waste in FY 2023
	2. Energy and Resource Management: a. Electricity	40% energy consumption reduction from 2019 baseline by 2030	 Achieved ahead of target year, with target maintained. Reduced energy consumption by 57% in FY 2023 from baseline year
	b. Carbon Emissions - Scope 1	15% CO ₂ emission reduction from 2019 baseline by 2030	 Achieved ahead of target year, with target maintained. Reduced CO ₂ emission for Scope 1 by 15% in FY 2023 from baseline year
	- Scope 2	40% CO ₂ emission reduction from 2019 baseline by 2030	 Achieved ahead of target year, with target maintained. Reduced CO ₂ emission for Scope 2 by 66% in FY 2023 from baseline year
	c. Water	15% reduction from 2019 baseline by 2030	 Achieved ahead of target year, with target maintained. Reduced water consumption by 25% in FY 2023 from baseline year

SUSTAINABILITY STATEMENT (Cont'd)

Performance Scorecard (Cont'd)

Focus Areas	Materiality Matters	Targets	Progress Against Targets
Workplace	1. Safety and Health	Achieve annual targets as follows: i. Zero fatalities ii. Less than 30 accident cases	 For FY 2023: No fatalities reported 27 accident cases reported
	2. Diversity & Human Rights	Zero substantiated complaints concerning human rights violations annually	 No substantiated complaints received in FY 2023

Legend: Progress tracking

-  On track to meeting/met set target
-  Falling short on meeting target, review current practice and revise target (if necessary)

Management Approach for Material Matters



The Group recognises that the operating environment for the steel industry has changed, bringing with it new risks and opportunities. We are also mindful of our responsibilities to create decent employment opportunities and promote economic development within the local communities. With this, the Group’s long-term business strategy with sustainability embedded in it would remain the driver to help it steer through an ever-changing market, while remaining resilient and sharing the generated wealth with our stakeholders. Analysis of the Group’s financial performance can be found in the Management Discussion and Analysis section (pages 8 to 10) of this Annual Report.

Our approach to sustaining and achieving good economic performance is by executing our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, pursuing technological advancement, mitigating identified risks relevant to our business as well as deepening market penetration once our newly constructed and strategic factory in Kapar, Klang is completed. In addition to the above, our long-term business strategy takes into account the following:

- **Customers and Products**

- i. Certification

To be competitive in delivering high quality deliverables to attract new and demanding customers, as well as ensuring customer satisfaction, certification is a crucial requirement. This is supported by having our Quality Management System ISO 9001 : 2015 and BC1 : 2012 certified by Intertek Certification International Sdn. Bhd. and TUV Rheinland Singapore Pte. Ltd. respectively. Our company has implemented the processes according to established quality policies and procedures/practices to ensure that the requirements of the Quality Management System are fully complied with. Apart from this, we have also obtained the necessary product certifications issued by Ikram QA Services Sdn. Bhd. and Anqas Certification Sdn. Bhd. as well as registering all of our certified products with the Construction Industry Development Board (“CIDB”) in compliance with Schedule 4 of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (Act 520). These certifications provide further assurance on the quality of our products, while meeting stringent requirements especially for the usage of Government projects.

With these certifications, the Group is committed to continuously take steps to comply with product requirements and improve the effectiveness of its Quality Management System while ensuring quality deliverables to customers.

Economic Sustainability (Cont'd)

- **Customers and Products (Cont'd)**

- ii. Customer Satisfaction

This group of stakeholders not only expects quality products and services, but also quick response to complaints and concerns. Our Group emphasises on customers' satisfaction, retention and loyalty via the provision of customer centric services and quality products, knowledge sharing and one-stop solution at a competitive price. With this in mind, we strive to enhance customer satisfaction by considering their feedback and ensuring that high quality standards are met across all our products and services. Therefore, to enhance our customers' experience, an annual survey is sent to all our customers with a target to achieve of at least an overall 90% customer satisfaction. This enables us to gain insights into our customers' needs and expectations and enhance our products and services offerings.

For the FY 2023, the overall customer satisfaction score achieved was 97%, which exceeded the target of 90%.

	2021	2022	2023
Quality of Products	100%	100%	100%
Quality of Services	100%	97%	97%
Delivery Time	88%	90%	90%
Product Range Sufficiency	100%	100%	100%
Average	97%	97%	97%

Furthermore, we also provide customers the avenue via email or phone to lodge their feedback or complaints. Upon identifying areas for improvement, we discuss potential solutions and task our internal team with addressing the underlying causes of dissatisfaction.

- **Corporate Governance, Code of Conduct and Anti-Corruption**

The Board and senior management remain committed to conducting business with integrity and professionalism, which are integral in running a reputable sustainable business. As such, our employees are inculcated with such values and are guided by our Code of Conduct ("COC") and Anti-Bribery and Corruption Policy ("ABCP") in their day-to-day business dealings. The COC communicates the fundamental principles and guidelines to all employees, including Directors in addressing ethical issues and carrying out their responsibilities. The Group's zero-tolerance stance against corruption is outlined in our ABCP, which is aligned with the Malaysian Anti-Corruption Commission ("MACC") Act 2009. The Group's employees' handbook also incorporates COC and ABCP to ensure that all employees are aware of its principles and to always act in the best interest of the Group and avoid situations that may create a conflict of interest.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's COC and ABCP. All employees will also undergo annual briefings on the guidelines and required practices and procedures.

The Group has also established a dedicated whistleblowing channel under the Whistleblowing Policy, which allows employees and external stakeholders to report improprieties confidentially through email, telephone, or mail. The COC, ABCP and Whistleblowing Policy are also made available through our corporate website.

We are also committed to the principles of sound corporate governance as set out in the Malaysian Code on Corporate Governance 2021. Our corporate governance policies are reviewed periodically to ensure they reflect the applicable changes in legislative requirements and the business environment.

SUSTAINABILITY STATEMENT (Cont'd)

Economic Sustainability (Cont'd)

- Corporate Governance, Code of Conduct and Anti-Corruption (Cont'd)**

The corruption risk and identified risk areas to the Group's operations were reviewed as part of the annual risk assessment under the Enterprise Risk Management. There were no cases reported on corruption and whistle blowing for the financial year ended 31 December 2023.

The following table shows the annual corruption risk assessment undertaken, briefings conducted upon employment/ email reminders as well as number of recorded incidents of corruption cases:

Employee Category	Briefings/Email reminders completed		
	2021	2022	2023
Executives	100%	100%	100%
Non-executives	100%	100%	100%
	2021	2022	2023
Percentage of operations assessed for corruption risk	100%	100%	100%
	2021	2022	2023
Number of confirmed corruption incidents	0	0	0

- Production Efficiency**

The continuous search for new efficient and modern production equipment, tools and methods has become a norm for the Group. Apart from this, we are always looking at ways to invest in automating our steel plants to remain cost competitive and environmentally friendly. This way the manufacturing operations manage to keep in line with other major steelmaking corporations in the market. The keyword is eco-efficiency: to manufacture steel using minimal amounts of raw materials and energy, as well as reducing as much as possible the generation of waste and pollution, which is the goal of our steel plants. We also have in place a preventive planned maintenance schedule for our main machines, forklifts and overhead cranes to avoid unexpected breakdowns and minimise downtime.

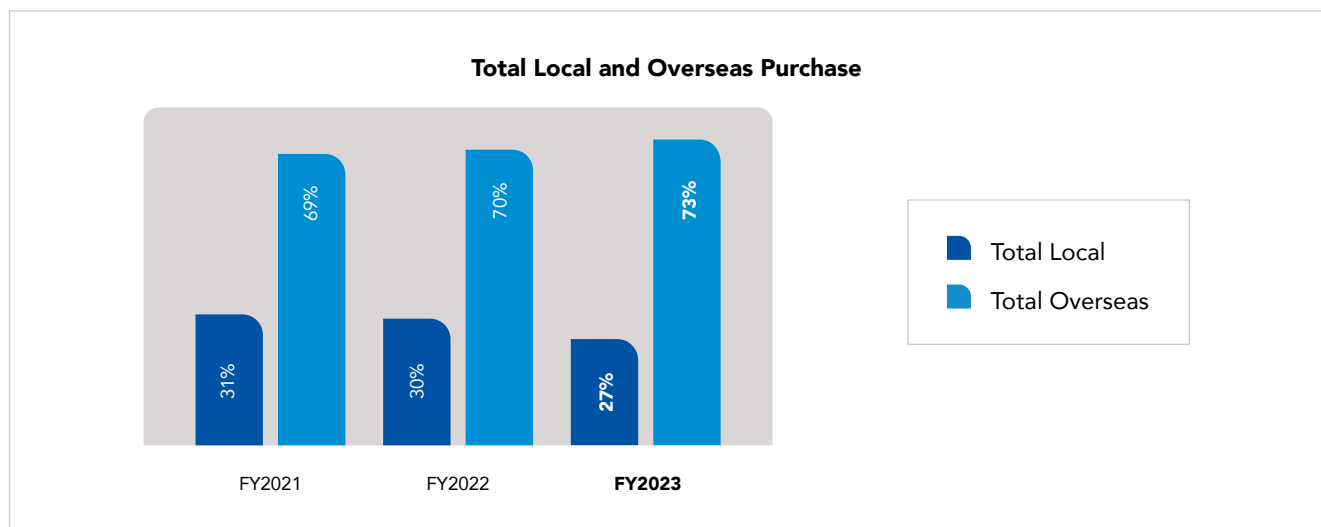


Economic Sustainability (Cont'd)

Raw Material Supply Chain

Our goal is to achieve responsible sourcing by building strong and resilient partnership with suppliers for protecting our reputation, customers as well as to mitigate risks and issues linked to raw material supply chain. Our raw materials are also sourced from reliable steel mills internationally that ensures quality, prompt delivery, while taking into account sustainable elements, i.e whether the company carries out ethical business practices such as minimising environmental impacts, safeguarding employees' rights, etc.

Our non-trade purchases are mostly sourced from local suppliers. However, our trade purchases, especially for inventory/raw materials purchases are sourced mainly from overseas suppliers instead. This is due to the limited upstream suppliers and range available in the local market to meet our product requirements. The following graph shows the amount of local as well as overseas trade purchases:



Logistics and Distribution

We are constantly striving to improve on our logistics management and distribution chain. Through our concerted efforts, we have managed to minimise many of the distribution issues faced by our operations. We have also adopted several ongoing pro-active measures to enhance our distribution efficiency, which include:

- Emphasising quality towards our products and ensuring they are adequately protected during the handling process by using appropriate bearing strips or wooden planks, correct product positioning or handling methods, nesting or banding in the loading process;
- Adequately stocking up most of the common and popular products in our Kapar warehouse to enhance the product delivery of our products to customers in the Klang Valley and Singapore markets; and
- Close supervision to ensure adherence to the established procedures which led to better warehouse management, greater improvement on traceability and reduction in errors on deliveries.

We will continue to engage closely with all stakeholders to ensure that our logistic and distribution performances are among the industry's leading standards.

SUSTAINABILITY STATEMENT (Cont'd)

Nature (Environment) Sustainability



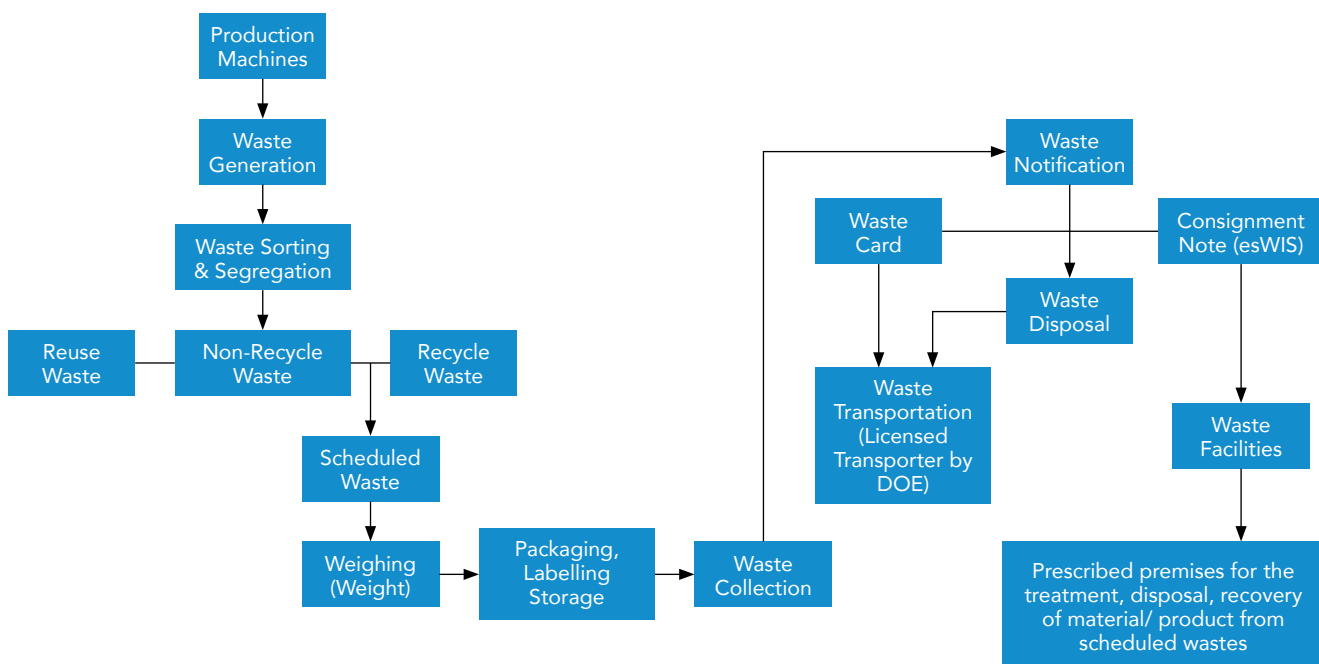
Waste Management

Scheduled wastes

We are cognisant that our manufacturing operations produces scheduled waste. Hence, to reduce the environmental impact from our manufacturing operations, we have in place a scheduled waste management system which is carefully documented into a manual for employees to abide by. Our scheduled waste management practice complies with the relevant regulations, in particular, the First Schedule of the Environmental Quality (Scheduled Wastes) Regulation, 2005. Apart from this, the Group has also adopted the Department of Environment's ("DOE") Environmental Mainstreaming Tools ("EMT"), which promotes self-regulation of environmental compliance. Environmental mainstreaming refers to the infusion of environmental agenda at all levels of the Group's organisational structure and operations.

We also ensure that scheduled wastes are managed sustainably following the waste hierarchy of Prevention, Reuse, Recycling and Disposal to reduce waste sent to landfills and in the carbon emissions of land filling. Waste generated are first considered whether they can be reused or recycled before resorting to disposal as a final option.

Our scheduled wastes management process from waste generation to disposal is depicted in the flowchart below:



Waste collected, packed and labelled



Waste collected by qualified contractor

SUSTAINABILITY STATEMENT (Cont'd)

Nature (Environment) Sustainability (Cont'd)

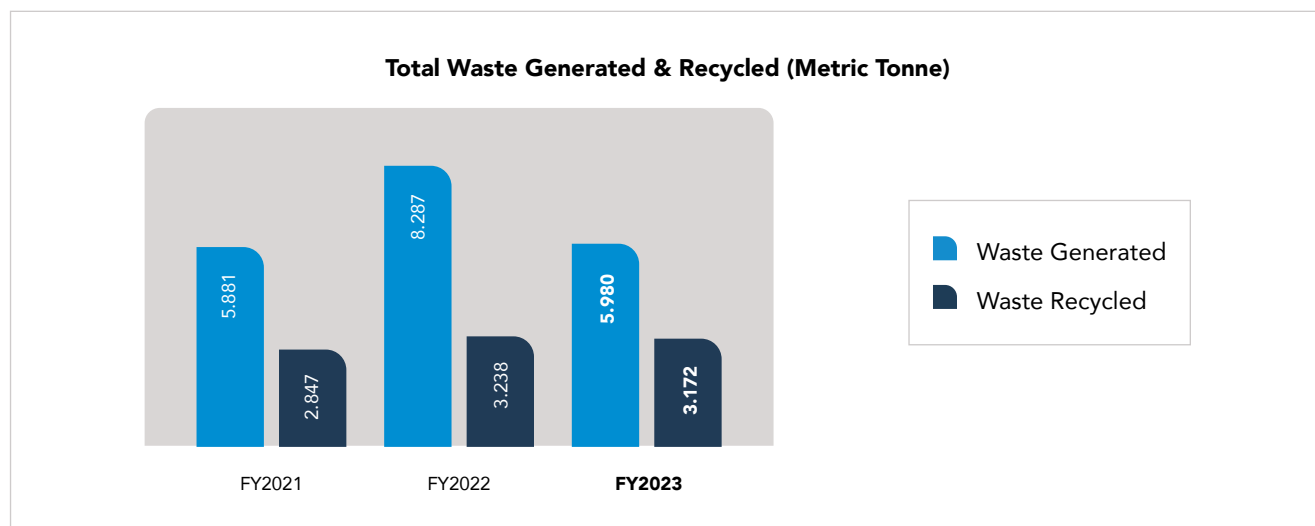
Waste Management (Cont'd)

Scheduled wastes (Cont'd)

In compliance with the Environmental Quality (Scheduled Wastes) Regulation, 2005 we monitor scheduled waste categories and its disposal as per the table below:

Waste Name	Total Waste Generated (Metric Tonne)		
	2021	2022	2023
E-Waste / Electronic waste	-	0.33	-
Spent lubricating Oil	0.64	1.01	0.55
Clinical waste	0.001	0.007	-
Contaminated Container	-	-	1.72
Contaminated gloves	0.53	0.39	0.27
Mixture of metal chips and sludge	4.71	6.55	3.44
Total	5.881	8.287	5.980

Out of the 5.980 metric tonnes of scheduled waste generated in FY 2023, 3.172 metric tonnes (53%) were recycled while the remaining of 2.808 metric tonnes were disposed through a qualified waste disposal contractor to reduce any potential environmental risks with appropriate reporting to the Department of Environment. We endeavor to recycle 35% of our total scheduled waste generated annually, from FY 2019 baseline by 2030 to reduce waste sent to landfill. For FY 2023, we recycled 53% of total scheduled waste generated.



Nature (Environment) Sustainability (Cont'd)

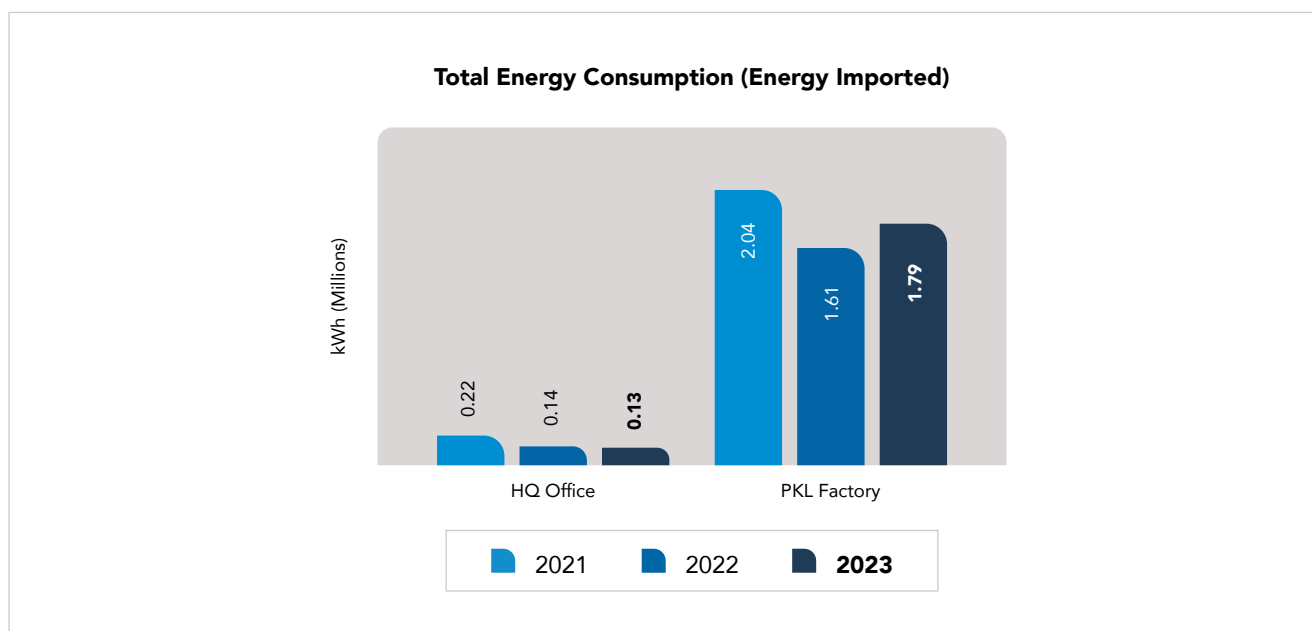
Energy and Resource Management

Energy Management

The Group recognises the importance of good environmental management/preservation practices in minimising operational impact to the environment, while improving energy efficiency and costs reduction. To achieve this, our daily operations employs the following practices:

- effective production shift scheduling which in turn reduces unnecessary energy consumption and pollution;
- implementing an effective production planning, control and monitoring process to reduce energy consumption throughout the operations;
- gradual replacement of existing spotlights and fluorescent light tubes with Light-Emitting Diode (“LED”) tubes in our factory production area, offices and warehouses for energy conservation and to create an eco-friendlier environment;
- adoption of “Green” renewable energy via installation of solar panels on the rooftops of our main factory in Pengkalan (“PKL”) (1896.1 kW system) as well as headquarters’ (“HQ”) office (70.84 kW system), both in Ipoh. Beside this, we are always exploring new technologies that helps in reducing energy consumption;
- inculcate good energy conservation habits within the staff such as switching off lights and air-conditioners when they are out of the office, shutting down of certain machines during break times and non-operational times;
- carry out regular scheduled preventative maintenance servicing of machines to ensure that they operate optimally; and
- implemented skylights as natural lighting in our factory and warehouses as part of our energy conservation strategy.

Since the completion of our solar system installation for both our PKL factory and HQ office, our energy consumption has reduced by more than 50% since FY 2022 as compared to the 2019 baseline year. We endeavor to maintain this energy consumption reduction pattern annually, where we have achieved ahead of the target set of 40% energy consumption reduction from FY 2019 baseline by 2030.



* Note: PKL factory’s FY 2021 and FY 2022 total energy consumption has been restated to exclude the maximum demand peak load usage erroneously included in our previous year’s computations.

For FY 2023, our PKL factory’s energy consumption came in higher by 12% as compared to FY 2022 mainly due to higher production output requiring more imported energy to power our machineries.

Nature (Environment) Sustainability (Cont'd)

Energy and Resource Management (Cont'd)

Carbon Emissions (Climate Change)

The Group acknowledges that our energy consumption and Greenhouse Gas (“GHG”) emissions contribute to climate change impacts. We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy. In view of this, we monitor our carbon emissions based on Scope 1 which covers direct emissions from operations that are owned or controlled and Scope 2, which covers indirect emissions mainly from the generation of purchased electricity consumed by us.

Scope 1 mitigation plans are achieved via controlled usage of diesel, which produces CO₂, as well as the substitution of its usage with alternative cleaner energy sources which are more environmentally friendly. Our target set for Scope 1 is 15% CO₂ emission reduction from FY 2019 baseline by 2030, which we have achieved ahead of the target year.

As for Scope 2, our CO₂ emission reduction target set is 40% from FY 2019 baseline by 2030, which we have achieved earlier via the adoption of renewable solar technology. With this, we endeavour to maintain an annual targeted CO₂ reduction of at least 1,400 metric tonnes. This also saves the equivalent of:



Average number of cars taken off the road per year = **212 cars**



CO₂ absorbed per year = **77,155 matured trees**

During the year, we also carried out the following initiatives to improve our carbon emission reduction performance as follows:

1. For Scope 1 : Replaced three (3) aging and inefficient forklifts with a more fuel-efficient forklift.
2. For Scope 2 : Successfully subscribed to Tenaga Nasional Berhad’s (“TNB”) Green Electricity Tariff (“GET”) programme for our Pengkalan factory. This enabled us to purchase low carbon electricity supply, which helped reduce our carbon footprint in electricity consumption further. The total energy subscribed from this renewable energy source amounted to 418,000 kWh, which translated to an additional CO₂ reduction of 267.1 metric tons for 2023.

With regards to Scope 3 emissions, we believe that our impact to the environment is minimal while data collection remain onerous and challenging, hence is not reported. However, we will monitor this impact for future management and reporting purposes.

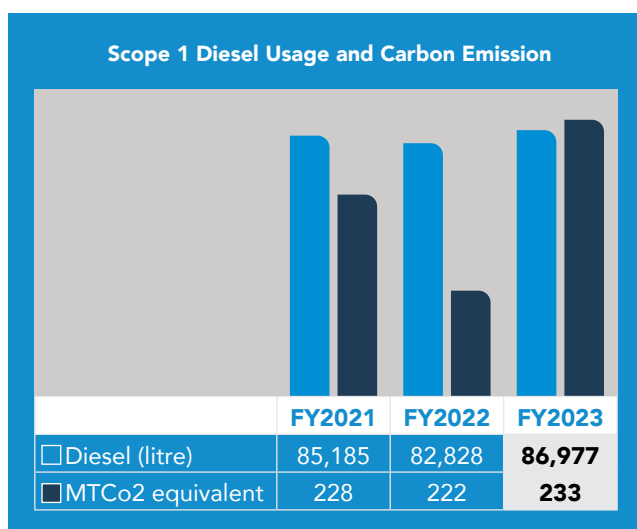
SUSTAINABILITY STATEMENT (Cont'd)

Nature (Environment) Sustainability (Cont'd)

Energy and Resource Management (Cont'd)

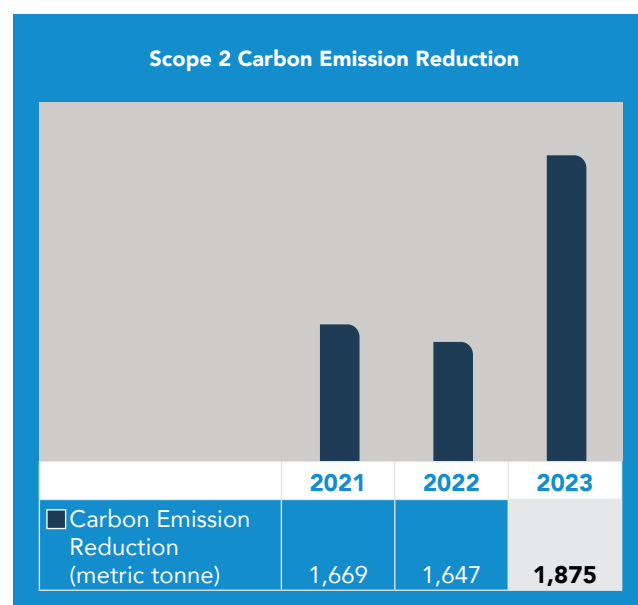
Carbon Emissions (Climate Change) (Cont'd)

For Scope 1, FY 2023 recorded a higher diesel usage of 86,977 litres as compared for FY 2022 of 82,828 litres mainly due to higher consumption by old inefficient forklifts. Correspondingly, carbon emission from diesel usage increased by 5% as compared with FY 2022. To mitigate this while lowering diesel consumption and CO2 emission, the company identified three (3) aged and fuel inefficient forklifts and replaced them with a newer and more fuel-efficient forklift. Nonetheless, if compared to our 15% reduction target from 2019 baseline, FY 2023 achieved a 15% MTCO₂e reduction which met the said target.



* Note: FY 2022's diesel consumption has been restated to 82,828 litres due to consumption that was left out in our previous year's computation.

For Scope 2, the trending of CO₂ emission reduction is tracked from the generation of solar power for self-use, which results in lesser electricity purchased from TNB's power grid. The CO₂ emission reduction on average for FY 2021, FY 2022 and FY 2023 with an emission factor of 0.639 (revised to align with latest national emission factor compared to old emission factor of 0.585 disclosed in FY 2022 Annual Report) are displayed as per the table below:



* Note: FY 2021 and FY 2022's Scope 2 carbon emission reduction has been restated to be aligned with the average national CO₂ emission factor of 0.639.

FY 2023 experienced a higher carbon emission reduction on the back of Green electricity supply purchased from TNB, in addition to the solar electricity generated from our solar system. Since the adoption of solar technology for both our Pengkalan factory and HQ office, our Scope 2 CO₂ emission has reduced by more than 40%, where our target of 40% CO₂ emission reduction has been met.

Overall, our total CO₂ emissions for Scope 1 and Scope 2 have reduced by more than 40% since FY 2021, as depicted in the table below:

CO ₂ Emission (MTCO ₂ e)	2019	2020	FY 2021	FY 2022	FY 2023
Scope 1	274	228	228	222	233
Scope 2	2,844	1,741	1,439	1,116	965
Total Emission	3,118	1,969	1,667	1,338	1,198
% reduction from 2019 baseline	Baseline	37%	47%	57%	62%

Nature (Environment) Sustainability (Cont'd)

Water Management

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management and contamination. As water cuts and scarcity are becoming more frequent, the Group is committed to mitigating the risk of water shortages through efficient water management across our operations.

Hence, we have in place a water management practice for both our HQ office and PKL factory site, where water consumption is monitored to improve water efficiency and promote water conservation. Our water management practice includes the following, amongst others:

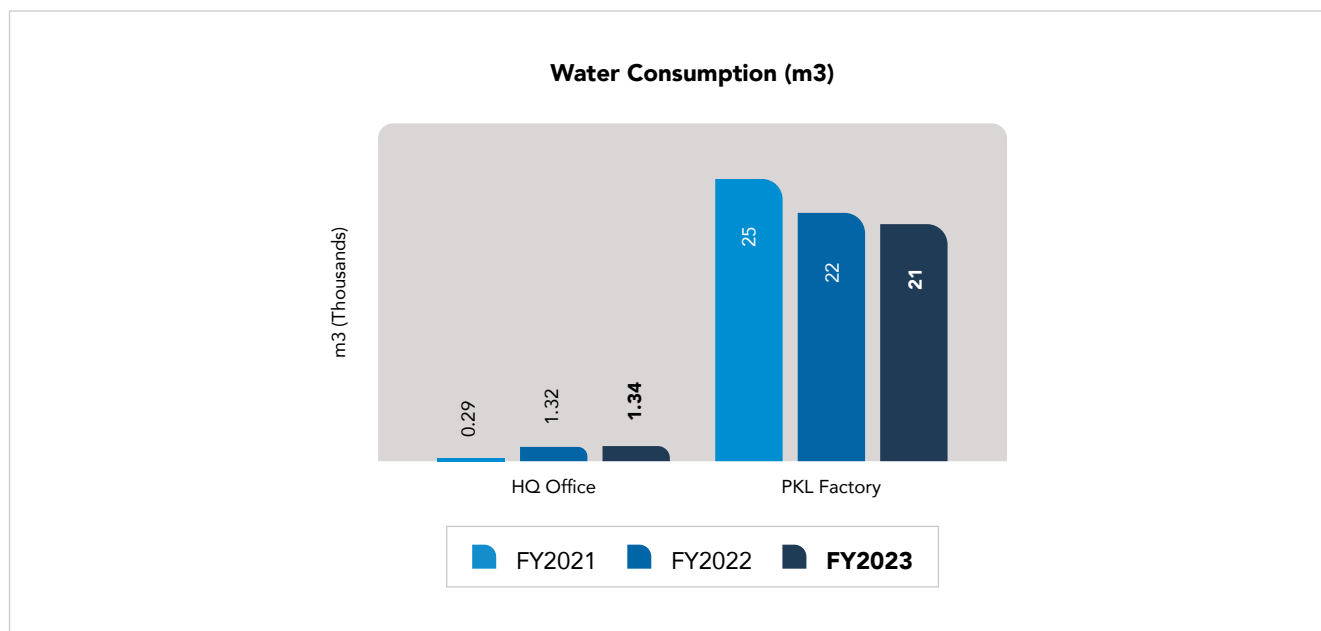
- Reuse of cooling water thus reducing new water intake for our factory production process.
- Harvesting rain water for general use
- Raise awareness among employees on proper water management

We endeavor to reduce water consumption by 15% from FY 2019 baseline by 2030, which we have achieved ahead of the target year. Water consumption for our PKL factory site was favorably lower in FY 2023 (20,838 m³) with a 24% reduction compared to the FY 2019 baseline as a result of our on-going disciplined water consumption practice.

For our HQ office, water consumption for FY 2023 was marginally higher by 2% and will be monitored with the necessary measures required to ensure consumption remains sustainable.



Rain water harvesting



SUSTAINABILITY STATEMENT (Cont'd)

Workplace Sustainability



Employee Management

The Group understands that its employees are its most valuable asset organisation wide. Our hiring practices are based on capability and suitability and there is no discrimination in our hiring policies. We are committed to recruiting, developing and retaining high-performing employees, while providing a work environment that is both conducive and empowering. The Group also adheres to local labour and employment-related laws in all our human resources practices. The wellbeing of our employees remains a priority as their strength and contributions are the Group's results.

To achieve this, we have the following employee management practices in place:

- Competitive Benefits**

The Group's benefit packages are structured to reward and retain employees, which focuses on areas such as their health, monetary and career advancement. Benefits provided to our employees include:

- Objective performance assessment that are linked to pre-determined Key Performance Indicators ("KPI") and competencies to quantifiable outcomes and rewards;
- Medical, hospitalisation and personal accident coverage;
- Annual leave;
- Company trips;
- Team building events;
- Sports club events and social gatherings;
- Corporate T-shirts (to help enhance the sense of belonging and company branding); and
- Long service staff awards in recognition for their loyalty and contribution to the Group.

For FY 2023, there were 19 Long Service Award recipients altogether ranging from 10 years to 55 years. These awards were given to deserving staffs in recognition of their loyalty, dedication and contributions over the years.

Long Service	No. of Employees
55 years	1
35 years	1
30 years	1
25 years	1
20 years	2
15 years	5
10 years	8
Total	19



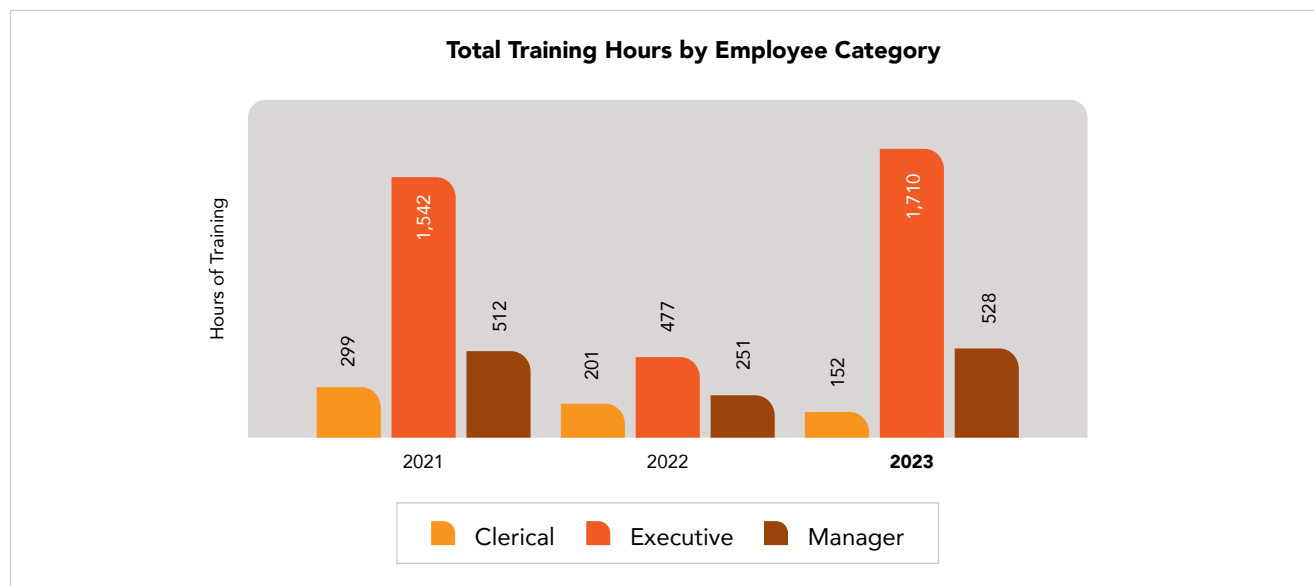
- Training and Development**

The Group invests on the continued development of its people. This is done in alignment with business priorities to equip employees with the required skills, knowledge and experience to successfully carry out their tasks as well as advance in the Group horizontally or vertically. Heads of Department together with Human Resource will analyse and determine the training/grooming needs of employees regularly to help narrow competency gaps. Such continuous training provides the business with multi-skilled employees who are committed and dedicated to their job and to the organisation.

Workplace Sustainability (Cont'd)

• Training and Development (Cont'd)

Training details are as follows:



In FY 2023, we spent 2,390 hours in internal and external learning and development programmes.

• Succession Planning

To ensure a continuous stream of qualified and competent employees who are ready to fill up critical positions should the need arise, the organisation has in place a succession planning policy as part of its risk management. We have identified the factors that contribute to this risk to be arising from old age (60 years and above), health of incumbent and job opportunities to incumbents from external sources. We have therefore come up with strategies to mitigate this risk which include:

- (i) short term strategies such as the second person in line to ensure smooth running of day-to-day operations with major decisions/approvals made by Management whenever required, other Heads of Department who have the knowledge, skill and experience to execute additional function, deploy appropriate consultant to carry out the task; and
- (ii) long term strategies such as grooming the second person in line to succeed the incumbent, new recruitment, engage specialist or consultant on a longer-term project basis.

• Safety and Health

Our commitment to operate responsibly ensures that we create and maintain a safe and healthy workplace for our employees, contractors, visitors, suppliers, road users and the general public. By ensuring a healthy, safe and conducive workplace, we aim to prevent injuries among those working within our premises, which ultimately leads to increased efficiency and output. This is reflected in the establishment of the Occupational Safety and Health Committee ("OSHC") which comprises representatives from several levels of the organisation and are guided by the Occupational Safety and Health Act 1994, Occupational Safety and Health Manual, Land Public Transport Act 2010 as well as other relevant regulations. This committee, together with the Safety and Health Officer is responsible for understanding, continuously improving and supporting Safety and Health policies ensuring that:

- Safety and Health policies and any relevant regulations and standards are complied with;
- Employees and external parties are provided with guidelines and directive by management so that they perform their work and activities in a responsible manner;

SUSTAINABILITY STATEMENT (Cont'd)

Workplace Sustainability (Cont'd)

• Safety and Health (Cont'd)

- Safety and Health inspections are carried out to measure and assess progress;
- Safe and healthy work practices are promoted and a safe and healthy workplace is maintained via provision of adequate training and safety awareness programmes and suitable Personal Protective Equipment and safety equipment to the relevant employees;
- Information, directive and supervision to employees on Occupational Safety and Health programmes are provided, including:
 - promoting Safety and Health awareness and preventing accidents, diseases and other work-related health effects in the workplace; and
 - conducting training on accidents prevention, safety operation procedures and production processes which are efficient, safe and practicable.
- Performance and the corrective actions are regularly communicated to management and employees; and
- Accident cases in the factory are thoroughly investigated and effective corrective and preventive actions are being taken to prevent and eliminate repeated accidents.

The table below highlights the number of workplace accident cases, work-related fatalities, lost time incident rate and the number of employees trained on health and safety standard for FY 2023 are shown below:

	2021	2022	2023
Workplace accident cases	30	18	27
Work-related fatalities	0	0	0
Lost time incident rate ("LTIR")	23	16	19
Number of employees trained on safety and health standard	303	288	313

Through our efforts, we have managed to progressively reduce the number of accident cases over the years, where the annual target set is not to exceed 30 cases with zero fatalities. For FY 2023, our LTIR of 19 out of every 100 employees was higher than FY 2022. The slightly higher rate was mainly attributed to the employment of new foreign workers which were inexperienced and lacked the necessary skills and knowledge to carry out the jobs safely. In view of this, our OSHC carried out more trainings during the year to ensure that both new and existing workers are well equipped with the relevant safety knowledge and awareness required. We are committed to a sustainable safe workplace with environmental safety embedded in our business culture to achieve continuous improvement by reducing accidents, occupational injuries and work-related illness rates.

We have also ensured that the latest Standard Operating Procedures ("SOPs") as prescribed and stipulated by the Prevention and Control of Infectious Diseases Act 1988, Malaysian National Security Council and Ministry of Health are continuously adhered to. This is to safeguard our employees, customers, suppliers and all other stakeholders whilst ensuring uninterrupted business operations.

• Business Continuity Plan ("BCP")

We have in place a BCP for certain specific risk areas to provide overall guidance to the management team in respond to any significant incident that threatens to interrupt normal operations. This BCP is to also ensure that the Group is able to resume normal operations in the event of unforeseen circumstances at the shortest time, minimal disruption to business operations and at the lowest cost. The BCP plan is tested from time to time to determine the Group's state of readiness or responsiveness.

• Diversity and Human Rights

Diversity

Diversity gives the Group a competitive edge through accumulation of, and ability to tap into wide range of knowledge, perspectives and ideas. In line with this, we strive to promote equal and fair employment opportunities by actively encouraging diversity of gender, race, religion, age and nationality. The Group also does not tolerate discrimination towards its employees, nor discriminate against any individual based on their gender, age or ethnicity.

Workplace Sustainability (Cont'd)

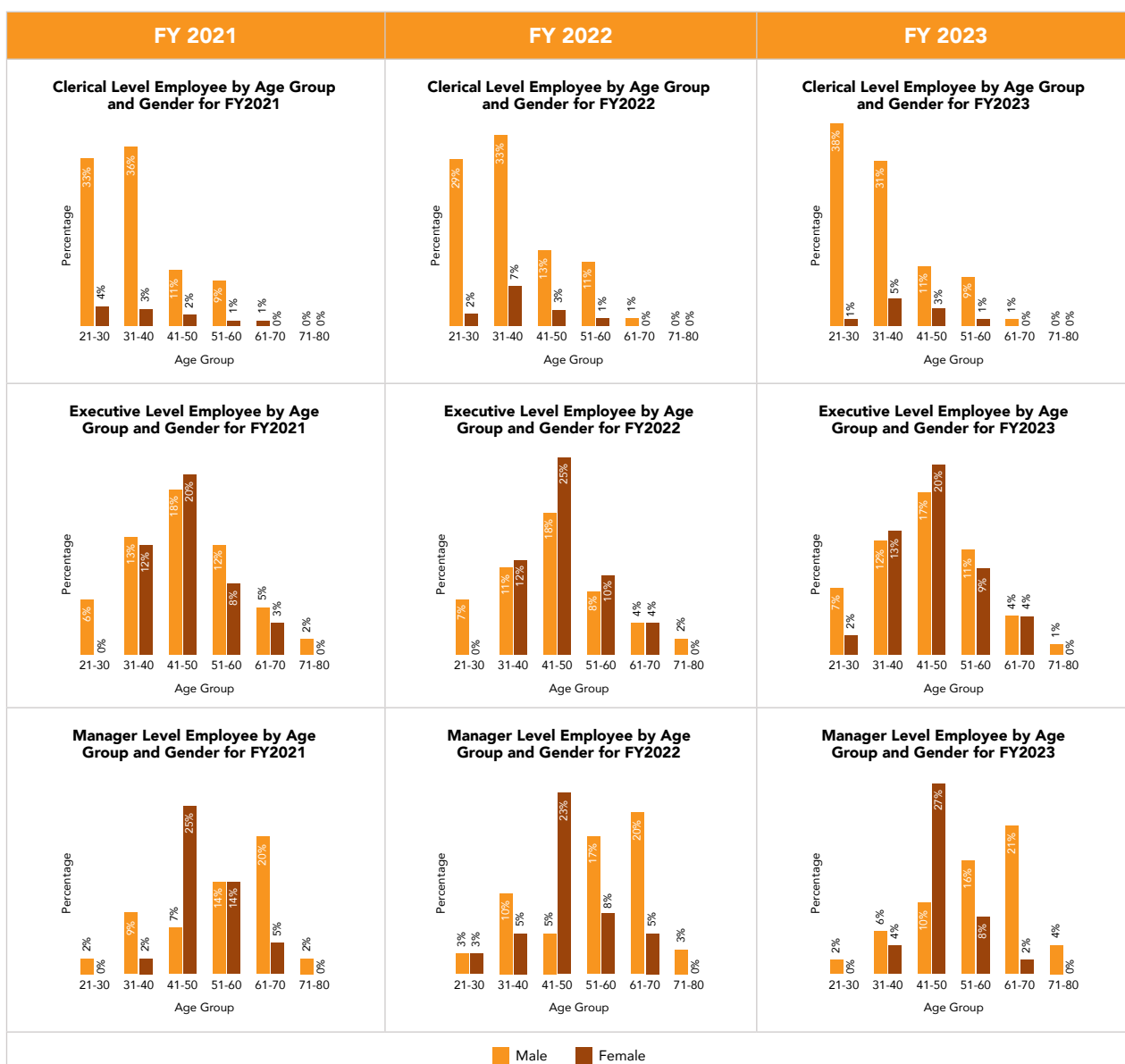
Diversity and Human Rights (Cont'd)

Diversity (Cont'd)

We achieve equity through policies and actions that are underpinned by both fairness and inclusiveness. Guided by our Diversity Policy, we promote a culture that respects and values differences, advocates for equality, and encourages growth and development to help individuals reach their full potential. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit.

We advocate for equitable gender representation on our Board, and to that end, our Diversity Policy for the Board ensures to have at least one (1) female Director on the Board, while working towards having at least 30% women representation at the Board level.

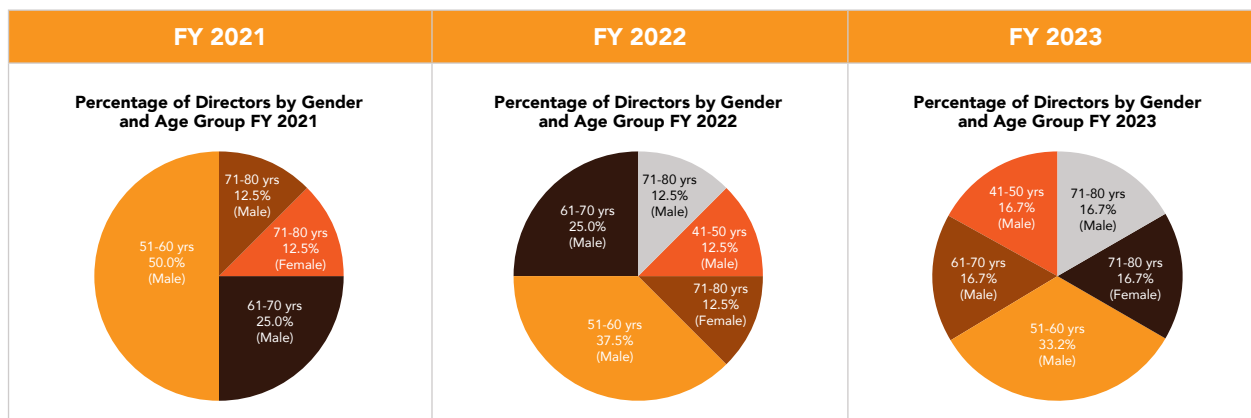
Our workforce profile by gender and age group for each employee category are as follows:



Workplace Sustainability (Cont'd)

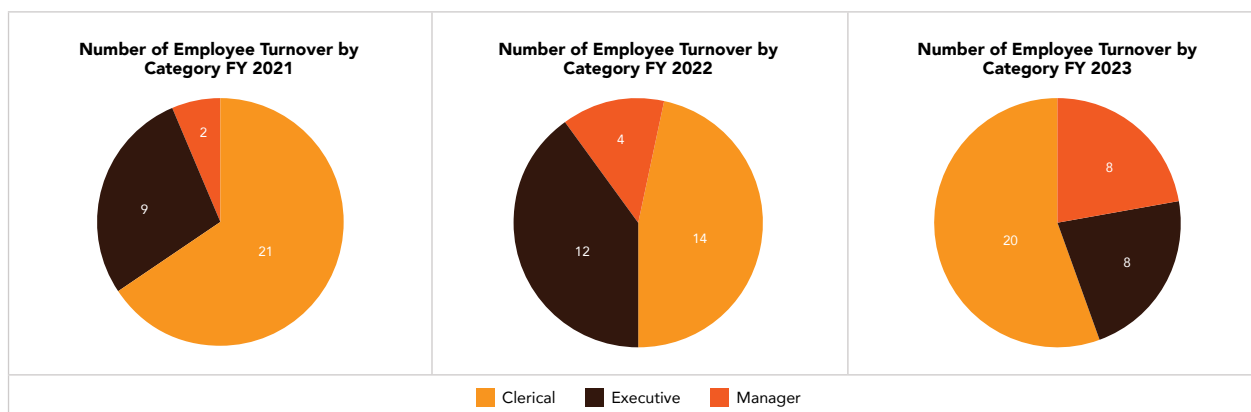
- Diversity and Human Rights (Cont'd)**

Diversity (Cont'd)



On average, our employees have been working for the group for more than 10 years with an annual turnover rate of 16% for FY 2023.

	2021	2022	2023
Turnover rate (%)	13	13	16



* Note: FY 2021 and FY 2022 disclosure have been restated to be in line with current year's data presentation.

Human rights

The Group is committed to protecting and respecting human rights across its business operations. We believe that strong human rights practices coupled with fair and ethical treatment improves productivity and promotes a healthy working culture. Our human rights practice is reflected in our Human Rights Policy and adheres to applicable laws and regulations, which include but are not limited to Malaysia's Employment Act 2022. This policy (which includes foreign workers) discloses fair labour practices, zero-tolerance for child labour and any form of forced labour, protection against discrimination and harassment, working hours, wages and benefits, women's rights and empowerment, and reporting procedure, among others.

SUSTAINABILITY STATEMENT (Cont'd)

Workplace Sustainability (Cont'd)

Diversity and Human Rights (Cont'd)

Human rights (Cont'd)

Our Code of Conduct ("COC") also outlines our expectations to all our employees and external stakeholders in approaching human rights matters while conducting business with the Group. This includes principles relating to fair dealings, confidentiality of information, conflict of interest, compliance with laws and regulations and sexual harassment, which is available on our corporate website at www.choobee.com.

As for our annual target for complaints concerning human rights violations, we endeavor to achieve zero substantiated complaints. For the financial year ended 31 December 2023, the Group did not receive any complaints concerning human rights violations.

	2021	2022	2023
Number of substantiated human rights complaints	0	0	0

Society (Community) Sustainability



Community Activities

Being a caring corporate organisation, we are ever conscious of the importance of our corporate social responsibility ("CSR") role. Hence, the Group's focus is on giving back to the surrounding communities in which it operates, with a focus on education and social welfare financial support. By investing in education, we aim to nurture local talent to provide them with opportunities to reach their full potential, while helping to form a high-quality talent pool for the nation.

In alignment with this core value, we carried out various CSR activities during the year which included amongst other activities:

- extended financial donation to a non-profit organisations that provide humanitarian assistance to the poor, hungry, orphan, helpless and homeless regardless of race or religion; and
- on-going community activities that include the provision of internships and providing financial support to schools, clinics, religious associations, individuals as well as commerce associations for their various needs.

The details of the total number of community beneficiaries and amount paid out for FY 2023 are shown in the table below:

Beneficiaries	2021	2022	2023
Total amount invested where the target beneficiaries are external (RM)	28,250	27,500	27,345
Total number of beneficiaries of the investment in communities	22	21	27

SUSTAINABILITY STATEMENT (Cont'd)

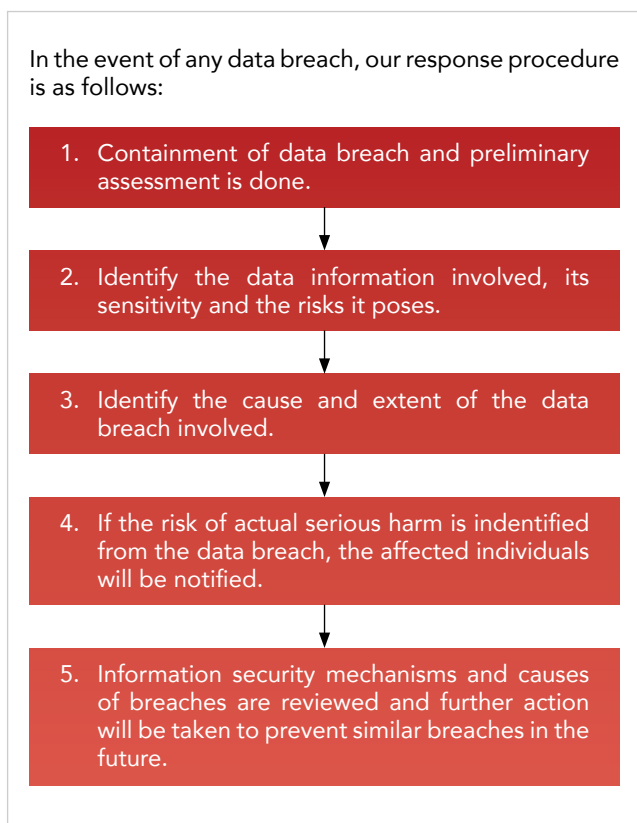
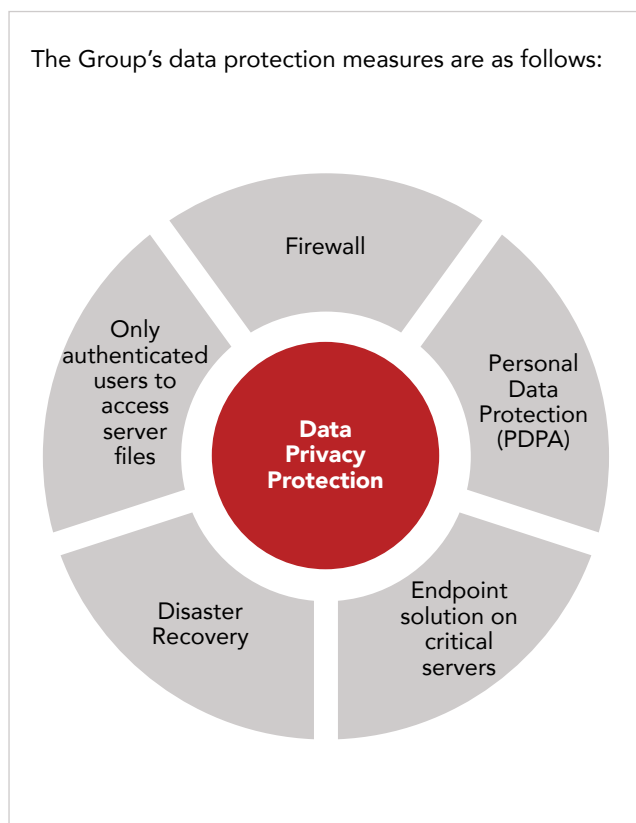
Society (Community) Sustainability (Cont'd)

Community Activities (Cont'd)

Beneficiaries	Total numbers	Amount RM
Non-profit organisations that provide humanitarian assistance to the poor, hungry, orphan, helpless and homeless regardless of race or religion	17	19,205
Schools, clinics, religious associations, individuals as well as commerce associations for their various needs.	10	8,140
Total	27	27,345

Data Privacy

As the business landscape shifts towards a more digital future, the Group has made strides to protect the privacy of its customers, employees and suppliers/consultants data.



For the FY 2023, there were no substantiated complaints concerning breaches of customer data privacy or loss of customer data.

	2021	2022	2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

SUSTAINABILITY STATEMENT (Cont'd)

Performance Data Table (From Bursa's ESG Reporting Platform)

The company as a listed issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from the ESG Reporting Platform summarises indicators that are pertinent against our Material Matters. For 2023, our 15 Material Matters are:

• Customers and Products	• Competitive Benefits
• Corporate Governance, Code of Conduct and Anti-Corruption	• Training and Development
• Production Efficiency	• Succession Planning
• Raw Material Supply Chain	• Safety and Health
• Logistics and Distribution	• Business Continuity Plan
• Waste Management	• Diversity and Human Rights
• Energy and Resource Management	• Community Activities
	• Data Privacy

We have matched all numerical mandatory and additional indicators to the relevant Material Matters. Some of the indicators are subsumed under the same Material Matter, for example the indicators of energy, carbon emissions and water are matched to the Material Matter "Energy and Resource Management". In addition, some of our Material Matters do not have quantitative data and have been covered in the narrative in previous sections of our Sustainability Report 2023. The figures below have been internally assured, as labelled accordingly for each of the indicators.

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executives	Percentage	100.00
Non-executives	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	24.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	1,928.40
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	22.183000
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Clerical	Hours	152
Executive	Hours	1,710
Manager	Hours	528
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Clerical	Number	20
Executive	Number	8
Manager	Number	8
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	19.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	313

SUSTAINABILITY STATEMENT (Cont'd)

Performance Data Table (From Bursa's ESG Reporting Platform) (Cont'd)

Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Clerical Under 30	Percentage	39.00
Clerical Between 30-50	Percentage	50.00
Clerical Above 50	Percentage	11.00
Executive Under 30	Percentage	9.00
Executive Between 30-50	Percentage	62.00
Executive Above 50	Percentage	29.00
Manager Level Under 30	Percentage	2.00
Manager Level Between 30-50	Percentage	47.00
Manager Level Above 50	Percentage	51.00
Gender Group by Employee Category		
Clerical Male	Percentage	90.00
Clerical Female	Percentage	10.00
Executive Male	Percentage	52.00
Executive Female	Percentage	48.00
Manager Level Male	Percentage	59.00
Manager Level Female	Percentage	41.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.30
Female	Percentage	16.70
Under 30	Percentage	0.00
Between 30-50	Percentage	16.70
Above 50	Percentage	83.30
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	27,345.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	27
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance External assurance No assurance (*) Restated

SUSTAINABILITY STATEMENT (Cont'd)

Task Force on Climate-Related Financial Disclosures (“TCFD”) – Aligned Disclosures

The Group is committed to playing a role in contributing towards the transition to a low carbon economy. As such, we have initiated the process of integrating the TCFD Recommendations within our sustainability statement this year, ahead of the regulatory requirements of Bursa Malaysia’s Main Market Listing Requirements.

Governance

The Board of Directors has ultimate oversight of the Group’s initiatives to identify, assess and integrate climate-related risks and opportunities, as well as the progress against goals or targets related to them throughout the organisation. Supporting the Board of Directors is the Audit and Risk Management Committee (“ARMC”) and Executive Committee (“EXCO”), which is primarily responsible for our climate change efforts, including ensuring the integration of climate-related risks and opportunities within the organisation’s enterprise risk management.

The Sustainability Working Group (“SWG”), chaired by the Chief Executive Officer, shares the responsibility of managing our climate-related risks and opportunities by identifying, assessing, and ultimately integrating them into our business. The SWG is also responsible for formulating the Group’s sustainability strategy to transition the organisation towards a low carbon economy.

Strategy

Discussions with our internal stakeholders across our operations were carried out to identify the localised climate risks relevant to the Group. In addition to that, we conducted our qualitative scenario analysis with reference to the Representative Concentration Pathway (“RCP”) adopted by the Intergovernmental Panel on Climate Change (“IPCC”) and Network of Central Banks and Supervisors for Greening the Financial System (“NGFS”) scenarios.

The Group’s climate-related risks and opportunities were modelled based on the following scenarios:

Scenario	Description	Assessed for
IPCC RCP 8.5/4.4°C	The ‘business-as-usual’ scenario represents a high-emissions future with significant increases in global average temperature, as no concerted efforts are made to reduce emissions	Physical risks
NGFS Net Zero 2050	An ambitious pathway towards achieving net zero emissions by 2050, through stringent climate policies and innovations	Transition risks and Opportunities

Based on the scenarios above, we have identified the potential impact of the risks and opportunities identified to the business and have accordingly formulated adaptation and mitigation plans.

Climate Related Risks

Scenario	Type	Climate Related Risks	Potential Impacts
IPCC RCP 8.5/4°C	Physical risk - Acute impact	Increased extreme weather events such as floods	- Floods can damage buildings, disrupt supply chains and operations, as well as impact the health and safety of employees
NGFS Net Zero 2050	Transition Risk - Regulatory	Introduction of carbon pricing mechanisms	- Increase cost of business operations impacting margins
	Transition Risk - Reputation	Increased concerns or negative feedback from stakeholders	- Damages reputation if stakeholders perceive that the Group is ignoring climate-related risks or failing to take appropriate actions
	Opportunity - Products	Transition to lower emissions solution	- The need to source raw materials from suppliers utilising low carbon technology - Better competitive position in line with shifting consumer preferences for carbon friendly steel products
	Opportunity - Resilience	Participation in and adoption of renewable energy	- Adoption of solar energy system for our factory operations which in turn will result in low carbon steel products

SUSTAINABILITY STATEMENT (Cont'd)

Task Force on Climate-Related Financial Disclosures (“TCFD”) – Aligned Disclosures (Cont'd)

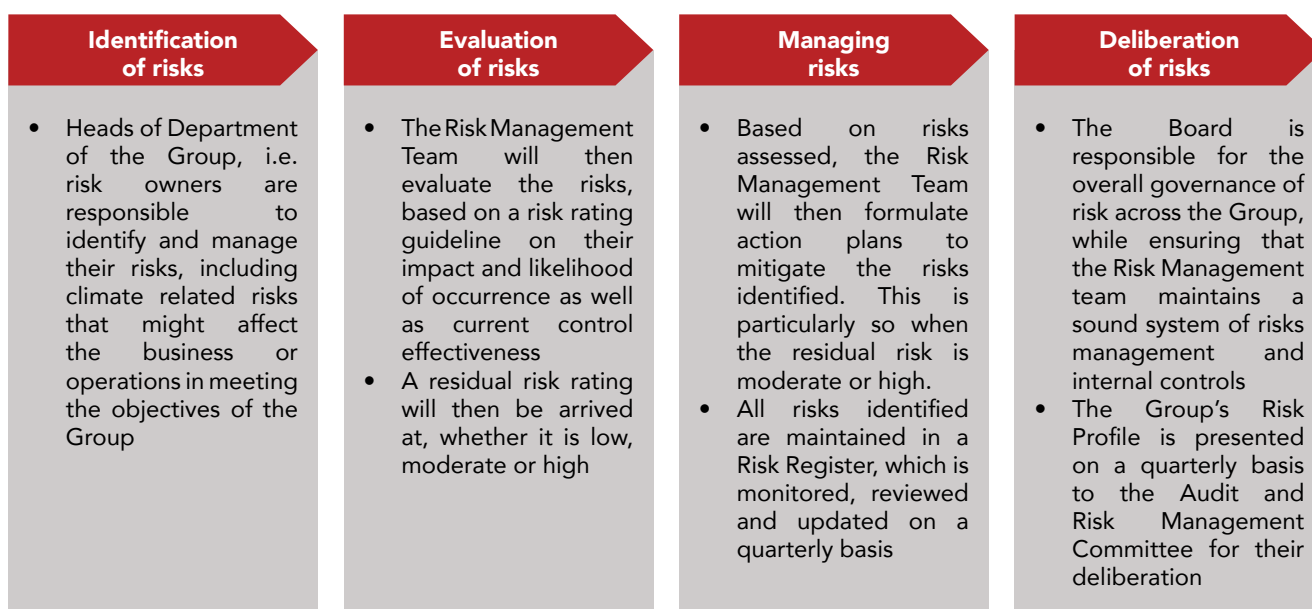
Resilience of the organisation’s strategy

The resilience of an organisation’s strategy depends on its ability to adapt and thrive in the face of changing circumstances and emerging risks. One key factor in achieving this is aligning the company’s strategy with climate-related scenarios. The Group conducted qualitative scenario analysis to identify potential risks and opportunities, which directs our business and climate strategies. This includes manufacturing products that can address climate-related challenges.

Risk Management

All our identified risks, including sustainability and climate-related risks are strategically assessed and managed through our risk management process, which is integrated into our Enterprise Risk Management (“ERM”) framework. This framework is based on the Committee of Sponsoring Organisations (COSO) Enterprise Risk Management (ERM) framework.

The risks are identified, assessed, and managed through the following process:



Note: For further information on our risk management, please refer to our SORMIC in this Annual Report on page 70

Metrics and Targets

Climate related performance are tracked using the following metrics:

- Waste generated (MT)
- Energy consumption (kWh)
- Scope 1 and Scope 2 carbon emissions (MTCO₂e)
- Water used (m³)

Our total emissions for the year amounted to 233 MTCO₂e for Scope 1 and 965 MTCO₂e for Scope 2, representing a 10% decrease in total Greenhouse Gas (“GHG”) emissions from the previous year. Overall, we have reduced our GHG emission by more than 40% since 2021 ahead of our 2030 target year.

SUSTAINABILITY STATEMENT (Cont'd)

Task Force on Climate-Related Financial Disclosures (“TCFD”) – Aligned Disclosures (Cont'd)

Metrics and Targets (Cont'd)

As a commitment towards achieving the nation’s aspiration of reducing GHG by 45% by 2030, and achieve Net Zero by 2050, the Group has set climate related targets related to waste generation, energy consumption, GHG emissions and water consumption as follows:

- Reduce waste sent to landfill by recycling 35% of waste generated from 2019 baseline by 2030, which has been achieved since 2020
- Reduce energy consumption by 40% from the 2019 baseline by 2030, which has been achieved since 2021 with the adoption of solar technology
- Reduce CO2 emissions for Scope 1 by 15% and Scope 2 by 40% from the 2019 baseline by 2030. For both Scope 1 and Scope 2 targets, we managed to achieve our targets ahead in 2020 and 2021 respectively
- Reduce water consumption by 15% from 2019 baseline by 2030, which has been achieved earlier since 2020

Note: For further information on our metrics and targets, please refer to our Performance Data Table (pages 36 to 37), Management Approach for Material Matters: Waste Management section (pages 23 to 24), Energy Management section (page 25), Carbon Emissions (Climate Change) section (pages 26 to 27), and Water Management section (page 28).

Assurance Statement

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement have been subjected to an internal review by the company’s internal auditors.

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below:

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion
Internal Review	Anti-Corruption	i. Percentage of operations assessed for corruption risk ii. Percentage of employees who have received training on anti-corruption by employee category iii. Number of confirmed corruption incidents	Operations assessed: Malaysia	Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matters as presented in the Group’s Sustainability Statement, have not been prepared and presented fairly, in all material respects, in accordance with the Group’s relevant policies and procedures as well as applicable standards.
	Diversity and Human Rights	i. At least one (1) female on the Board of Directors ii. Staff turnover rate iii. Number of substantiated human rights complaints		
	Safety and Health	i. Number of workplace accident cases ii. Number of work-related fatalities iii. Lost time incident rate iv. Number of employees trained on safety and health standard		
	Employee Management	i. Total training hours by employee category		
	Customer Satisfaction	i. Customer satisfaction survey score		
	Energy Management	i. Total energy consumption		
	Waste Management	i. Total waste generated and recycled		

CORPORATE INFORMATION

BOARD OF DIRECTORS

Soon Cheng Hai
*Group Executive Chairman
Chief Executive Officer
Executive Director*

Soon Cheng Boon
*Executive Director
Deputy Chief Executive Officer*

Tan Han Leong
Executive Director cum Chief Financial Officer

Puan Sri Shahrizan Binti Abdullah
Senior Independent Non-Executive Director

Ng Poh Tat
Non-Independent Non-Executive Director

Ng Leong Teck
Independent Non-Executive Director

EXECUTIVE COMMITTEE

Soon Cheng Hai, *Chairman*

Soon Cheng Boon, *Member*

Tan Han Leong, *Member*

AUDIT AND RISK MANAGEMENT COMMITTEE

Ng Leong Teck, *Chairman*

Ng Poh Tat, *Member*

Puan Sri Shahrizan Binti Abdullah, *Member*

NOMINATION AND REMUNERATION COMMITTEE

Puan Sri Shahrizan Binti Abdullah, *Chairman*

Ng Poh Tat, *Member*

Ng Leong Teck, *Member*



REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor.
Tel: 603-7890 4700
Fax: 603-7890 4670
E-mail address: bsr.helpdesk@boardroomlimited.com

SECRETARIES

Chan Eoi Leng
(SSM PC No. 202008003055) (MAICSA 7030866)

Chong Kwai Yoong
(SSM PC No. 202308000244) (MAICSA 7075434)

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad

REGISTERED OFFICE

55A, Medan Ipoh 1A, Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-547 4833
Fax: 605-547 4363
E-mail address: boardroom-kl@boardroomlimited.com

AUDITORS

BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Level 8, BDO PLT @ Menara CentARA,
360, Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur, Malaysia.
Tel: 603-2616 2888
Fax: 603-2616 2970

PRINCIPAL PLACE OF BUSINESS

Wisma Soon Teik Aun, Jalan Bendahara,
31650 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-255 8111
Fax: 605-254 3073

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE AND E-MAIL ADDRESS

Homepage: www.choobee.com
E-mail address: enquiries@choobee.com.my

PROFILE OF DIRECTORS

**SOON
CHENG HAI**

Male
Aged 61
Malaysian

*Group Executive Chairman
Chief Executive Officer
Executive Director*

Date of Appointment
10 April 1985

Length of Service (as at 30 April 2024)
39 years

Date of Last Re-Election
3 June 2021

Board Meeting Attended
5/5

Board Committees Memberships
Executive Committee Chairman

Academic/Professional Qualifications

- Diploma in Business Management from Sangyo Noritsu College, Japan

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments/ Working Experience

He has substantially worked within the Group for more than 30 years in various core processes such as management of the supply chain, marketing, product development and manufacturing management. Based on a successful performance record, he was promoted to the position of Group Deputy Managing Director in 1992 and subsequently promoted to Group Managing Director ("GMD") in 1994. He was re-designated to Chief Executive Officer ("CEO") and appointed as Group Executive Chairman on 21 February 2014.

He is also the Chairman of the Executive Committee.

Family Relationship/Conflict of Interest

Soon Cheng Boon is his brother while Tan Han Leong is his brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. Save for the recurrent related party transactions as disclosed in the Note 30 of the Audited Financial Statement, he has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (Cont'd)

SOON CHENG BOON

Male
Aged 59
Malaysian

*Executive Director
Deputy Chief Executive Officer*

Date of Appointment
19 September 1985

Length of Service (as at 30 April 2024)
38 years 7 months

Date of Last Re-Election
21 June 2023

Board Meeting Attended
5/5

Board Committees Memberships
Executive Committee Member

Academic/Professional Qualifications

- Not Applicable

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments/ Working Experience

He joined Choo Bee Hardwares Sdn. Berhad in 1982, currently serving as the Group Business Manager and was appointed as Deputy Chief Executive Officer on 21 June 2019. He underwent training overseas as well as locally and has extensive experience in the field of sales and marketing management. He is also responsible for the overall business development and formulation of all marketing plans and policies for the Group.

He is also a member of the Executive Committee.

Family Relationship/Conflict of Interest

Soon Cheng Hai is his brother and Tan Han Leong is his brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. Save for the recurrent related party transactions as disclosed in the Note 30 of the Audited Financial Statement, he has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (Cont'd)

**TAN
HAN LEONG**

Male
Aged 47
Malaysian

*Executive Director cum
Chief Financial Officer*

Date of Appointment
24 March 2022

Length of Service (as at 30 April 2024)
2 years 1 month

Date of Last Re-Election
10 June 2022

Board Meeting Attended
5/5

Board Committees Memberships
Executive Committee Member

Academic/Professional Qualifications

- Fellow Certified Practising Accountant ("FCPA") and Qualified Chartered Accountant ("CA")
- Fellow Member of the Certified Practising Accountants Australia ("CPA Australia")
- Member of the Institute of Chartered Accountants in England and Wales ("ICAEW")
- Member of the Malaysian Institute of Accountants ("MIA")
- Bachelor of Business degree (majoring in Accounting) from Edith Cowan University, Australia

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments/ Working Experience

He started his career in 1998 as an auditor, then tax consultant with Messrs. Ernst & Young until 2004. During this period, he had wide clientele and work exposure in audit and tax consultancy covering both private and listed companies notably in Fast Moving Consumer Goods ("FMCG"), manufacturing, property development, oil and gas as well as trading sectors respectively. He then moved to the commercial sector and gained 7 years of commercial experience in various finance roles. Prior to joining Choo Bee Metal Industries Berhad in 2012, he was in a regional management role with a multinational company, i.e. Hewlett Packard until 2011. During this period, his main responsibilities included providing business and financial support to Business Directors and Finance Directors in Australia/New Zealand and several other Asian countries. He was also responsible for the financial management involving the supervision of the company's finance and treasury functions. He is currently serving as the Group's Chief Financial Officer since 21 February 2014.

Family Relationship/Conflict of Interest

Soon Cheng Hai and Soon Cheng Boon are his brothers-in-law.

He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (Cont'd)

**NG
POH TAT**

Male
Aged 74
Malaysian

*Non-Independent
Non-Executive Director*

Date of Appointment

15 August 2008 as Independent Non-Executive Director

1 March 2023 redesignated as Non-Independent Non-Executive Director

Length of Service (as at 30 April 2024)

15 years 7 months

Date of Last Re-Election

10 June 2022

Board Meeting Attended

5/5

Board Committees Memberships

Nomination and Remuneration Committee, member
(relinquished as Chairman of NRC on 1 March 2023)

Audit and Risk Management Committee, member

Academic/Professional Qualifications

- Certificate in Legal Practice, Malaysia Legal Profession Qualifying Board
- Bachelors of Law, University of London

Other Directorship(s) in Public Companies and Listed Issuers

- Polydamic Group Berhad (Public Listed Company)

Past Directorships and/or Appointments/ Working Experience

He was appointed to the Board as an Independent Non-Executive Director and subsequently promoted to Senior Independent Non-Executive Director on 24 June 2011.

He was admitted by the High Court of Malaya, Ipoh and enrolled as an advocate and solicitor in February 1989. In 1991, he set up his own firm under the partnership of Messrs. Ng Poh Tat & Co in Ipoh.

Family Relationship/Conflict of Interest

He does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (Cont'd)

**PUAN SRI SHAHRIZAN
BINTI ABDULLAH**

Female
Aged 73
Malaysian

*Senior Independent
Non-Executive Director*

Date of Appointment

12 June 2004 as Non-Independent Non-Executive Director

23 May 2014 redesignated as Independent Non-Executive Director

1 March 2023 redesignated as Senior Independent Non-Executive Director

Length of Service (as at 30 April 2024)

11 years 10 months as Non-Independent Non-Executive Director

9 years 11 months as Independent Non-Executive Director

Date of Last Re-Election

10 June 2022

Board Meeting Attended

5/5

Board Committees Memberships

Nomination and Remuneration Committee, Chairman
(Appointed as Chairman on 1 March 2023)

Audit and Risk Management Committee, member
(Appointed on 31 May 2023)

Academic/Professional Qualifications

- Bachelor of Economics degree from University of Malaya

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments/ Working Experience

She was appointed to the Board as a Non-Independent Director and was subsequently re-designated to Independent Director status on 23 May 2014 after she ceased to act as a nominee/representative of a deemed substantial shareholder.

She started her career as an Advisory Services Executive with Majlis Amanah Rakyat Malaysia after graduation. In 1975, she joined South East Asia Development Corporation as an Investment Analyst and in 1978, became a Financial Analyst with Amanah Chase Merchant Bank. She then held the position of Senior Corporate Services Manager in Permodalan Nasional Berhad from 1979 to 1984. She was the chairperson of MIDF Amanah Asset Management Berhad until her retirement on 21 February 2017. Subsequent to this, she was appointed as an Independent Non-Executive Director of MIDF Amanah Investment Bank Berhad until her retirement on 16 May 2020. Apart from the above, she also holds directorships in other companies which are not listed on Bursa Malaysia Securities Berhad.

Family Relationship/Conflict of Interest

She does not have any family relationship with any other Director and/or major shareholders of the Company. She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

She has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (Cont'd)

**NG
LEONG TECK**

Male
Aged 56
Malaysian

*Independent
Non-Executive Director*

Date of Appointment
1 March 2023

Length of Service (as at 30 April 2024)
1 year 2 months

Date of Last Re-Election
21 June 2023

Board Meeting Attended
4/4

Board Committees Memberships
Audit and Risk Management Committee, Chairman
(Appointed as member on 1 March 2023 and as Chairman on 31 May 2023)
Nomination and Remuneration Committee, member
(Appointed on 1 March 2023)

Academic/Professional Qualifications

- Qualified Chartered Accountant - The Association of Chartered Certified Accountants ("ACCA")
- Member of the Malaysian Institute of Accountants ("MIA")

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments/ Working Experience

Before setting up his own practice in 2003, he was attached to Skelchy Su Lim & Associates followed by PKF respectively. He was also attached to UHY briefly from 2017 to 2019, in which he was the engagement partner as well as engagement quality control reviewer for around 15 listed entities. He has 28 years of professional experience and has been involved in a wide range of audit and business advisory services. He has also led assignments in a wide range of companies, from small local entrepreneurial organisations to large international trading, construction, services and manufacturing companies, as well as companies listed on Bursa Malaysia. His experience includes among others, corporate listing exercises, due diligent audit assignments, investigation on listed company classified under Practice Note 4 of the Listing Requirements as well as acting as Monitoring Accountant (under instructions and appointment by the Securities Commission) to review and monitor the financial movements of listed companies. He is currently a partner in TNL partners PLT Chartered Accountant firm.

Family Relationship/Conflict of Interest

He does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

SOON CHENG HAI

Male
Aged 61
Malaysian

*Group Executive Chairman
Chief Executive Officer
Executive Director*

Refer to the Profile of Directors.

SOON CHENG BOON

Male
Aged 59
Malaysian

*Executive Director
Deputy Chief Executive Officer*

Refer to the Profile of Directors.

TAN HAN LEONG

Male
Aged 47
Malaysian

*Executive Director cum
Chief Financial Officer*

Refer to the Profile of Directors.

LOH CHEE CHYUEN

Male
Aged 67
Malaysian

Group Factory Manager

Date of Appointment

1 July 1992

Academic/Professional Qualifications

- Certified First Class Marine Engineer from the Ministry of Transport Malaysia
- Member of the Institute of Certified Engineers Malaysia ("ICEM")
- Member of the Institute Kelautan Malaysia
- Diploma in Marine Engineering from Ungku Omar Polytechnic

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Working Experience

He started his career in 1980 as a cadet engineer with Malaysian International Shipping Corporation ("MISC") and served as a Chief Engineer in 1986 on board the company's sea going vessels. Subsequently, in 1990 he was seconded to be a Marine Superintendent in the head office of MISC. As a Marine Superintendent, he performed technical audit on the company's fleet of vessels and reported on non-compliances and made the necessary recommendations to the Director of Fleet Operations. He resigned from MISC in 1992 and joined the Group as Group Factory Manager.

Family Relationship/Conflict of Interest

He does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years nor imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This Corporate Governance ("CG") Overview Statement in compliance with Main Market Listing Requirements ("MMLRs") of Bursa Malaysia Securities Berhad ("Bursa Securities") is to provide an overview of the CG practices of the Company during the financial year ended 31 December 2023 ("FY 2023") and should be read in conjunction with CG Report 2023 ("CG Report"). Both CG Overview Statement and CG Report are made available on the Company's website, www.choobee.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Composition, Board Balance and Independence of Directors

The Group is led by an effective Board with wide and varied technical, financial and commercial experience. For the FY 2023, the Board consists of six (6) members comprising three (3) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, whereby one (1) is a woman director in accordance with its Diversity Policy of at least one (1) female director. This also complies with Paragraph 15.02(1)(a) of the MMLRs of Bursa Malaysia Securities Berhad to have at least one third (1/3) of the Board consisting of independent directors.

The Chairman of the Board, who is also the Chief Executive Officer ("CEO") of the Group leads the Board during Board meetings and ensures that Board meetings are not combined with Board Committee meetings. The Chairman is not a member of any other Board committees nor was he invited to attend any of the Board Committee Meetings held in FY 2023.

Based on the Board's annual review of its size and composition, it was agreed that the Board is appropriately balanced to reflect the interests of substantial shareholders as well as adequate to effectively govern the organisation. As such, the Board is satisfied that the current Board composition fairly represents and protects the interests of the minority shareholders in the Company.

During the FY 2023, there were several changes to the composition of the Board as follows:

- The appointment of Ng Leong Teck as Independent Non-Executive Director on 1 March 2023;
- The redesignation of Puan Sri Shahrizan Binti Abdullah from Independent Non-Executive Director to Senior Independent Non-Executive Director on 1 March 2023;
- The redesignation of Ng Poh Tat from Independent Non-Executive Director to Non-Independent Non-Executive Director on 1 March 2023;
- The retirement of Khoo Choon Yam as Independent Non-Executive Director on 31 March 2023;
- The retirement of Lim Chee Hoong as Independent Non-Executive Director on 31 May 2023; and
- The demise of Soon Hean Hooi on 26 June 2023.

As at YE 2023, the two (2) Independent Non-Executive Directors are of caliber to carry sufficient weight in Board's decisions. The Independent Non-Executive Directors play a key role in providing unbiased and independent views and impartiality to the Board's deliberation and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group. The assessment on independence of the Directors based on the provisions of the MMLRs covers a series of objective tests and is carried out before the appointment of the Independent Non-Executive Directors.

The Board with assistance from the Nomination and Remuneration Committee ("NRC") will undertake to carry out annual assessment of the effectiveness of the Independent Non-Executive Directors and consider whether the Independent Non-Executive Directors can continue to bring independent and objective judgement to the Board deliberations. Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship or potential conflict of interest, including interest in any competing business that could reasonably be considered to influence in a material way, the Director's decisions in any matter concerning the Company, is required to immediately disclose to the Board. A brief description of the background of each Director is presented in the Profile of Directors.

The NRC also reviews annually to ensure that Directors are fit and proper in accordance with the Board's Fit and Proper Policy as well as the composition of the Board and Board Committees. In determining candidates for appointment to the Board and Board Committees, various factors are considered, including the time commitment of the Board and Board Committee members in discharging their roles and responsibilities through attendance at their respective meetings, their performance and contribution, possession of the attributes, capabilities and qualifications considered necessary or desirable for service and demonstration of independence, integrity and impartiality in decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Induction and Site Visit

In order for the new Director (Ng Leong Teck) to carry out his roles and duties effectively, documents such as disclosure obligations and schedule of meetings were furnished to him. During the year, a site visit to the new Kapar Plant was also organised for the Independent Directors to have a better understanding of the business operations of the Group.

Access to Information and Advice

The Directors are at liberty to seek independent professional advice on matters relating to the fulfillment of their roles and responsibilities. The Directors can also seek advice from Management on issues pertaining to their respective jurisdictions as well as request for information or updates on matters relating to the Company's business operations. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Group's operations or business concerns from the Management. The cost of procuring these professional services will be borne by the Company. Board meeting documents and other relevant Group information/policies/procedures/processes are usually compiled in hard copy to Directors five (5) business days in advance prior to board meetings to enable sufficient preparation for deliberation and decision making.

Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in ensuring relevance and effectiveness in its Corporate Governance practices. The Company Secretaries also attend and ensure that all Board meetings are properly convened and minuted, while accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company.

The Directors are regularly updated by the Company Secretaries on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. All Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed.

Supply of Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties. All Directors review a quarterly Board report which is circulated at least five (5) days prior to the Board meeting to allow sufficient time for the Directors to review the Board papers for effective deliberation at the meeting. The Board report includes, among others, the following details:

- Quarterly financial results
- Annual audited financial statements
- Operational and sustainability reports
- Corporate plans, major issues and opportunities for the Group
- Changes to management and control structure of the Group
- Policies and procedures
- Reports to Shareholders and public announcements
- Updates to regulatory requirements
- Minutes of the previous Board meetings

Diversity Policy for Board and Senior Management

The Board's Diversity Policy for Board and Senior Management requires having at least one (1) female Director. As at 31 December 2023, we have a female member namely Puan Sri Shahrizan Binti Abdullah sitting on the Board. The Board will actively work towards having at least 30% women Directors in compliance with Practice 5.10 of the MCCG 2021. The Board's Diversity Policy for Board and Senior Management is available on our corporate website at www.choobee.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Recruitment or Appointment of Directors

The Board adheres to its Fit & Proper Policy for the appointment and re-election of Directors as required by the MMLRs, with the aim of strengthening board independence, quality and diversity.

In the process of recruitment or appointment of new Directors, the NRC has its own review criteria as well as the Board's Fit and Proper requirements that needs to be met before making recommendations to the Board. These include the review of skills, experience and strength in the qualities necessary for the discharge of responsibilities in an effective and competent manner. Other factors considered by the Committee include the candidates' ability to satisfy the test of independence taking into account the candidates' character, integrity, professionalism, time and commitment. Diversity of the Board's composition is also important to facilitate optimal decision-making by harnessing different insights and perspectives.

With regards to identifying candidates for appointment as Directors, the Board/NRC does not solely rely on recommendations from existing Board members, Management or major shareholders but also relies on other sources to identify suitably qualified candidates.

Re-appointment and Re-election of Directors

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to election at the first opportunity after their appointment and at least one third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting ("AGM"). The Constitution also provides that all Directors shall retire at least once in three (3) years. The NRC reviews the composition of the Board annually and makes recommendations to the Board when considered necessary to ensure the Board comprises an appropriate mix of skills and experience. Proposals for the re-election of Directors are recommended by the NRC to the Board for decision prior to the shareholders' approval at the AGM.

Foster Committee

Each Director does not hold more than five (5) directorships in public listed companies to ensure that they have sufficient time to focus and discharge their duties and responsibilities. The NRC would also consider the number of directorships held in other Public Listed Companies ("PLC") when determining candidates for recommendation to the Board. The Board is satisfied with the level of the time commitment given by the Non-Executive Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year 2023.

Roles and Responsibilities of the Board

The Board is responsible for oversight and overall management of the Group. To ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group's business to the Management. This is further supported by the Group's Summary of Authority Limits ("SAL"), which clearly sets out relevant matters reserved for the Board's approval as well as those which the Board may delegate to the Board Committees, the CEO and Management.

Key matters which are reserved for the Board's approval are as follows:

- Approval of strategic plans for the Company

The Board plays a role in the development of the Company's strategy. At the beginning of the year (annual basis), the Management presents to the Board its recommended strategy and proposed business plans for the year. At this session, the Board reviews and deliberates upon both Management's and its own perspectives, challenges Management's views and assumptions as well as discusses the necessary resources required for the year to deliver the best outcomes. In furtherance of this, the Board then reviews and approves the annual targets for the year which is then used as a key performance indicator when reviewing the Management's performance.

The strategy planning process for 2023 was held during the board meeting on 21 February 2023, where the Management presented the proposed 2023 business plan and targets for the Board's review and discussion. The 2023 business plan was approved by the Board at this meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Roles and Responsibilities of the Board (Cont'd)

- Overseeing the conduct of the Company's business

The CEO is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Executive Committee, heads of operating units as well as other operating committees established such as the Credit Committee, Safety and Health Committee, Quality Management System Committee and Corporate Disclosure Committee. The Board also delegates and confers some of its authorities and discretion to the Executive Directors as well as relevant Board Committees. The Board Committees are entrusted by the Board with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). Any key issues and decisions arising from the Board Committees will be reported and tabled to the Board for approval, if required.

The Management's performance under the leadership of the CEO is assessed on a quarterly basis by the Board and includes a comprehensive summary of the Group's operating drivers and financial performance. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance based on the approved targets set. The relevant members of the Executive Committee and Chief Financial Officer ("CFO") were in attendance at Board meetings to support the CEO in presenting the updates on the progress of business targets and achievements to date, and to provide clarification on the challenges and issues raised by the Board.

- Risk management

Identifying principal risks and ensuring the implementation of appropriate internal controls to manage them. By reviewing the adequacy and integrity of the management information and internal control system of the Group through the Risk Management team, the Board oversees the risk management framework of the Group. The Risk Management team advises the Audit and Risk Management Committee ("ARMC") and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the Group.

Details of the Risk Management team, the Group's risk management framework and Internal Control system are set out in the Statement on Internal Control and Risk Management of this Annual Report.

- Sustainability risk and opportunities governance

Addresses and takes into account sustainability considerations, including among others the development and implementation of company strategies, business plans, major plans and risk management. The Board oversees the sustainability governance through the Sustainability Working Group ("SWG"). The SWG, led by the CEO are responsible for:

- i. materiality assessment, drive implementation, monitor, report sustainability initiatives; and
- ii. advises the Board on Sustainability risks, adequacy of implementation and performance indicators.

- Succession planning

The Board, through the NRC is responsible for ensuring that there is a proper succession planning in place for the Directors, CEO and key Group Management.

The NRC is responsible for reviewing candidates for directorship as well as key management positions, which includes determining the remuneration for these appointments. In this respect, the NRC considers new appointments of Directors and key management positions to ensure all candidates appointed to these positions are of sufficient calibre. For this purpose, the factors considered by the NRC include the suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments. The NRC also conducts interviews with shortlisted candidates to validate the assessment of the individuals.

- Overseeing the development and implementation of shareholders communication policy.

The Group believes in building investor confidence through good Corporate Governance practices. As such, Investor Relations ("IR") activities are carried out in accordance with its Shareholders Communication Policy (available on its corporate website).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Roles and Responsibilities of the Board (Cont'd)

- Dividend declaration

The Board is responsible to ensure that the Company remains solvent at the time of dividend payment and will be able to pay its debts as and when they become due within twelve (12) months immediately after the payment is made.

During the year, the Board proposed a final single tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2022 which was approved by shareholders in the AGM held on 21 June 2023.

The roles and responsibilities for the Group Executive Chairman and the CEO are defined in the Board Charter. During the year, the Board on 1 March 2023 redesignated Puan Sri Shahrizan Binti Abdullah to Senior Independent Non-Executive Director, replacing Ng Poh Tat. In view of this, she will be the person to convey any concerns of shareholders and other stakeholders.

Board Charter

The Board Charter clearly sets out the roles and responsibilities of the Board, Board Committees, Directors and Management and also the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insight into the fiduciary and leadership functions of the Directors. The Board Charter is publicly available on our corporate website at www.choobee.com. The Board Charter is reviewed annually to ensure it complies with legislations, best practices and remains relevant and effective in light of the Board's objectives. The Board Charter was last reviewed and updated on 23 August 2023 by setting a policy which limits the tenure of Independent Directors to 12 years without any extension. In the event the Board intends to retain such Director, the Director may continue to serve on the Board as a Non-Independent Director.

Formalised Ethical Standards through Code of Conduct

The Group's Code of Conduct for Directors and employees governs the standards of ethics and good conduct expected of Directors and employees, respectively. The Code of Conduct includes principles relating to fair dealings, confidentiality of information, conflict of interest, compliance with laws and regulations and sexual harassment, which is available on our corporate website at www.choobee.com.

Whistleblowing Policy and Procedure ("WPP")

In addition, the Company's WPP, which is also available on our corporate website at www.choobee.com, seek to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The ARMC is responsible for overseeing the implementation of the WPP for the Group's management, and all whistle-blowing reports are addressed to the ARMC Chairman. The CEO is responsible for overseeing the implementation of the WPP for the Group's employees, where the CEO would address all whistle-blower reports made by employees or external parties as prescribed under the WPP.

Anti-Bribery and Corruption Policy ("ABC Policy")

The objective of the Company's ABC Policy which is also available on its corporate website, is to manage risk in relation to bribery and corruption. This is to ensure that good standards of behaviour permeate throughout all levels of the Group and would help prevent misconduct and unethical practices. Consequently, it will support the delivery of long-term sustainable success of the Company. The ARMC is responsible for overseeing the implementation of the ABC Policy for the Group's management, and all reports are addressed to the Compliance Officer who will perform an initial investigation. Where the matter is deemed potentially serious, it will be promptly reported to the CEO and/or Chairman of the ARMC for further action.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Annual Assessment

The NRC carries out the Board, Board Committee and Director's assessment exercise annually. The effectiveness of the Board is assessed in the areas of Board diversity, composition and governance, addressing material sustainability risks and opportunities, decision-making and Boardroom activities, as well as in terms of each Director's skills and expertise. The respective Board Committees are assessed through the appointed Committee's Chairman to ascertain whether their functions and duties are effectively discharged in accordance with their respective Terms of Reference. The effectiveness of the Board Committee is also assessed in terms of composition and governance, meeting administration and conduct, skills, competencies, roles and responsibilities. The Directors are assessed in relation to the skills, experience, contribution and other qualities they bring to the Board. Additionally, the ability of each individual Director and Board Committee member to exercise independent judgement and demonstrate objectivity and clarity of thought on issues during deliberations at meetings, offer practical advice to the Board and/or Board Committee discussions are also taken into consideration.

The Nomination Committee in November 2023 carried out the formal assessment of the Board and Board Committees for their 2023 performance and contributions based on the assessment criteria spelled out above. From the assessment, the NRC was satisfied that the Board and Board Committees have discharged their duties effectively during the year.

Directors' Remuneration

The Company has adopted the practices recommended by MCCG whereby the level of remuneration of the Directors is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of Executive Directors, their remuneration is linked to their level of responsibilities, experience, contribution, individual as well as the Group's performance. For the Non-Executive Directors, the level of remuneration reflects the demands, complexities and performance of the Company as well as the experience, skills and level of responsibilities undertaken by them.

The NRC carries out the annual review of the overall remuneration policy for Directors and key Group Management. The NRC ensures that the Company's remuneration policy remains supportive of its corporate objectives and is aligned with the interest of shareholders, and that the remuneration packages of Directors and key Group Management are sufficiently attractive to attract and to retain persons of high caliber. The remuneration policy for the Board and key Group Management can be found on its corporate website.

The details of the Directors' and Senior Management remuneration for the financial year ended 31 December 2023 are as follows:

Directors' Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Group		
Fee	94	182
Salaries and EPF	2,908	-
Bonus	358	-
Allowances	26	97
Benefits-in-kind	53	-
Gratuity	560	-

Directors' Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Company		
Fee	60	180
Salaries and EPF	1,547	-
Bonus	207	-
Allowances	14	49
Benefits-in-kind	29	-
Gratuity	280	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

The details of the Directors' and Senior Management remuneration for the financial year ended 31 December 2023 are as follows: (Cont'd)

Group

RM	Soon Cheng Hai				Soon Cheng Boon			
	Salary & EPF	Bonus	Fee	Benefits in kind	Salary & EPF	Bonus	Fee	Benefits in kind
Below 50,000			✓	✓			✓	✓
100,001 - 150,000		✓				✓		
900,001 - 950,000								
1,100,001 - 1,150,000	✓				✓			

RM	Soon Hean Hooi (Demised on 26 June 2023)					Tan Han Leong		
	Salary & EPF	Bonus	Fee	Benefits in kind	Gratuity	Salary & EPF	Bonus	Fee
Below 50,000			✓	✓			✓	✓
50,001 - 100,000		✓						
200,001 - 250,000								
150,001 - 200,000						✓		
450,001 - 500,000	✓							
550,001 - 600,000					✓			

Company

RM	Soon Cheng Hai				Soon Cheng Boon		
	Salary & EPF	Bonus	Fee	Benefits in kind	Salary & EPF	Bonus	Fee
Below 50,000			✓	✓			✓
50,001 - 100,000		✓				✓	
500,001 - 550,000							
550,001 - 600,000	✓				✓		

RM	Soon Hean Hooi (Demised on 26 June 2023)				Tan Han Leong		
	Salary & EPF	Bonus	Benefits in kind	Gratuity	Salary & EPF	Bonus	Fee
Below 50,000			✓			✓	✓
50,001 - 100,000		✓					
150,001 - 200,000					✓		
200,001 - 250,000	✓						
250,001 - 300,000				✓			

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

The details of the Directors' and Senior Management remuneration for the financial year ended 31 December 2023 are as follows: (Cont'd)

Non-Executive Directors' Remuneration

Group & Company

RM	Ng Poh Tat		Khoo Choon Yam (Retired on 31 March 2023)		Puan Sri Shahrizan Binti Abdullah	
	Fee	Allowances	Fee	Allowances	Fee	Allowances
Below 50,000		✓		✓		✓
50,001 - 100,000	✓				✓	

RM	Lim Chee Hoong (Retired on 31 May 2023)		Ng Leong Teck	
	Fee	Allowances	Fee	Allowances
Below 50,000		✓		✓
50,001 - 100,000			✓	

During the year, none of the Directors rendered any services to the Group that incurs separate remuneration.

Senior Management Remuneration

Group & Company	RM'000
Salaries and Allowances	340
Bonus	89
Benefit-in-kind	24

RM	Number of Senior Management		
	Salaries and Allowances	Bonus	Benefit-in-kind
Below 50,000	-	3	2
50,001 - 100,000	1	-	-
100,001 - 150,000	1	-	-
150,001 - 200,000	1	-	-
350,001 - 400,000	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board and Board Committees Meetings

The Board and Board Committees meetings for each financial year are scheduled in advance (or as the occasion requires) for Directors to plan their schedule ahead to enable them to fulfill their time commitments. The Board and Board Committees have a formal schedule of matters reserved for it, among others, for decision, including the approval of annual and quarterly results, major capital expenditures, the review of business operations and performance of the Group as well as other matters as covered in their respective Terms of Reference.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as evidenced by their attendance at the respective meetings during the financial year ended 31 December 2023:

Name of Directors	Board	Board Committees	
		Audit and Risk Management Committee	Nomination and Remuneration Committee
Soon Cheng Hai (Group Executive Chairman / Chief Executive Officer / Executive Director)	5/5	-	-
Soon Cheng Boon (Executive Director / Deputy Chief Executive Officer)	5/5	-	-
Soon Hean Hooi (Demised on 26 June 2023) (Executive Director)	3/3	-	-
Tan Han Leong (Executive Director / Chief Financial Officer)	5/5	-	-
Ng Poh Tat (Redesignated to Non-Independent Non-Executive Director on 1 March 2023)	5/5	5/5	2/2
Khoo Choon Yam (Retired on 31 March 2023) (Independent Non-Executive Director)	2/2	2/2	1/1
Puan Sri Shahrizan Binti Abdullah (Redesignated to Senior Independent Non-Executive Director on 1 March 2023)	5/5	2/2	1/1
Lim Chee Hoong (Retired on 31 May 2023) (Independent Non-Executive Director)	3/3	3/3	1/1
Ng Leong Teck (Appointed on 1 March 2023) (Independent Non-Executive Director)	4/4	4/4	1/1

All Directors have also adequately complied with the minimum requirements on attendance at Board meetings as stipulated in the MMLRs (minimum 50% attendance).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Trainings

Directors' training is an on-going process as Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the steel industry and business landscape both domestically and internationally.

The Board's policy requires each Director to attend at least one (1) training session annually. The Board assesses each member's training requirements based on the feedback from members of the Board. The NRC will then analyse the training needs of each Director and delegate the task of sourcing for the appropriate training, according to the Director's needs, to the Human Resource Department of the Group. Directors are also personally responsible for their own training needs and should they come across any suitable training, they will notify the Human Resource Department to make arrangements accordingly.

During the financial year 2023, the members of the Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks as well as internally facilitated sessions and through reading materials.

Seminars and training programmes attended by Directors for the financial year ended 31 December 2023 are as follows:

Name of Directors	Training or Seminars Attended
Soon Cheng Hai	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Soon Cheng Boon	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Tan Han Leong	- Positive Psychology at Work - Why Data Automation is Essential for Business Growth - 2023 Budget Seminar - Financial and Debt Management Initiatives for SMEs and Individuals - An Introduction to Digitalisation for small businesses - Rising Above: Cultivating a Growth Mindset for Resilience and Overcoming Disappointment - FTSE4Good ESG Ratings for All PLCs - Carbon Footprint – How to Start and Using the Data - Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers - Creating a strategic plan for digitalization - IFRS S1 & S2: Are We Ready? - Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Ng Poh Tat	- Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers - Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Puan Sri Shahrizan Binti Abdullah	- Board of Director Leadership – ESG Essentials - Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Ng Leong Teck	- Mandatory Accreditation Programme (for New Directors of PLCs) - SSM National Conference 2023 - MFRS 15 Revenue from Contracts with Customers - 2023 Budget Seminar - Budget 2024 - Key Updates and Changes for Corporate Accountants - Mandatory Accreditation Programme Part II: Leading for Impact (LIP) - Asset Accounting under MPERS

The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

The Company Secretaries circulated from time to time the relevant guidelines on statutory and regulatory requirements to the Directors. The External Auditors also highlighted changes to the Malaysian Financial Reporting Standards and legislation that affect the Company's financial statements during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Strategies Promoting Sustainability

The Board views the commitment to sustainability as part of its broader responsibility to shareholders covering the marketplace, workplace, environment and communities in which it operates.

The Company's Sustainability Statement for the financial year under review are disclosed in this 2023 Annual Report.

Committees Established by the Board

The Board has delegated certain functions to the Committees it established to assist with the execution of its responsibilities to the Group. The Committees operate under clearly defined Terms of Reference and are consistent with the recommendations and practices of the MCCG. The functions and terms of reference of the Committees, as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they remain relevant and are up-to-date. The Chairman of the respective Committees reports to the Board the outcome of deliberations of the Committee meetings.

1. Executive Committee

The Executive Committee was established on 24 November 2001 and its current members consist of:

- Soon Cheng Hai (the CEO as Chairman of the Committee)
- Soon Cheng Boon (Executive Director / Deputy CEO)
- Tan Han Leong (Executive Director / Chief Financial Officer) – Appointed on 25 October 2023

The Executive Committee meets quarterly to review the financial and sales performance, operational matters, risk management, sustainability risks management and audit issues. The respective heads of operating units are invited to attend the Executive Committee meetings as and when required.

The Non-Executive Directors are not represented in the Executive Committee. However, minutes of Executive Committee meetings are distributed to all Directors prior to the Board Meetings. Queries from the Non-Executive Directors are discussed at the Board meetings.

2. Audit and Risk Management Committee ("ARMC")

The Audit Committee was established on 6 July 1994 and subsequently changed to Audit and Risk Management Committee ("ARMC") (as approved by the Board on 25 May 2018) to better reflect its responsibilities.

The ARMC comprises of two (2) Independent Non-Executive Directors as well as a Non-Independent Non-Executive Director and provides a forum for effective communication between the Board, internal auditors and the external auditors which meets every quarter or when necessary. None of the ARMC were former audit partners who are required to observe a cooling-off period of at least three years before being appointed in accordance with the Terms of Reference of the ARMC.

Quarterly and annual financial statements are reviewed by the ARMC prior to Board's approval. During the financial year end, the ARMC also reviewed the effectiveness of systems of internal control and risk management practices, as well as the efficiency and effectiveness of the external and internal audit functions.

Other detailed information on the ARMC is presented in the Audit and Risk Management Committee Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Committees Established by the Board (Cont'd)

3. Nomination and Remuneration Committee ("NRC")

The Nomination Committee and Remuneration Committee were both established on 24 November 2001 and subsequently combined during the year as a single committee known as the Nomination and Remuneration Committee ("NRC") (approved by the Board on 24 March 2022) to lessen administrative and regulatory burdens and to enhance the efficiency of the Board Committees in discharging their duties and responsibilities.

Remuneration policies are developed to ensure that the remuneration given to the Directors, key Group Management and staff are fair and commensurate to their level of contributions and are appropriate to attract, retain and motivate them.

The role of the NRC is set out in its Terms of Reference and is available for reference on the Company's website at www.choobee.com.

The members of the NRC during the FY 2023, composed mostly (2/3) of Independent Non-Executive Directors, are as follows:

Name of member

Puan Shahrizan Binti Abdullah	- Senior Independent Non-Executive Director
Ng Leong Teck	- Independent Non-Executive Director
Ng Poh Tat	- Non-Independent Non-Executive Director

The NRC meets when necessary. Two (2) meetings were held during the financial year ended 31 December 2023 and undertook the following activities in the discharge of its duties:

- a) In February 2023,
 - i) reviewed the performance of the CEO and each individual Director in respect of the FY 2022 by completing performance appraisal forms;
 - ii) reviewed the independence of the Independent Non-Executive Directors which complied with the definition of Independent Non-Executive Director as defined in the MMLRs and recommended the following:
 - the continuation in office of Puan Sri Shahrizan Binti Abdullah as Independent Non-Executive Director for shareholders' approval. Puan Sri Shahrizan Binti Abdullah was demonstrably independent, and her length of service on the Board of eight years and seven months (8.7) as at 31 December 2022 as an Independent Director does not in any way interfere with her exercise of objective judgement or her ability to act in the best interest of the Company. Puan Sri Shahrizan Binti Abdullah's retention as Independent Non-Executive Director for the year 2023 was then approved by Shareholders at the previous AGM held on 21 June 2023;
 - redesignation of Ng Poh Tat from Independent to Non-Independent Non-Executive Director in view of his contributions to the Group due to his vast experience, skills and expertise in legal aspect.
 - iii) reviewed the terms of office and performance of the ARMC and each of its members while assessing whether its members have carried out their duties in accordance with their terms of reference;
 - iv) assessed Directors' training needs;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Committees Established by the Board (Cont'd)

3. Nomination and Remuneration Committee ("NRC") (Cont'd)

- a) In February 2023, (Cont'd)
- v) reviewed and assessed the performance and effectiveness of the Board as a whole for FY 2022. Annual assessment carried out was satisfied that:
 - the size and composition of the Board is optimum with the appropriate mix of knowledge, diversity in the skills, experience, age and gender;
 - the Board has been able to discharge its duties professionally and effectively;
 - all the Directors continue to uphold the highest governance standards and independence in their conduct and that of the Board;
 - all the Members of the Board are well qualified to hold their positions as Directors in view of their respective academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities; and
 - the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as they hold not more than five (5) directorships in public listed companies.
 - vi) reviewed and recommended to the Board to put forth the proposal for re-election of directors at the forthcoming AGM;
 - vii) deliberated and proposed to the Board gratuity payments for retired Independent Directors, Khoo Choon Yam and Lim Chee Hoong;
 - viii) succession planning;
 - ix) recommended to the Board to merge the annual February and November meetings into one single meeting in November to lessen the administrative burden.
- b) In November 2023,
- i) reviewed the performance of the CEO and each individual Director for the FY 2023;
 - ii) reviewed and assessed that Directors are fit to be Directors in accordance with the Board's Fit and Proper policy;
 - iii) reviewed the independence of the Independent Non-Executive Directors which complied with the definition of Independent Non-Executive Director as defined in the MMLRs and recommended the continuation in office of Puan Sri Shahrizan Binti Abdullah as Independent Non-Executive Director as she was demonstrably independent, and her length of service on the Board of nine years and seven months (9.7) as at 31 December 2023 as an Independent Director does not in any way interfere with her exercise of objective judgement or her ability to act in the best interest of the Company. Puan Sri Shahrizan Binti Abdullah's retention as Independent Non-Executive Director for the year 2024 will be subject to Shareholders' approval at the forthcoming AGM to be held on 20 June 2024;
 - iv) reviewed the terms of office and performance of the ARMC and each of its members while assessing whether its members have carried out their duties in accordance with their terms of reference;
 - v) assessed Directors' training needs;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Committees Established by the Board (Cont'd)

3. Nomination and Remuneration Committee ("NRC") (Cont'd)

- b) In November 2023, (Cont'd)
- vi) reviewed and assessed the performance and effectiveness of the Board as a whole for FY 2023. Annual assessment carried out was satisfied that:
- the size and composition of the Board is optimum with the appropriate mix of knowledge, diversity in the skills, experience, age and gender;
 - none of the Directors dominated the decision making of the Board;
 - the Board has been able to discharge its duties professionally and effectively;
 - all the Directors continue to uphold the highest governance standards and independence in their conduct and that of the Board;
 - all the Members of the Board are well qualified to hold their positions as Directors in view of their respective academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities; and
 - the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as they hold not more than five (5) directorships in public listed companies.
- iv) reviewed and recommended to the Board to put forth the proposal for re-election of directors at the forthcoming AGM;
- v) Succession planning.

All deliberations, assessments and evaluations carried out by the NRC in discharging its functions were properly documented as well.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Financial Reporting

In presenting the annual financial statements and quarterly financial statements to shareholders, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects. The Audit and Risk Management Committee ("ARMC") assists the Board in reviewing information to be disclosed to ensure accuracy, adequacy and quality of reporting for the Group's annual and quarterly financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply and are prepared in accordance to applicable Malaysian Financial Reporting Standards ("MFRSs") and other regulatory/statutory requirements. Additionally, the Chief Financial Officer ("CFO") presents to the ARMC and the Board details of revenues and expenditures in the form of tables for review of quarter-to-quarter and year-to-date financial performances. The Management Discussion and Analysis of this Annual Report provides additional analysis and commentary on the Group's financial performance.

In reviewing the quarterly and yearly financial statements by the ARMC, the CFO also provides assurance to the ARMC that appropriate accounting policies had been adopted and applied consistently, that the going concern basis has been applied in the Condensed Consolidated Financial Statements and that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs.

Assessment of Suitability and Independence of External Auditors

The ARMC is responsible for the annual assessment of the competency and independence of the external auditors. In its assessment, the ARMC considers several factors, which includes the caliber, reputation and resources of the firm, staff experience and professionalism, audit scope, communication, independence (which includes the review of the external auditors annual Transparency Report) and the level of non-audit services to be rendered. Having assessed their performance and independence, the ARMC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The external auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the MIA. The external auditors have provided the declaration in their annual audit plan presented to the ARMC of the Company.

Corporate Disclosure Policy

The Group is committed to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decisions as well as compliance with the MMLRs and Corporate Governance Guide issued by Bursa Malaysia Securities Berhad. This is facilitated by the Corporate Disclosure Committee and our Corporate Disclosure Policy which sets out the policies and procedures for all level of employees, including the CEO. The policy also serves as a guide to enhance awareness among employees of corporate disclosure requirements. Clear roles and responsibilities of Directors, management and employees are provided together with levels of authority, to be accorded to 'designated person(s)', spokespersons and committees in the handling and disclosure of material information. Persons responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.

The policy also covers confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website includes a Corporate section which provides all relevant information on the Company and is accessible publicly. Investor Relations function is further supported by the Investors Relations section of our website, and includes among others announcements made by Bursa Malaysia, changes in shareholdings, listing circulars, annual reports, AGM/EGM key notes and circulars to shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that year.

In preparing the financial statements for the financial year ended 31 December 2023, the Directors have:

- Adopted appropriate accounting policies and applied them consistently
- Made judgements and estimates that are prudent and reasonable
- Ensured applicable accounting standards have been followed
- Prepared the financial statements on the going concern basis

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable financial reporting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Company.

Relationship with the Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the ARMC. The role of the ARMC in relation to both the external and internal auditors is described in the Audit and Risk Management Committee Report.

Risk Management and Internal Control Framework

The Board has established a sound risk management and internal control framework to manage risks and to safeguard shareholders' investment and the Company's assets, as presented in the Statement on Risk Management and Internal Control.

Internal Audit Function

The Internal Audit Function of the Group is outsourced to a professional internal audit service provider firm which undertakes independent, objective and systematic reviews of the risk management, internal controls system and corporate governance. The outsourced internal auditors report directly to the ARMC and assist the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group. The functions and responsibilities of the Internal Audit Function are embodied in the Internal Audit Charter. The costs incurred by the Group in relation to the Internal Audit Function for the financial year ended 31 December 2023 amounted to approximately RM50,000.

During the financial year ended 31 December 2023, the following works were carried out by the Internal Audit Function:

- reviewed and assessed the adequacy and integrity of internal control systems of the Group covering the business processes/audit areas as detailed in the Statement on Risk Management and Internal Control;
- attended ARMC meetings to table the Internal Audit Reports on findings of assessment on internal control system, highlighted the risks and implications, and recommended improvements to the Management on weaknesses found;
- reviewed and reported on the follow-up status of previous audit findings taken by the Management; and
- performed independent risk assessment on risks identified, evaluated and managed by the respective Heads of Department which are being documented in the Risk Management Forms and presented the Risk Assessment Report to the ARMC.

The Internal Audit Plan for 2023 was covered under the two-year audit plan (FY 2022 to FY 2023) reviewed and approved by the ARMC in February 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Communication with Stakeholders

The Board recognises the importance of shareholders communication as it is a key component to upholding the principles and best practices of corporate governance for the Group. The Company views that timely dissemination of information is important, therefore such communication is done through various disclosures and announcements to Bursa Malaysia Securities Berhad, the annual report and circular to shareholders. The financial results of the Company and the Group and other corporate announcements are accessible via the Bursa Malaysia Securities Berhad's website and the Company's website at www.choobee.com. General corporate information and product information are also available on the Company's website.

During the financial year under review, the Company has been involved in investor relations activities to keep shareholders duly informed on the performance of the Company. There were conference calls with local fund managers and analysts to provide insights on the operations, financial performance and latest developments of the Group.

The Company appreciates feedback from their valued shareholders and in this regard, investor relations aim to serve as a channel for shareholders to provide such feedback and views on the Company's performance and direction.

Conduct of Annual General Meeting

The AGM serves as an ideal opportunity for dialogue and interaction with both institutional and individual shareholders. The Company dispatches Notice of its AGM to shareholders more than 28 days which is well in advance of the 21 days requirement stipulated in the Companies Act 2016 and MMLRs. The additional time allows shareholders to make the necessary arrangements to attend and participate in person or by proxy or by corporate representative at the AGM.

During the virtual AGM held in June 2023, the Company had in place the necessary infrastructure and tools for shareholders remote participation, while enabling them to interact, comment and pose questions on matters relating to the Group's business in addition to the Company's financial statements and other items for adoption at the meeting. All the Directors (as well as the Chair of the respective Board Committee), Chief Financial Officer ("CFO") and the External Auditors were in attendance to respond to shareholders' queries. Questions raised by those attending online were duly answered by the Chairman of the Meeting. The Minutes of the AGM (including all the questions raised by shareholders and answers thereto) were published on the Company's website within 30 days after the completion of the meeting.

Poll Voting

In line with the MMLRs, all resolutions set out in the notice of AGM will be voted by poll and a scrutineer will be appointed to validate the votes cast. The poll results were then declared by the Chairman of the Meeting that all the resolutions were carried. The Poll voting more accurately and fairly reflects shareholders' views as every vote is recognised thus enforce greater shareholder rights.

Compliance with the Code

The Group has complied with principles and recommendations of the MCCG except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 1.3 on the positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals.
- Practice 5.2 on the Board comprises at least half of Independent Directors.
- Practice 5.9 on the Board comprises at least 30% women Directors.
- Practice 8.2 on the Board discloses on a named basis the top five (5) senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.

The explanation for departure is also disclosed in the CG Report.

The CG Overview Statement together with the CG Report was approved by the Board of Directors on 21 March 2024.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year.

Audit Fees

	Group RM'000	Company RM'000
Audit fees payable to the external auditors for the financial year	182	82

Non-Audit Fees

	Group RM'000	Company RM'000
Non-audit fees payable to the external auditors for the financial year	4	4

Variation of Results

There was no material variance between the audited results for the financial year ended 31 December 2023 and unaudited results previously announced for the fourth (4th) financial quarter ended 31 December 2023.

Profit Guarantee

There were no profit guarantees given by the Company during the financial year.

Material Litigations

There were no material litigations faced by the Group.

Material Contracts and Contract Relating to Loans awarded to Directors, Chief Executive and Major Shareholders

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involved the Directors, Chief Executive who is not a Director and Major Shareholders entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The information on RRPT for the financial year is presented in the Audited Financial Statements in this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Composition and Meetings

The Audit and Risk Management Committee (“ARMC”) comprises three (3) members, majority of whom (2/3) are Independent Non-Executive Directors, with a Non-Independent Non-Executive Director and are appointed by the Board. The ARMC meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLRs.

The Chairman of the ARMC, Ng Leong Teck is a member of the MIA and the ACCA, hence complies with paragraph 15.09(1) (c)(i) of the MMLRs. The ARMC members’ attendance records are outlined in the Corporate Governance Overview Statement.

During the FY 2023, the ARMC convened five (5) meetings. The members of the ARMC are as follows:

Name of Member

Ng Leong Teck, Chairman	Appointed as member on 1 March 2023 and as Chairman on 31 May 2023	Independent Non-Executive Director
Puan Sri Shahrizan Binti Abdullah, member	Appointed on 31 May 2023	Senior Independent Non-Executive Director
Ng Poh Tat, member	Redesignated to Non-Independent Director on 1 March 2023	Non-Independent Non-Executive Director
Lim Chee Hoong, Chairman	Cessation of Office due to retirement as Director on 31 May 2023	Independent Non-Executive Director
Khoo Choon Yam, member	Cessation of Office due to retirement as Director on 31 March 2023	Independent Non-Executive Director

The Chief Financial Officer (“CFO”) was invited to all ARMC meetings to facilitate direct communication as well as to provide clarification on financial/audit issues and the Group’s operations respectively. The Chief Risk Officer (“CRO”) and outsourced Internal Audit also attended all the ARMC meetings to table the respective Risk Assessment and Internal Audit reports. The Group’s external auditors were in attendance at two (2) meetings during the financial year. Discussions between the ARMC and the external auditors were held in two (2) meetings without the presence of any Group Executives. At these meetings, the ARMC enquired about Management’s co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the applicable Financial Reporting Standards. The ARMC Chairman also permitted the External Auditors to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of the ARMC or Board.

Other Board members and employees may attend any particular meeting only when their attendance are requested by the ARMC. The Company Secretaries acts as the Secretaries of the ARMC. Minutes of each ARMC meeting were recorded and tabled for confirmation at the following meeting and subsequently presented to the Board for notation. In 2023, the ARMC Chairman presented the Board with the ARMC’s recommendations to approve the quarterly and annual financial statements. The ARMC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

The Nomination and Remuneration Committee (“NRC”) reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual effectiveness evaluation. The NRC is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC’s Terms of Reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

Summary of Work of Audit and Risk Management Committee

In line with the Terms of Reference of the ARMC, the following works were carried out by the ARMC during the FY 2023 in the discharge of its duties and responsibilities:

a) Financial Reporting and External Audit

- reviewed the Audit Planning Memorandum, which includes reporting responsibilities and deliverables, audit approach, scope and audit and non-audit fees for the statutory audits of the Group accounts for the financial year ended 31 December 2022 with the external auditors and CFO prior to recommending to the Board for approval;
- reviewed and discussed the results of their audit report and management letter together with Management’s response to their findings;
- reviewed the annual audited financial statements of the Group to ensure compliance with the Companies Act 2016, MMLRs, applicable accounting standards and other legal and regulatory requirements, prior to submission to the Board for consideration and approval;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

Summary of Work of Audit and Risk Management Committee (Cont'd)

In line with the Terms of Reference of the ARMC, the following works were carried out by the ARMC during the FY 2023 in the discharge of its duties and responsibilities: (Cont'd)

a) Financial Reporting and External Audit (Cont'd)

- carried out an annual assessment of the performance of the External Auditors, including assessment of their suitability and independence in performing their obligations, which is performed via a formal evaluation form with criteria set by the ARMC. Assessment criteria includes the caliber, reputation and resources of the firm, staff experience and qualification, audit scope, communication, ability to perform work within the Group's timeline, review of the external auditors annual Transparency Report and the level of non-audit services to be rendered. The ARMC also engaged the CFO for his feedback as part of the assessment process. With regards to the assessment of the external auditor's independence, the Board's external auditor independence policy requires that the engagement audit partner who is responsible for the financial statements of the Group be subject to a five-year rotation with a two-year cooling-off period. Being satisfied with the external auditor's performance, technical competency and audit independence as per the auditor independence policy and external auditors annual Transparency Report, the ARMC then recommended to the Board for approval of the reappointment of BDO PLT as External Auditors for the financial year ended 31 December 2023. The Board at its meeting held on 31 March 2023 approved the ARMC's recommendation to reappoint BDO PLT for the financial year ending 2023 and was approved by the shareholders' during the AGM held on 21 June 2023; and
- had 2 private meetings with the External Auditors in 2023 without the presence of the CEO, Management and Internal Auditors. The purposes of such meetings were to enquire about Management's cooperation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the compliance with applicable MFRSs as well as other areas of concern that is needed to be escalated to the Board and Management for their further consideration and action.

The external auditors provided assurance that they were and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA.

b) Internal audit

- reviewed the Internal Audit ("IA") Reports presented on quarterly basis during the financial year under review, where these reports were prepared based on the audit activities conducted according to the approved Internal Audit Plan. The CEO and CRO facilitated the review process by providing clarification to the ARMC on any specific issues raised in the IA Reports including the Management's response to the audit findings. The IA Reports highlighted the significance of the audit issues raised and recommendations by the Internal Auditors. The IA reports also provided status updates on the implementation of management action plans on the audit findings reported in the IA Reports presented to the ARMC;
- reviewed the corrective actions taken on the audit findings to ensure that actions have been taken in a timely and effective manner. The ARMC was satisfied with the Internal Auditors' performance for financial year ended 31 December 2023 covering the business processes/audit areas as detailed in the Statement on Risk Management and Internal Control; and
- carried out an annual review of the performance of the Internal Auditors, including assessment of their suitability and independence in performing their obligations, which is performed via a formal evaluation form. In its assessment, the ARMC considered several factors, which includes the caliber, reputation and resources of the firm, staff experience and professionalism and audit scope.

The Internal Auditors provided written assurance on 22 February 2024 to the ARMC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2023.

c) Risk Management

- reviewed the results of the Internal Auditors' independent assessment of the risks identified, evaluated and managed by risk owners which are detailed in the Risk Assessment Report which is prepared by the Internal Auditors on quarterly basis;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

Summary of Work of Audit and Risk Management Committee (Cont'd)

In line with the Terms of Reference of the ARMC, the following works were carried out by the ARMC during the FY 2023 in the discharge of its duties and responsibilities: (Cont'd)

c) Risk Management (Cont'd)

- reviewed the risk profiles of the Group, including action plan and strategies to address these risks identified; and
- reviewed the risk policy and risk appetite of the Group and recommended to the Board for approval and inclusion in the Statement on Risk Management and Internal Control.

d) Financial Reporting

- reviewed the unaudited quarterly reports and ensured they were prepared in accordance with the MFRS 134 : Interim Financial Reporting and paragraph 9.22 of the MMLRs before recommending to the Board for approval;
- reviewed the annual audited financial statements for 2022 and recommended to the Board for approval and subsequent tabling at the upcoming AGM; and
- deliberated on significant matters highlighted including financial reporting issues, significant judgements made by management, and how these matters are addressed.

e) Related Party Transactions and Conflict of Interest

- reviewed the related party transactions to ensure they are transacted within the limits prescribed under the MMLRs and also conflict of interest situations which arose, persist or may arise within the Group during the year.

f) Annual Report

- reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report; and
- presented the Audit and Risk Management Committee Report to the Board for approval and inclusion in the Annual Report.

g) Sustainability Management and Reporting

- reviewed the Group's sustainability strategy and targets, policies, materiality assessment process and outcome as well as sustainability statement;
- ensured the integration of sustainability risks and opportunities within the Group's ERM;
- oversaw the management of material sustainability matters and opportunities;
- monitored the implementation of sustainability strategies and policies and performance against targets; and
- presented the revised material sustainability areas and targets to the Board for approval.

h) Whistleblowing Policy/Anti-Bribery and Corruption ("ABC") cases

- ensured that the Group's Whistleblowing policy and ABC policy are actively implemented with appropriate actions taken whenever reports are received. To note that for the year 2023, there were no reporting of whistleblowing nor bribery and corruption cases.

i) Guideline for raw risk, control effectiveness and residual audit risk rating

- ensured that the guideline is reviewed annually and serves as a proper guide for risk owners to rate the raw risks on their impact and likelihood of occurrences, the effectiveness of the current control in place and the residual audit risk.

Summary of Conflict of Interest or Potential Conflict of Interest

In line with the Terms of Reference of the ARMC and MMLRs, there were no conflict of interest nor potential conflict of interest situation which arose during the year that required the ARMC to resolve, eliminate or mitigate such conflicts.

Internal Audit Function

The Internal Audit Function of the Group are disclosed under Effective Audit and Risk Management in the Corporate Governance Overview Statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors (“the Board”) is pleased to present our Group’s Statement on Risk Management and Internal Control for the financial year ended 31 December 2023. This Statement which outlines the Group’s risk management and internal control system is made in compliance with paragraph 15.26(b) of the Main Market Listing Requirements (“MMLRs”) and is guided by the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

Responsibility

The Board acknowledges its overall responsibility in reviewing the effectiveness and adequacy of the risk management and internal control system. The Risk Management team which comprises the Chief Executive Officer (“CEO”), Chief Risk Officer (“CRO”) and respective Heads of Department, are responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control as well as taking the appropriate and timely corrective actions.

At each of the Executive Committee meeting in 2023, the Risk Assessment and Internal Audit Reports were presented by the Internal Auditors to the Executive Committee (“EXCO”) for deliberation. The Internal Auditors provided their independent assessment on the adequacy and effectiveness of the controls in place on risk issues raised by the Management Team and also audit findings based on their risk-based audits. The CRO also provided an Enterprise Risk Management Report to the EXCO and Audit and Risk Management Committee (“ARMC”) and discussed on action plans and strategies to mitigate the risks. The minutes of the EXCO and ARMC meetings which record the risk management and internal control issues identified by the Risk Management team, the action plans to mitigate, monitor and manage the risks, the timeline set, the progress and status of the action plans taken are presented to the Board.

The Board ensures that the Group’s key areas of risk are managed within an acceptable risks profile. The system of risk management and internal control is designed to identify, assess, respond and manage risks within tolerable ranges, rather than eliminating all risks to achieve the Group’s objectives. Therefore, this system can only provide reasonable and not absolute assurance against material misstatement or loss and fraud or breach of regulations.

The Board is of the view that the system of risk management and internal control is in place for the financial year ended 31 December 2023 under review and up to the date of approval of this Statement, and is sound and sufficient to safeguard shareholders’ investment, the interests of customers, regulators, employees and other stakeholders, and the Group’s assets.

The Board has received assurance from the CEO and the Chief Financial Officer (“CFO”) that the Group’s risk management and internal control system is operating effectively and adequately, in all material aspects. The Board confirms that the Risk Management Team has taken appropriate remedial action in the event that there are any significant weaknesses identified from the risk management and internal control system.

Risk Management Policy

The Board recognises that its primary responsibility is to ensure the long-term viability of the Group. One of our key tasks is to understand the principal risks of all aspects of the business that the Group is engaged in, as all significant business decisions require the incurrence of risks. Our Choo Bee Enterprise Risk Management policy, therefore, is to achieve a proper balance between risks incurred and potential returns to shareholders and stakeholders.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management and internal control framework which is adopted by the Group is based on the Committee of Sponsoring Organisations (COSO) Enterprise Risk Management (ERM) framework. The Board conducts an annual review of the Group’s risk management and internal control framework which comprise the following elements:

- (a) Risk governance;
- (b) Risk appetite;
- (c) Risk management; and
- (d) Key internal control processes

The Board assesses whether if there are any changes required to the Group’s risk management and internal control framework arising from the review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Risk Governance

The Board, through the EXCO and ARMC, maintains an oversight responsibility for risks within the Group. Both the committees are supported by the Internal Audit Function as detailed below. Appropriate action is taken by Risk Management Team to implement decisions made by the Committees.

Under the purview of the CEO, the respective Heads of Department of the Group, i.e. risk owners are responsible to implement their own control processes, to identify and manage their risks within the system of risk management and internal control. The CRO is involved in assisting the CEO to drive the risk management process and review the risks identified, internal controls in place and risks ratings assigned by respective risk owners to ensure reflective of the business structure and control environment in the Group.

Risk Appetite

The Group's risk appetite defines the amount and types of risks that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits set to govern, manage and control the Group's risk-taking activities. The risk appetite statement of the Group is as follows:

"The Choo Bee Group shall remain focused in its strategic direction to become one of the nation's premier manufacturer, supplier and service center of steel products. In its pursuit for growth in business and formulating of strategies, the Group recognises the need to consider associated risk exposure by continuously reviewing its risk profiles, reinforce its prudent risk management practices and risk tolerance, uphold its corporate governance culture and practices. This is also to ensure regulatory compliance and to preserve its reputation in the market.

For capital management purposes, the Group monitors capital using the gearing ratio. The Group shall maintain a low gearing ratio of below 15% to safeguard the operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders as well as to maintain the optimal capital structure."

Risk Management

The Group has established an on-going risk management process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies.

a) Process for Identifying Risk

The Risk Management Team will identify the risks which affect the business or operations in meeting the objectives of the Group and the root causes of the risks. Based on a risk rating guideline which is reviewed and approved by the ARMC on yearly basis, the risks will be assessed on their impact and likelihood of occurrence as well as the current control effectiveness based on past history, knowledge of the existing controls in place and understanding of the risk aspects or problems faced during operation. All these will be recorded in the Risk Management Form ("RMF").

The RMF will be submitted to Internal Auditors for their independent assessment to ensure that the risks and controls were correctly recorded and in practice as such.

b) Process for Evaluating Risk

The risk rating guideline provides a basis for determining the rating of the residual audit risks, whether it is low, moderate or high. This takes into account the raw risks rating which is based on the impact and significance assessment and the control effectiveness rating as follows:

Raw risk rating	Control Effectiveness Rating		
	High	Moderate	Low
Low	Low	Low	Moderate
Moderate	Low	Moderate	High
High	Low	Moderate	High

If the risk is assessed to be moderate or high, then there is a need to come up with a mitigation plan.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Risk Management (Cont'd)

c) Process for Managing Risk

The risks identified within the Group are managed by the Risk Management Team and Sustainability Working Group ("SWG") for sustainability related risk, the progress of the action plans to mitigate the risks are monitored and reported by the Internal Auditors and CRO to the EXCO and ARMC.

A Risk Register is maintained by the CRO to record all risks by department so that review can be performed regularly and status of the action plans can be monitored and updated. The Risk Register is communicated to the Risk Management Team on quarterly basis via emails.

The Group Risk Profiles with strategies to address these risks are continually reviewed, updated and reported to the ARMC by the CRO on a quarterly basis.

The key risk management processes for the main risk areas of the Group are as follows:

Risk Areas	Risk Management Processes
Business/Operational Risks (including Supply Risk, Human Resource Risk, Information Technology Risk, Production Risk, Quality Assurance/Quality Control Risk and Administration Risk)	<ul style="list-style-type: none"> Day-to-day management of operational risks through an effective system of internal controls and monitoring measures. Maintain the Quality Management System in compliance with international quality standard ISO 9001 : 2015 and BC1 : 2012. Review of economic conditions and implications to business operations. Review of regulatory compliance, reputation, cyber security and sustainability.
Inventory Management Risk	<ul style="list-style-type: none"> Implementation of controls in inventory handling, movement and documentation. Review and awareness of market information, price trend and changing business environment in making purchases and sales decisions as well as managing inventory levels. Periodic internal stock counts on sampling basis and annual stock take.
Credit Risk	<ul style="list-style-type: none"> Implementation of policies and procedures on invoicing, opening of new accounts of customers, overdue debts, doubtful debts, cash receipts and collections as well as credit controls. Clearly defined authorities of Credit Committee in credit approving process.
Financial Risk	<ul style="list-style-type: none"> Check and review processes in documents submitted to Finance Department and financial reports. Implementation of applicable financial reporting standards and keeping abreast with new changes to ensure compliance. Review and enhancement of existing accounting procedures manual.
Sustainability Risk (including Climate Related Risk)	<ul style="list-style-type: none"> Reviews the sustainability implementation and performance indicators set. Evaluates sustainability risks and opportunities. Reviews and monitor disclosure requirements for identified material sustainability matters with targeted deadline set, person in-charge and progress reported.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Key Internal Control Processes

The Group maintains a strong control structure whereby internal control is embedded in its business processes. The Group's internal control system comprises the following key processes:

1. Control Environment

a) Organisation Structure, Authorisation Procedures and Segregation of Duties

The Group maintains a structured line of reporting which includes definition of responsibilities and delegation of authority which are defined in the Organisation Charts and the Group's Summary of Authority Limits which reflects the authority and authorisation limit of the Board, EXCO, Management and other key officers. There are segregation of duties over verification, authorisation and reconciliation processes to reduce the scope of errors and mitigate the risk of fraud in the organization.

b) Active Involvement by Executive Directors

The Executive Directors are actively involved in the running of the business and operations and they report to the Board on significant changes in the business and external environment, if any which affect the operations of the Group.

c) Board Committees

Board Committees such as EXCO, ARMC, Nomination and Remuneration Committee ("NRC") are established with clearly defined Terms of Reference ("TOR") outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work. The TOR are reviewed regularly and updated when there are changes.

d) Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include standard operating practices, memorandum, manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements and statutory reporting needs.

e) External Certification

The effectiveness of the system of internal control is also reviewed in our Quality Management System (ISO 9001 : 2015 and BC1 : 2012). Regular review and periodic audits are conducted internally as well as by external auditors from accredited certification bodies. Results of these audits are reported to the Management.

2. Information and Communication

Appropriate internal and external communication processes have been established. Information critical to the achievement of the Group's business objectives are communicated through established reporting lines during the various meetings held and documentation such as operational guidelines, policies and procedures and in the form of reports, memorandum, staff and customer satisfaction surveys etc. Matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

3. Review, Monitoring and Reporting

Scheduled operational and management meetings are held to discuss and review the business plans, financial and operational performances of the Group. All the meetings held are minuted to record the issues highlighted and discussed, action required and decisions made by the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Key Internal Control Processes (Cont'd)

3. Review, Monitoring and Reporting (Cont'd)

The Board is updated on the Group's performance at the scheduled quarterly meetings. The CFO provides assurance to the Board through the ARMC that appropriate accounting policies have been adopted and applied consistently, and that adequate processes and controls are in place for effective and appropriate financial reporting and disclosures under the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and MMLRs of Bursa Securities.

There is also close review and monitoring on the significant assets of the Group by the Management such as Trade Receivables and Inventories. During the monthly Group Sales Meeting, review is performed on highlighted customers' long overdue debts, debts more than credit limit allowed and customers with credit limit more than guarantee amount, temporary accounts opened for customers, customers without guarantee amount owing more than the set threshold and debts of customers under same management group or are related. This is to ensure that the customers' debts are effectively monitored and to mitigate credit default risk. During the Exco meeting, review is also performed on Inventories ageing and net write down/back of inventories which has impact to Profit and Loss of the Group for the financial period. There are also full inventory counts conducted to all the locations of the Group at each financial year end and periodic internal inventory counts throughout the year to identify any inventory variances for adjustments in system. This is to ensure that our inventory balances are accurate and values are reflective in our financial statement. The results of all the inventory counts performed and inventory variances, if any, are reported to the Management and adjusted in the system accordingly.

The SWG performs materiality assessment of sustainability matters of the Group's sustainability framework, i.e. economic, nature (environment), workplace, society (community) which is detailed in the Sustainability Statement of this Annual Report. Besides this, the SWG also drives implementation, evaluates sustainability risks and opportunities, and reports sustainability initiatives by the stipulated deadline required by Bursa Securities. For FY 2023, the SWG selected sustainability risks relating to Anti-Corruption, Diversity and Human Rights, Safety and Health, Employee Management, Customer Satisfaction, Energy Management and Waste Management for review by the outsourced Internal Auditors. The findings and conclusion of the IA audit were then reported to the Exco, ARMC and to the Board accordingly.

4. Internal Audit Function

The Group outsourced its Internal Audit Function to an independent professional internal audit service provider firm to review the adequacy and integrity of the internal control system of the Group and to perform testing of the internal control on a quarterly basis. The Internal Audit function reports to the ARMC and is guided by an approved Internal Audit Charter. The internal audit is guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc. which contains the international standards for internal auditing. The Internal Audit Function, performed review on key processes within the Group according to the Internal Audit Plan which have been approved by the ARMC and assessed the effectiveness of the internal control system, based on their procedures. They will also ensure compliance to the relevant accounting policies and financial reporting standards relating to their auditable areas. Their audit report which highlights material non-compliance or weaknesses, risks and implications, and management responses will be presented at the EXCO and ARMC Meetings. The Management is responsible for ensuring that corrective actions are taken within the stipulated time frame. Subsequent review on the implementation of corrective actions taken for previous audit findings will also be performed by the Internal Audit Function and reported to the ARMC.

The Internal Audit Function also performed independent assessment of the risks identified, evaluated and managed by risk owners. Such assessment provides guidance in determining the risk-based audit plan and scope of work as well as preparation of audit programme for a more effective audit to be conducted.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Key Internal Control Processes (Cont'd)

4. Internal Audit Function (Cont'd)

The Internal Audit plan which is prepared based on areas of higher risk exposure has been approved by the ARMC. The business processes/audit areas covered for the financial year ended 31 December 2023 were as follows:

Quarter	Audit Areas	Audit Scope
1	Procurement (Non-Trade), Property, Plant and Equipment (PPE) and Investment Properties	<p>Ensure proper internal control system in place for:</p> <ul style="list-style-type: none"> - Purchase Requisition - Sourcing for quotations / suppliers - Issuing Purchase Orders - Receiving of goods and services - Payment to suppliers; and - Monitoring completion of Purchase Orders <p>Ensure proper internal control system in place for:</p> <ul style="list-style-type: none"> - Additions, disposals / write-off, transfers - Capital works in progress - Assets sighting / annual assets verification - Review of Property, Plant and Equipment Register - Review of Insurance Policies in connection with PPE - Review of land titles - Review of Prepaid Lease payment for land <p>Ensure compliance with policies and procedures and authority limits.</p>
2	Group Purchasing & Export (Trade)	<p>Ensure proper internal control system in place for:</p> <ul style="list-style-type: none"> - Ordering of goods - Receiving of goods - Payment to suppliers - Monitoring completion of Sales Contracts and Purchase Orders <p>Ensure compliance with policies and procedures and authority limits.</p>
3	Inventory Management for CBH and Costing for CBM, CBH and TBH	<p>Ensure proper internal control system in place for:</p> <ul style="list-style-type: none"> - Receipt of finished goods - Issuance from finished goods warehouse to customers - Periodic inventory count - Inventory transfers - Inventory adjustments <p>Perform sample inventory counts.</p> <p>Ensure proper internal control system in place for periodic updating of costing and review of the costing calculations.</p> <p>Review the valuation of inventories, at lower of cost and net realizable value, in accordance with MFRS 102 Inventories.</p> <p>Review slow-moving inventories and adequacy of write down to net realisable value.</p> <p>Review correction of moving average unit cost ("MAUC") to ensure it is correctly performed and on timely basis via MAUC Correction Forms.</p> <p>Ensure compliance with policies and procedures and authority limits.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Key Internal Control Processes (Cont'd)

4. Internal Audit Function (Cont'd)

The Internal Audit plan which is prepared based on areas of higher risk exposure has been approved by the ARMC. The business processes/audit areas covered for the financial year ended 31 December 2023 were as follows: (Cont'd)

Quarter	Audit Areas	Audit Scope
4	Group Sales, Credit Control and Collection	<p>Ensure proper internal control system in place for:</p> <ul style="list-style-type: none"> - Sales ordering - Invoicing - Collection and Credit monitoring - Credit Assessment (New Customers) <p>Ensure compliance with policies and procedures and authority limits. Review the debtors ageing to ensure proper ageing and no collectability issues. Assess the recoverability of debt balances and adequacy of impairment losses for significant outstanding balances exceeding the credit terms granted.</p>

REVIEW OF THE STATEMENT

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report for the FY 2023 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("APPG") 3 issued by the Malaysian Institute of Accountants which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the processing of steel coils into steel products, fabrication of steel products and trading of hardware products. All the subsidiaries are wholly owned and are mainly involved in fabrication and manufacturing of pipes as well as dealing and trading of hardware and construction materials. The subsidiaries are all operating in Malaysia. There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	<u>1,131</u>	<u>861</u>
Attributable to:		
Owners of the parent	<u>1,131</u>	<u>861</u>

DIVIDENDS

Dividend paid, declared or proposed since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
Final single tier dividend of 2.5 sen per ordinary share, paid on 3 August 2023	<u>4,902</u>

The Directors recommend a final single tier dividend of 0.5 sen per ordinary share amounting to approximately RM980,000 in respect of the financial year ended 31 December 2023 for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024 if approved.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS' REPORT (Cont'd)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Choo Bee Metal Industries Berhad

Soon Cheng Hai	
Soon Cheng Boon	
Soon Hean Hooi	(Demised on 26 June 2023)
Puan Sri Shahrizan Binti Abdullah	
Ng Poh Tat	
Lim Chee Hoong	(Retired on 31 May 2023)
Khoo Choon Yam	(Retired on 31 March 2023)
Tan Han Leong	
Ng Leong Teck	(Appointed on 1 March 2023)

Subsidiaries of Choo Bee Metal Industries Berhad

Soon Cheng Hai	
Soon Cheng Boon	
Quah Bee Yam	
Soon Siew Hoon	
Soon Hean Hooi	(Demised on 26 June 2023)
Chua Hian Hock	

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholding kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →			
	Balance as at 1.1.2023	Bought	Sold	Balance as at 31.12.2023

Shares in the Company

Direct interests

Soon Cheng Hai	2,400,000	-	-	2,400,000
Soon Cheng Boon	2,316,600	-	-	2,316,600
Puan Sri Shahrizan Binti Abdullah	86,112	-	-	86,112

Deemed interests by virtue of shares held by companies in which the Directors have interests

Soon Cheng Hai	103,941,000	2,565,087	-	106,506,087
Soon Cheng Boon	103,941,000	2,565,087	-	106,506,087

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholding kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows: (Cont'd)

	← Number of ordinary shares →			Balance as at 31.12.2023
	Balance as at 1.1.2023	Bought	Sold	
Deemed interests by virtue of shares held by immediate family members of the Directors				
Soon Cheng Boon #	58,080	-	-	58,080
Tan Han Leong #	1,404,000	-	-	1,404,000
Shares in the ultimate holding company, Soon Lian Huat Holdings Sdn. Berhad				
Direct interests				
Soon Cheng Hai	1,226,667	-	-	1,226,667
Soon Cheng Boon	1,226,667	-	-	1,226,667
Shares in a related company, Choo Bee Holdings Sdn. Bhd.				
Direct interests				
Soon Cheng Hai	161,829	-	-	161,829
Soon Cheng Boon	161,829	-	-	161,829
Deemed interests by virtue of shares held by companies in which the Directors have interest				
Soon Cheng Hai	1,973,900	-	-	1,973,900
Soon Cheng Boon	1,973,900	-	-	1,973,900
Deemed interests by virtue of shares held by immediate family members of the Director				
Tan Han Leong #	24,462	-	-	24,462

Deemed interests through children's and/or spouse's shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

By virtue of their interests in the ordinary shares of the Company and of its ultimate holding company, Soon Cheng Hai and Soon Cheng Boon are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company and the holding company have interests.

None of the other Directors holding office at the end of the financial year have any interest in the ordinary shares in the Company and of its related corporations during the financial year.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors) 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 the following:

- i) remuneration received by certain Directors as Directors/executives of the holding company, related companies and its subsidiaries; and
- ii) deemed benefits arising from related party transactions.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Executive Directors:		
Fees	94	60
Other emoluments:		
- current year	3,704	1,955
- under-provision in prior year	149	93
	<u>3,853</u>	<u>2,048</u>
	3,947	2,108
Non-executive Directors:		
Fees	182	180
Other emoluments	97	49
	<u>4,226</u>	<u>2,337</u>

The estimated monetary value of benefits-in-kind received and receivable by Executive Directors otherwise than in cash from the Group and the Company amounted to RM53,000 and RM29,000 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company maintains a corporate liability insurance, which provides appropriate insurance cover for the Directors and officers of the Group throughout the financial year.

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Group and of the Company was RM12,880.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature 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; and
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

ULTIMATE HOLDING COMPANY

The Directors regard Soon Lian Huat Holdings Sdn. Berhad, which is incorporated in Malaysia as the ultimate holding company.

DIRECTORS' REPORT (Cont'd)

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Statutory audit	182	82
Other services	<u>4</u>	<u>4</u>
	<u>186</u>	<u>86</u>

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

.....
Soon Cheng Hai
Director

Ipoh
21 March 2024

.....
Soon Cheng Boon
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 87 to 147 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions 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 2023 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Soon Cheng Hai

Director

Ipoh
21 March 2024

.....
Soon Cheng Boon

Director

STATUTORY DECLARATION

I, Tan Han Leong (CA 18698), being the Director primarily responsible for the financial management of Choo Bee Metal Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 87 to 147 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
21 March 2024)

Tan Han Leong

Before me:

Mardhiyyah Abdul Wahab
No.W729
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHOO BEE METAL INDUSTRIES BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Choo Bee Metal Industries Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 87 to 147.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key Audit Matters Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying amount of inventories at lower of cost and net realisable value

As at 31 December 2023, the carrying amount of inventories of the Group and of the Company, which were generally steel products, were RM216.3 million and RM103.9 million respectively. Details of the inventories have been disclosed in Note 10 to the financial statements. We have focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value. Writing down of inventories to net realisable value is mainly based on management estimates, which have been derived from estimates of selling prices that are subject to price volatility of steel, and if not accounted for properly, may lead to the valuation of inventories being misstated.

Audit response

Our audit procedures included the following:

- (a) Obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories;
- (b) Compared the net realisable values determined by management, of sampled inventory items, against the movements of world composite steel prices;
- (c) Analysed inventories turnover period by comparing that to the assessment of management on the identification of slow moving inventories; and
- (d) Assessed the appropriateness of inventories written down and written back by verifying selling prices subsequent to the end of the reporting period.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF CHOO BEE METAL INDUSTRIES BERHAD (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHOO BEE METAL INDUSTRIES BERHAD (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Ho Kok Khiaw
03412/02/2025 J
Chartered Accountant

Kuala Lumpur
21 March 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	251,228	185,642	233,058	168,215
Investment properties	6	9,750	9,892	-	-
Right-of-use assets	7	21,758	20,224	6,028	4,761
Investments in subsidiaries	8	-	-	26,673	26,673
Goodwill on consolidation	9	-	-	-	-
		282,736	215,758	265,759	199,649
Current assets					
Inventories	10	216,329	209,260	103,860	114,377
Trade and other receivables	11	108,126	153,745	64,947	112,507
Current tax assets		13,480	11,706	12,248	9,740
Cash and bank balances	13	30,660	69,665	8,258	10,112
		368,595	444,376	189,313	246,736
TOTAL ASSETS		651,331	660,134	455,072	446,385
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	14	131,691	131,691	131,691	131,691
Treasury shares	14	(1,462)	(1,462)	(1,462)	(1,462)
Reserves	15	490,459	494,230	258,335	262,376
TOTAL EQUITY		620,688	624,459	388,564	392,605

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	7	3,056	1,437	2,451	1,298
Deferred tax liabilities	16	5,974	6,965	5,142	5,502
		9,030	8,402	7,593	6,800
Current liabilities					
Trade and other payables	17	11,747	14,462	49,426	36,819
Borrowings	18	8,000	10,000	8,000	8,000
Lease liabilities	7	1,708	1,527	1,477	1,296
Derivative liabilities	12	12	1,061	12	865
Current tax liabilities		146	223	-	-
		21,613	27,273	58,915	46,980
TOTAL LIABILITIES		30,643	35,675	66,508	53,780
TOTAL EQUITY AND LIABILITIES		651,331	660,134	455,072	446,385

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	21	402,114	493,112	226,002	258,813
Cost of sales	22	(375,593)	(455,739)	(218,584)	(261,894)
Gross profit/(loss)		26,521	37,373	7,418	(3,081)
Other income		4,192	3,419	6,818	7,367
Administrative expenses		(14,385)	(15,564)	(7,773)	(8,460)
Selling and distribution expenses		(14,946)	(14,385)	(4,499)	(3,766)
Finance costs	26	(209)	(57)	(1,510)	(676)
Net gain on impairment of financial assets	23(b)	171	914	47	368
Profit/(Loss) before taxation	23	1,344	11,700	501	(8,248)
Taxation	27	(213)	(3,565)	360	2,606
Profit/(Loss) after taxation		1,131	8,135	861	(5,642)
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus on property, plant and equipment and right-of-use assets		-	6,707	-	-
Total comprehensive income/(loss)		1,131	14,842	861	(5,642)
Profit/(Loss) attributable to:					
Owners of the parent		1,131	8,135	861	(5,642)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		1,131	14,842	861	(5,642)
Earnings per share attributable to the equity holders of the Company (sen)					
Basic and diluted	28	0.58	5.17		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Non-distributable				Distributable	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	General reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2023		131,691	(1,462)	1,186	6,707	486,337	624,459
Profit for the financial year		-	-	-	-	1,131	1,131
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	1,131	1,131
Transaction with owners							
Dividend	29	-	-	-	-	(4,902)	(4,902)
Total transaction with owners		-	-	-	-	(4,902)	(4,902)
Balance as at 31 December 2023		131,691	(1,462)	1,186	6,707	482,566	620,688
Balance as at 1 January 2022		131,691	(1,462)	1,186	-	488,007	619,422
Profit for the financial year		-	-	-	-	8,135	8,135
Other comprehensive income, net of tax		-	-	-	6,707	-	6,707
Total comprehensive income		-	-	-	6,707	8,135	14,842
Transaction with owners							
Dividend	29	-	-	-	-	(9,805)	(9,805)
Total transaction with owners		-	-	-	-	(9,805)	(9,805)
Balance as at 31 December 2022		131,691	(1,462)	1,186	6,707	486,337	624,459

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	← Non-distributable →		Distributable	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
Balance as at 1 January 2023		131,691	(1,462)	262,376	392,605
Profit for the financial year		-	-	861	861
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	861	861
Transaction with owners					
Dividend	29	-	-	(4,902)	(4,902)
Total transaction with owners		-	-	(4,902)	(4,902)
Balance as at 31 December 2023		131,691	(1,462)	258,335	388,564
Balance as at 1 January 2022		131,691	(1,462)	277,823	408,052
Loss for the financial year		-	-	(5,642)	(5,642)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(5,642)	(5,642)
Transaction with owners					
Dividend	29	-	-	(9,805)	(9,805)
Total transaction with owners		-	-	(9,805)	(9,805)
Balance as at 31 December 2022		131,691	(1,462)	262,376	392,605

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		1,344	11,700	501	(8,248)
Adjustments for:					
Bad debts written off	23(a)	-	42	-	-
Bad debt recovered	23(a)	-	(514)	-	(90)
Depreciation of property, plant and equipment	5	7,526	6,925	6,607	6,123
Depreciation of right-of-use assets	7	1,880	1,563	1,450	1,085
Dividend income received from:					
- a subsidiary	23(a)	-	-	(2,551)	(4,501)
Fair value adjustments on:					
- investment properties	6	142	(182)	-	-
- derivative financial instruments	12(c)	(1,049)	1,013	(853)	851
Loss/(Gain) on disposals of property, plant and equipment	23(a)	516	(521)	335	103
Gain on disposals of other investments	23(a)	(50)	-	-	-
Impairment losses on trade receivables	11(f)	13	11	-	-
Interest expense	26	209	57	1,510	676
Interest on lease liabilities	7	83	99	74	81
Interest income on overdue accounts	23(a)	(128)	(104)	-	-
Interest income	23(a)	(846)	(685)	(204)	(86)
Net inventories written (back)/down	10	(8,777)	12,646	(8,907)	11,030
Net unrealised (gain)/loss on foreign exchange transactions	23(a)	(298)	(146)	(133)	181
Property, plant and equipment written off	5	3	27	3	1
Reversal of impairment losses on trade receivables	11(f)	(184)	(925)	(47)	(368)
Waiver of interest income on overdue accounts	23(a)	-	11	-	11
Operating profit/(loss) before changes in working capital					
- carried forward		384	31,017	(2,215)	6,849

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Operating profit/(loss) before changes in working capital					
- brought forward		384	31,017	(2,215)	6,849
Changes in working capital					
Inventories		1,708	52,874	19,424	31,070
Trade and other receivables		45,791	17,444	48,120	(3,094)
Trade and other payables		(2,587)	514	(11,528)	1,235
Cash flows from operations		45,296	101,849	53,801	36,060
Interest received		128	104	-	-
Tax refunded		2,311	-	-	-
Tax paid		(5,366)	(24,303)	(2,508)	(14,213)
Net cash flows from operating activities		42,369	77,650	51,293	21,847
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received from a subsidiary	23(a)	-	-	2,551	4,501
Increase in deposits pledged to a licensed bank		(6)	(4)	(5)	(3)
Interest received		846	685	204	86
Purchase of property, plant and equipment	5	(74,529)	(32,723)	(72,412)	(30,029)
Purchase of other investments		(5,100)	-	-	-
Proceeds from disposals of:					
- property, plant and equipment		898	1,105	624	295
- other investments		5,150	-	-	-
Net advances from subsidiaries		-	-	23,725	16,385
Net cash flows used in investing activities		(72,741)	(30,937)	(45,313)	(8,765)

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	29	(4,902)	(9,805)	(4,902)	(9,805)
Interest paid		(209)	(57)	(1,510)	(676)
Trust receipts:					
Repayments		(46,400)	(29,500)	(24,700)	(22,300)
Drawdowns		46,400	28,500	26,700	19,300
Bankers' acceptance:					
Repayments		(38,000)	(22,250)	(38,000)	(17,250)
Drawdowns		36,000	27,250	36,000	22,250
Repayment of lease interests	7	(83)	(99)	(74)	(81)
Repayment of lease liabilities	7	(1,614)	(1,215)	(1,383)	(993)
Net cash flows used in financing activities		(8,808)	(7,176)	(7,869)	(9,555)
Net (decrease)/increase in cash and cash equivalents		(39,180)	39,537	(1,889)	3,527
Effect of exchange rate changes on cash and cash equivalents		169	244	30	18
Cash and cash equivalents at beginning of financial year		69,442	29,661	9,916	6,371
Cash and cash equivalents at end of financial year	13(f)	30,431	69,442	8,057	9,916

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 7)		Bankers' acceptance (Note 18)		Trust receipts (Note 18)	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At 1 January 2023	2,964	2,594	5,000	5,000	5,000	3,000
Net cash flows	(1,697)	(1,457)	(2,000)	(2,000)	-	2,000
Non-cash flows:						
- Unwinding of interest	83	74	-	-	-	-
- Additions	3,414	2,717	-	-	-	-
At 31 December 2023	4,764	3,928	3,000	3,000	5,000	5,000
At 1 January 2022	2,533	1,941	-	-	6,000	6,000
Net cash flows	(1,314)	(1,074)	5,000	5,000	(1,000)	(3,000)
Non-cash flows:						
- Unwinding of interest	99	81	-	-	-	-
- Additions	1,646	1,646	-	-	-	-
At 31 December 2022	2,964	2,594	5,000	5,000	5,000	3,000

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

1. CORPORATE INFORMATION

Choo Bee Metal Industries 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 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Wisma Soon Teik Aun, Jalan Bendahara, 31650 Ipoh, Perak Darul Ridzuan.

The ultimate holding company of the Company is Soon Lian Huat Holdings Sdn. Berhad, which is incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 March 2024.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the processing of steel coils into steel products, fabrication of steel products and trading of hardware products. The principal activities and the details of the subsidiaries are disclosed in Note 8 to the financial statements.

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

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Group has arrived at two reportable operating 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

Dealing in hardware and construction materials

(ii) Manufacturing

Processing of steel coils into steel products and fabrication of steel products

The Group evaluates performance on the basis of profit or loss from operations before taxation not including non-recurring losses, such as goodwill impairment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

4. OPERATING SEGMENTS (CONT'D)

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude derivative assets, cash and bank balances, assets used primarily for corporate purposes and items that cannot be reasonably allocated to individual segments.

Segment liabilities exclude deferred tax liabilities and derivative liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirement). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Group 2023	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue			
Total revenue	278,667	218,026	496,693
Inter-segment sales	<u>(18,070)</u>	<u>(76,509)</u>	<u>(94,579)</u>
Revenue from external customers	<u>260,597</u>	<u>141,517</u>	<u>402,114</u>
Depreciation of property, plant and equipment	(1,015)	(6,511)	(7,526)
Depreciation of right-of-use assets	(482)	(1,398)	(1,880)
Segment profit before income tax	4,073	2,477	6,550
Fair value adjustments on:			
- derivative financial instruments	226	823	1,049
- investment properties	(142)	-	(142)
Loss on disposals of property, plant and equipment	(193)	(323)	(516)
Impairment losses on trade receivables	(13)	-	(13)
Inventories written back	413	8,927	9,340
Inventories written down	(563)	-	(563)
Property, plant and equipment written off	-	(3)	(3)
Reversal of impairment losses on trade receivables	137	47	184
Additions to non-current assets other than financial instruments and deferred tax assets	5,467	72,476	77,943
Segment assets	<u>226,554</u>	<u>394,117</u>	<u>620,671</u>
Segment liabilities	<u>9,494</u>	<u>15,163</u>	<u>24,657</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

4. OPERATING SEGMENTS (CONT'D)

Group 2022	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue			
Total revenue	354,612	248,614	603,226
Inter-segment sales	(22,743)	(87,371)	(110,114)
Revenue from external customers	331,869	161,243	493,112
Depreciation of property, plant and equipment	(873)	(6,052)	(6,925)
Depreciation of right-of-use assets	(506)	(1,057)	(1,563)
Segment profit/(loss) before income tax	24,140	(7,253)	16,887
Bad debts written off	(42)	-	(42)
Fair value adjustments on:			
- derivative financial instruments	(196)	(817)	(1,013)
- investment properties	182	-	182
Gain/(Loss) on disposals of property, plant and equipment	615	(94)	521
Impairment losses on trade receivables	(11)	-	(11)
Inventories written down	(2,055)	(10,591)	(12,646)
Property, plant and equipment written off	(26)	(1)	(27)
Reversal of impairment losses on trade receivables	572	353	925
Additions to non-current assets other than financial instruments and deferred tax assets	3,951	30,418	34,369
Segment assets	213,907	376,562	590,469
Segment liabilities	10,252	17,397	27,649

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

4. OPERATING SEGMENTS (CONT'D)

(a) Reconciliations

Reconciliations of reportable segment profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

Group 2023	Trading RM'000	Manufacturing RM'000	Total RM'000
Profit for the financial year			
Total profit for reportable segments	4,073	2,477	6,550
Elimination of inter-segment profit	(2,536)	(2,461)	(4,997)
Finance costs	(46)	(163)	(209)
Profit before taxation	1,491	(147)	1,344
Taxation	(560)	347	(213)
Profit for the financial year	931	200	1,131
Assets			
Total assets for reportable segments	226,554	394,117	620,671
<u>Unallocated assets</u>			
Cash and bank balances			30,660
Assets of the Group per consolidated statement of financial position			651,331
Liabilities			
Total liabilities for reportable segments	9,494	15,163	24,657
<u>Unallocated liabilities</u>			
Derivative liabilities			12
Deferred tax liabilities			5,974
Liabilities of the Group per consolidated statement of financial position			30,643

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

4. OPERATING SEGMENTS (CONT'D)

(a) Reconciliations (Cont'd)

Reconciliations of reportable segment profit or loss, assets and liabilities to the Group's corresponding amounts are as follows: (Cont'd)

Group 2022	Trading RM'000	Manufacturing RM'000	Total RM'000
Profit/(Loss) for the financial year			
Total profit/(loss) for reportable segments	24,140	(7,253)	16,887
Elimination of inter-segment profit	(808)	(4,322)	(5,130)
Finance costs	(14)	(43)	(57)
Profit/(Loss) before taxation	23,318	(11,618)	11,700
Taxation	(6,066)	2,501	(3,565)
Profit/(Loss) for the financial year	17,252	(9,117)	8,135
Assets			
Total assets for reportable segments	213,907	376,562	590,469
<u>Unallocated assets</u>			
Cash and bank balances			69,665
Assets of the Group per consolidated statement of financial position			660,134
Liabilities			
Total liabilities for reportable segments	10,252	17,397	27,649
<u>Unallocated liabilities</u>			
Derivative liabilities			1,061
Deferred tax liabilities			6,965
Liabilities of the Group per consolidated statement of financial position			35,675

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

4. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

The analysis of the Group's segment revenue from external customers by geographical area based on the region in which the customer is located is as follows:

	Group	
	2023 RM'000	2022 RM'000
Malaysia	346,056	432,340
Asia, other than Malaysia	56,058	60,772
Total revenue	402,114	493,112

Information on the carrying amount of segment assets by geographical market and cost to acquire property, plant and equipment by location of assets has not been disclosed as the Group operates principally in Malaysia.

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Balance as at 1.1.2023 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Reclassi- fications RM'000	Balance as at 31.12.2023 RM'000
Carrying amount							
Freehold land	36,766	-	-	-	-	-	36,766
Buildings	77,934	607	-	(1,866)	-	159	76,834
Plant and machinery	34,137	437	-	(4,485)	-	1,712	31,801
Electrical installation	1,811	94	-	(242)	-	1,635	3,298
Furniture, fittings, equipment and vehicles	6,108	4,375	(1,414)	(912)	(3)	116	8,270
Renovation	715	5	-	(21)	-	-	699
Construction-in-progress	28,171	69,011	-	-	-	(3,622)	93,560
	185,642	74,529	(1,414)	(7,526)	(3)	-	251,228
	At 31.12.2023						
		Cost		Accumulated depreciation and impairment			Carrying amount
		RM'000		RM'000			RM'000
Freehold land		36,766		-			36,766
Buildings		96,791		(19,957)			76,834
Plant and machinery		120,566		(88,765)			31,801
Electrical installation		7,749		(4,451)			3,298
Furniture, fittings, equipment and vehicles		15,635		(7,365)			8,270
Renovation		1,738		(1,039)			699
Construction-in-progress		93,560		-			93,560
		372,805		(121,577)			251,228

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

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

Group 2022	Balance as at 1.1.2022 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year		Written off RM'000	Reclassification RM'000	Revaluation RM'000	Transferred to investment properties (Note 6) RM'000	Balance as at 31.12.2022 RM'000
				RM'000	RM'000					
Carrying amount										
Freehold land	36,821	-	(55)	-	-	-	-	-	-	36,766
Buildings	53,339	54	(78)	(1,381)	-	-	26,843	2,157	(3,000)	77,934
Plant and machinery	36,582	460	(44)	(4,487)	(22)	(22)	1,648	-	-	34,137
Electrical installation	2,037	-	-	(227)	-	-	1	-	-	1,811
Furniture, fittings, equipment and vehicles	5,454	965	(407)	(810)	(5)	(5)	911	-	-	6,108
Renovation	29	-	-	(20)	-	-	706	-	-	715
Construction-in-progress	27,036	31,244	-	-	-	-	(30,109)	-	-	28,171
	161,298	32,723	(584)	(6,925)	(27)	(27)	-	2,157	(3,000)	185,642

	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	36,766	-	36,766
Buildings	96,025	(18,091)	77,934
Plant and machinery	118,665	(84,528)	34,137
Electrical installation	6,020	(4,209)	1,811
Furniture, fittings, equipment and vehicles	13,690	(7,582)	6,108
Renovation	1,733	(1,018)	715
Construction-in-progress	28,171	-	28,171
	301,070	(115,428)	185,642

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

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

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and annual rates are as follows:

Buildings	1% - 2%
Plant and machinery	2% - 20%
Electrical installation	5%
Furniture, fittings, equipment and vehicles	5% - 20%
Renovation	2% - 20%

Freehold land has an unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and renovation in progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

- (c) Impairment assessment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use.

6. INVESTMENT PROPERTIES

Group	Balance as at 1.1.2023 RM'000	Fair value adjustments RM'000	Balance as at 31.12.2023 RM'000
At fair value			
Freehold land and buildings	1,384	36	1,420
Leasehold land and buildings	8,508	(178)	8,330
	9,892	(142)	9,750

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

6. INVESTMENT PROPERTIES (CONT'D)

Group	Balance as at 1.1.2022 RM'000	Transferred from property, plant and equipment (Note 5) RM'000	Transferred from right-of-use assets (Note 7) RM'000	Fair value adjustments RM'000	Balance as at 31.12.2022 RM'000
At fair value					
Freehold land and buildings	1,380	-	-	4	1,384
Leasehold land and buildings	330	3,000	5,000	178	8,508
	<u>1,710</u>	<u>3,000</u>	<u>5,000</u>	<u>182</u>	<u>9,892</u>

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.
- (b) Investment properties at Level 3 fair values were recommended by the Directors as at the end of reporting period.

On 31 December 2023, the carrying amount of the investment properties were based on valuation carried out by an external independent valuer, JS Valuers Property Consultants (Perak) Sdn. Bhd. and internal valuation performed by the management. The fair value measurement of the properties were based on comparison method that makes reference to recent sales of similar properties in the vicinity on a price per square foot basis. The price per square foot of the properties adopted, which were significant inputs, ranged from RM50 to RM214 (2022: RM50 to RM209). Any changes in the price per square foot will result in a reasonable change in the fair value of the investment properties.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use. The investment properties of the Group are used to generate rental income. There is no transfer between levels in the hierarchy during the financial year.

- (c) The leasehold land and building has a remaining lease period of 19 years to 56 years (2022: 20 years to 57 years).
- (d) Rental income generated from rental of investment properties which generated rental income to the Group during the financial year amounted to RM406,000 (2022: RM164,000).
- (e) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2023 RM'000	2022 RM'000
Insurance	3	2
Quit rent and assessment	<u>32</u>	<u>32</u>

- (f) The reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy is disclosed in Note 31(e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	Leasehold land		Buildings		Total	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cost						
At 1 January 2023	20,479	3,876	7,816	6,374	28,295	10,250
Additions	-	-	3,414	2,717	3,414	2,717
At 31 December 2023	<u>20,479</u>	<u>3,876</u>	<u>11,230</u>	<u>9,091</u>	<u>31,709</u>	<u>12,967</u>
Accumulated depreciation						
At 1 January 2023	(3,168)	(1,667)	(4,903)	(3,822)	(8,071)	(5,489)
Depreciation charged for the year	(269)	(66)	(1,611)	(1,384)	(1,880)	(1,450)
At 31 December 2023	<u>(3,437)</u>	<u>(1,733)</u>	<u>(6,514)</u>	<u>(5,206)</u>	<u>(9,951)</u>	<u>(6,939)</u>
Carrying amount as at 31 December 2023	<u>17,042</u>	<u>2,143</u>	<u>4,716</u>	<u>3,885</u>	<u>21,758</u>	<u>6,028</u>
Cost						
At 1 January 2022	21,381	3,876	6,170	4,728	27,551	8,604
Additions	-	-	1,646	1,646	1,646	1,646
Revaluation	5,295	-	-	-	5,295	-
Transferred to investment properties (Note 6)	(6,197)	-	-	-	(6,197)	-
At 31 December 2022	<u>20,479</u>	<u>3,876</u>	<u>7,816</u>	<u>6,374</u>	<u>28,295</u>	<u>10,250</u>
Accumulated depreciation						
At 1 January 2022	(4,049)	(1,602)	(3,656)	(2,802)	(7,705)	(4,404)
Depreciation charged for the year	(316)	(65)	(1,247)	(1,020)	(1,563)	(1,085)
Transferred to investment properties (Note 6)	1,197	-	-	-	1,197	-
At 31 December 2022	<u>(3,168)</u>	<u>(1,667)</u>	<u>(4,903)</u>	<u>(3,822)</u>	<u>(8,071)</u>	<u>(5,489)</u>
Carrying amount as at 31 December 2022	<u>17,311</u>	<u>2,209</u>	<u>2,913</u>	<u>2,552</u>	<u>20,224</u>	<u>4,761</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Right-of-use assets (Cont'd)

- (i) The right-of-use assets comprise industrial land and building and they are initially recorded at cost.

After initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

- (ii) The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods used are as follows:

Land	60 - 84 years
Buildings	3 years

- (iii) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation charge of right-of-use assets				
- cost of sales	255	287	66	65
- administrative expenses	1,547	1,178	1,384	1,020
- selling and distribution expenses	78	98	-	-
Interest expense on lease liabilities				
- administrative expenses	80	53	74	81
- selling and distribution expenses	3	46	-	-
Expenses relating to low-value leases				
- cost of sales	84	3	84	3
- administrative expenses	-	1	-	-
	2,047	1,666	1,608	1,169

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 January	2,964	2,533	2,594	1,941
Additions	3,414	1,646	2,717	1,646
Accretion of interest	83	99	74	81
Payments	(1,697)	(1,314)	(1,457)	(1,074)
As at 31 December	4,764	2,964	3,928	2,594

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Lease liabilities (Cont'd)

The carrying amounts of lease liabilities and the movements during the financial year are as follows: (Cont'd)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current	3,056	1,437	2,451	1,298
Current	1,708	1,527	1,477	1,296
Total	4,764	2,964	3,928	2,594
Lease liabilities owing to non-financial institutions	4,764	2,964	3,928	2,594

- (i) The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.
- (ii) The Group and the Company have certain low-value of leases of RM5,000 and below. The Group and the Company apply the 'lease of low-value assets' exemptions for these leases.
- (iii) The following are total cash outflows for leases of the Group and of the Company:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash from operating activities:				
Payments relating to low value assets	84	4	84	3
Included in net cash used in financing activities:				
Payments of lease liabilities	1,614	1,215	1,383	993
Interest paid in relation to lease liabilities	83	99	74	81
Total	1,781	1,318	1,541	1,077

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Lease liabilities (Cont'd)

(iv) The following table sets out the carrying amounts, the incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company that are exposed to interest rate risk:

Group	Incremental borrowing rates per annum %	Within 1 year RM'000	1 - 2 years RM'000	More than 2 years RM'000	Total RM'000
At 31 December 2023					
Lease liabilities					
Fixed rates	3.36 – 3.92	1,708	1,395	1,661	4,764
At 31 December 2022					
Lease liabilities					
Fixed rates	3.36 - 3.65	1,527	1,151	286	2,964
Company					
At 31 December 2023					
Lease liabilities					
Fixed rates	3.36 – 3.92	1,477	1,168	1,283	3,928
At 31 December 2022					
Lease liabilities					
Fixed rates	3.36 - 3.65	1,296	1,012	286	2,594

(v) The maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is disclosed in Note 32(ii) to the financial statements.

(vi) Management exercises judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use assets in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(c) The Group as lessor

The Group has entered into irrevocable lease agreements on certain properties for terms of between one (1) to three (3) years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one (1) year	357	513
One (1) to two (2) years	38	276
Two (2) to three (3) years	-	20
	<u>395</u>	<u>809</u>

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	<u>26,673</u>	<u>26,673</u>

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

Non-controlling interests are measured at the proportionate share of net assets of subsidiaries, unless another measurement basis is required by MFRSs.

(b) Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of company	Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Choo Bee Hardwares Sdn. Bhd.	Malaysia	100	100	Dealer in hardware and construction materials
Taik Bee Hardware Sdn. Bhd.	Malaysia	100	100	Fabrication and manufacturing of pipes and trading of hardware
Subsidiaries of Choo Bee Hardwares Sdn. Bhd.				
Choo Bee Hardware (Sabah) Sdn. Bhd.	Malaysia	100	100	Dealer in hardware and construction materials

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

9. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM'000	2022 RM'000
Goodwill on consolidation	87	87
Less: Impairment loss	(87)	(87)
	-	-

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

10. INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost				
Raw materials	47,537	34,072	47,537	34,072
Work-in-progress	19,350	6,658	19,350	6,658
Consumables	1,342	1,113	1,342	1,113
Trading goods	85,106	67,884	44	44
Manufactured goods	22,287	15,722	22,288	15,722
	175,622	125,449	90,561	57,609
At net realisable value				
Raw materials	7,326	26,654	7,187	26,490
Work-in-progress	1,767	4,255	1,766	4,254
Trading goods	26,551	26,007	74	-
Manufactured goods	5,063	26,895	4,272	26,024
	40,707	83,811	13,299	56,768
	216,329	209,260	103,860	114,377
Recognised in profit or loss				
Inventories recognised as cost of sales	359,326	441,546	202,317	247,844
Inventories written back	9,340	-	8,926	-
Inventories written down	563	12,646	19	11,030

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

10. INVENTORIES (CONT'D)

- (a) Inventories are stated at the lower of cost and net realisable value

The cost of raw materials, consumables and trading goods are determined on a weighted average basis and comprises the original cost of purchase plus the cost of acquiring the inventories and other costs incurred (including import duties and other taxes) in bringing them to their present location and condition.

The cost of work-in-progress and manufactured goods includes the cost of raw materials, direct labour, and an appropriate share of production overheads based on normal operating capacity of the production facilities.

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

The Group writes down obsolete or slow moving inventories based on assessment of their estimated net selling prices. Management exercises judgement in evaluating circumstances which may indicate that the carrying amounts could not be recovered and in assessing the adequacy of the write down for obsolete or slow moving inventories.

- (b) The Group and the Company have written back/down the inventories due to fluctuation changes in steel price during the financial year ended 31 December 2023 and 31 December 2022.
- (c) Information on financial risks of inventories, namely market price risk is disclosed in Note 32 to the financial statements.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables				
- Third parties	100,433	95,699	42,137	32,289
- Related parties	233	1,099	-	965
- Subsidiaries	-	-	16,109	23,117
	100,666	96,798	58,246	56,371
Less: Impairment losses	(417)	(588)	(88)	(135)
Total trade receivables	100,249	96,210	58,158	56,236
Other receivables				
Third parties	952	3,723	315	2,912
Deposits	3,020	17,748	2,975	17,691
Total other receivables	3,972	21,471	3,290	20,603
Total receivables	104,221	117,681	61,448	76,839
Prepayments	3,905	36,064	3,499	35,668
	108,126	153,745	64,947	112,507

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are interest bearing and the normal trade credit terms granted by the Group and the Company range from 7 to 60 days (2022: 7 to 60 days). Interest on overdue trade balances are charged at a rate of 14.4% (2022: 14.4%) per annum. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) The currency exposure profile of receivables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	96,372	103,796	61,418	74,099
Singapore Dollar	7,819	10,793	-	-
United States Dollar	-	2,994	-	2,642
Euro	30	98	30	98
	104,221	117,681	61,448	76,839

- (d) The ageing analysis of trade receivables of the Group and the Company are as follows:

2023 Group	Gross-carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	82,574	(31)	82,543
1 to 30 days past due	13,366	(63)	13,303
31 to 60 days past due	2,711	(87)	2,624
61 to 90 days past due	1,686	(87)	1,599
91 to 120 days past due	-	-	-
More than 121 days past due	197	(17)	180
	100,534	(285)	100,249
Credit impaired			
Individually impaired	132	(132)	-
	100,666	(417)	100,249

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) The ageing analysis of trade receivables of the Group and the Company are as follows: (Cont'd)

2022 Group	Gross-carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	76,298	(63)	76,235
1 to 30 days past due	18,554	(126)	18,428
31 to 60 days past due	1,312	(86)	1,226
61 to 90 days past due	436	(115)	321
91 to 120 days past due	66	(66)	-
	96,666	(456)	96,210
Credit impaired			
Individually impaired	132	(132)	-
	<u>96,798</u>	<u>(588)</u>	<u>96,210</u>

2023 Company	Gross-carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	51,188	(7)	51,181
1 to 30 days past due	6,640	(15)	6,625
31 to 60 days past due	374	(22)	352
	58,202	(44)	58,158
Credit impaired			
Individually impaired	44	(44)	-
	<u>58,246</u>	<u>(88)</u>	<u>58,158</u>

2022 Company	Gross-carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	47,035	(30)	47,005
1 to 30 days past due	9,292	(61)	9,231
	56,327	(91)	56,236
Credit impaired			
Individually impaired	44	(44)	-
	<u>56,371</u>	<u>(135)</u>	<u>56,236</u>

The collective assessment of impairment of trade receivables shares similar credit risk characteristics and industries. Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

11. TRADE AND OTHER RECEIVABLES (CONT'D)

- (e) Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses.

The Group and the Company consider credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

A financial asset is categorised as 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- i) Significant financial difficulties of the debtor;
- ii) A breach of contract such as a default or being more than 90 days past due; or
- iii) It is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group and the Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (such as overnight policy rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within net gain on impairment of financial assets in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. As at the end of the reporting period, the Group and the Company is of the view that the expected credit losses of trade receivables are adequate based on the analysis of probability of default by trade receivables.

- (f) Movements in the impairment allowance for trade receivables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables				
At 1 January	588	1,502	135	503
Charge for the financial year	13	11	-	-
Reversal of impairment losses	(184)	(925)	(47)	(368)
At 31 December	417	588	88	135

- (g) Impairment for other receivables is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(g) (Cont'd)

The probability of non-payment by other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables. The Group and the Company have identified the consumer price index, non-performing loans ratio, lending interest rate and unemployment rate as the key macroeconomic factors of the forward looking information.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk.

(h) No expected credit loss is recognised from other receivables as it is negligible.

(i) Information on financial risks of trade and other receivables is disclosed in Note 32 to the financial statements.

12. DERIVATIVE LIABILITIES

	2023			2022		
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Forward currency contracts	<u>4,685</u>	<u>-</u>	<u>(12)</u>	<u>25,083</u>	<u>-</u>	<u>(1,061)</u>
Company						
Forward currency contracts	<u>4,685</u>	<u>-</u>	<u>(12)</u>	<u>14,727</u>	<u>-</u>	<u>(865)</u>

(a) The Group and the Company use forward currency contracts to manage some of the 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 changes exposure. Such derivatives do not qualify for hedge accounting.

(b) Forward currency contracts are used to hedge the purchases of the Group and the Company denominated in USD and sales denominated in SGD for which firm commitments existed at the reporting date, extending to January 2024 (2022: March 2023).

(c) During the financial year, the Group and the Company recognised a gain of RM1,049,000 (2022: loss of RM1,013,000) and gain of RM853,000 (2022: loss of RM851,000) respectively arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

(d) Information on the fair value hierarchy is disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

13. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	22,585	23,682	1,947	4,831
Deposits with licensed banks	8,075	45,983	6,311	5,281
	30,660	69,665	8,258	10,112

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits of the Group and of the Company have a range of maturity period of 1 day to 182 days (2022: 1 day to 182 days).
- (c) Deposits placed with licensed banks of the Group, with a carrying amount of RM8,075,000 (2022: RM45,983,000) are subject to fixed weighted average effective interest rate of 2.23% per annum (2022: 2.32% per annum).
- (d) Deposits placed with licensed banks of the Company, with a carrying amount of RM6,311,000 (2022: RM5,281,000) are subject to fixed weighted average effective interest rate of 2.70% per annum (2022: 2.70% per annum).
- (e) Included in deposits with licensed banks of the Group and Company are amounts of RM229,000 (2022: RM223,000) and RM201,000 (2022: RM196,000) pledged to a licensed bank as securities for banking facilities granted to the Group and the Company respectively.
- (f) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of reporting period:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	22,585	23,682	1,947	4,831
Deposits with licensed banks	8,075	45,983	6,311	5,281
	30,660	69,665	8,258	10,112
Less: Deposits pledged to a licensed bank	(229)	(223)	(201)	(196)
	30,431	69,442	8,057	9,916

- (g) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	27,471	65,439	7,574	9,771
United States Dollar	1,189	480	632	288
Singapore Dollar	1,999	3,745	52	53
Indonesia rupiah	1	1	-	-
	30,660	69,665	8,258	10,112

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

13. CASH AND BANK BALANCES (CONT'D)

- (h) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (i) Information on financial risks of cash and bank balances is disclosed in Note 32 to the financial statements.

14. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2023		2022	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
Balance as at 1 January	197,536	131,691	131,691	131,691
Issuance of ordinary shares through bonus issue	-	-	65,845	-
Balance as at 31 December	197,536	131,691	197,536	131,691

In the previous year, the issued and fully paid up ordinary share capital of the Company was increased from 131,690,928 ordinary shares to 197,536,300 ordinary shares by way of issuance of 65,845,372 ordinary shares through bonus issue on the basis of one (1) bonus share for every two (2) existing shares held with no consideration and without capitalisation of the Company's reserves.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares since previous financial year.

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 21 June 2023, renewed the approval for the Company to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company.

There were no shares repurchased during the financial year ended 31 December 2023.

As at 31 December 2023, 1,442,887 (2022: 1,442,887) out of the total of 197,536,300 (2022: 197,536,300) issued and fully paid ordinary shares purchased for RM1,461,725 (2022: RM1,461,725) are held as treasury shares by the Company. The number of ordinary shares in issue and fully paid as at 31 December 2023 after excluding the treasury shares is 196,093,413 (2022: 196,093,413). The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

15. RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable				
General reserve	1,186	1,186	-	-
Revaluation reserve	6,707	6,707	-	-
Distributable				
Retained earnings	482,566	486,337	258,335	262,376
	490,459	494,230	258,335	262,376

General reserve

The general reserve of the Group arose from the capitalisation of bonus issuance undertaken by certain subsidiaries in the previous years.

Revaluation reserve

Revaluation reserve represents revaluation adjustment arising from transfer of owner-occupied property, plant and equipment and right-of-use assets to investment properties.

16. DEFERRED TAX

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	6,965	7,732	5,502	8,232
Recognised in profit or loss (Note 27)	(991)	(1,512)	(360)	(2,730)
Recognised in other comprehensive income (Note 27)	-	745	-	-
At 31 December	5,974	6,965	5,142	5,502

Presented after appropriate offsetting:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax liabilities, net	5,974	6,965	5,142	5,502

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

16. DEFERRED TAX (CONT'D)

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Offsetting RM'000	Total RM'000
At 1 January 2023	8,360	1,092	(47)	(2,440)	6,965
Recognised in profit or loss	(1,158)	(1,092)	1,020	239	(991)
At 31 December 2023	7,202	-	973	(2,201)	5,974
At 1 January 2022	8,889	-	-	(1,157)	7,732
Recognised in profit or loss	(529)	347	(47)	(1,283)	(1,512)
Recognised in other comprehensive income	-	745	-	-	745
At 31 December 2022	8,360	1,092	(47)	(2,440)	6,965

Deferred tax assets of the Group

	Unabsorbed capital allowances RM'000	Others RM'000	Offsetting RM'000	Total RM'000
At 1 January 2023	(11)	(2,429)	2,440	-
Recognised in profit or loss	(412)	651	(239)	-
At 31 December 2023	(423)	(1,778)	2,201	-
At 1 January 2022	(558)	(599)	1,157	-
Recognised in profit or loss	547	(1,830)	1,283	-
At 31 December 2022	(11)	(2,429)	2,440	-

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
At 1 January 2023	8,041	(2,539)	5,502
Recognised in profit or loss	(720)	360	(360)
At 31 December 2023	7,321	(2,179)	5,142
At 1 January 2022	8,761	(529)	8,232
Recognised in profit or loss	(720)	(2,010)	(2,730)
At 31 December 2022	8,041	(2,539)	5,502

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

16. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows: (Cont'd)

Deferred tax assets of the Company

	Others RM'000	Offsetting RM'000	Total RM'000
At 1 January 2023	(2,539)	2,539	-
Recognised in profit or loss	360	(360)	-
At 31 December 2023	(2,179)	2,179	-
At 1 January 2022	(529)	529	-
Recognised in profit or loss	(2,010)	2,010	-
At 31 December 2022	(2,539)	2,539	-

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables				
Third parties	5,648	6,361	116	2,649
Other payables				
Amounts owing to subsidiaries	-	-	45,655	29,304
Third parties	2,268	2,289	1,600	1,709
Accruals and deposits	3,831	5,812	2,055	3,157
	6,099	8,101	49,310	34,170
	11,747	14,462	49,426	36,819

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade and other payables are interest bearing and the normal credit terms granted to the Group and the Company ranged from 14 to 120 days (2022: 14 to 120 days). Interest on overdue trade balances are charged at a rate of 16% - 18% (2022: 16% - 18%) per annum. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Non-trade amounts owing to the subsidiaries represent advances and payments made on behalf, which are unsecured and payable within next twelve (12) months in cash and cash equivalents. These amounts are interest-free except for advances amounting to RM54,650,000 (2022: RM30,924,900), which are subject to interest ranging from 3% to 3.6% (2022: 2.30% to 3.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

17. TRADE AND OTHER PAYABLES (CONT'D)

(d) The currency exposure profile of payables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	11,631	11,721	49,310	34,078
United States Dollar	116	2,643	116	2,643
Euro	-	98	-	98
	<u>11,747</u>	<u>14,462</u>	<u>49,426</u>	<u>36,819</u>

(e) Information on financial risks of trade and other payables are disclosed in Note 32 to the financial statements.

18. BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bankers' acceptance	3,000	5,000	3,000	5,000
Trust receipts	5,000	5,000	5,000	3,000
	<u>8,000</u>	<u>10,000</u>	<u>8,000</u>	<u>8,000</u>

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Borrowings are denominated in RM.

(c) The weighted average effective interest rates of bankers' acceptance of the Group and of the Company as at the end of the reporting period is 3.46% (2022: 3.09%) and 3.46% (2022: 3.09%) respectively.

(d) The weighted average effective interest rates of trust receipts of the Group and of the Company as at the end of the reporting period are 3.66% (2022: 3.33%) and 3.66% (2022: 2.00%) respectively.

(e) Information on financial risks of borrowings is disclosed in Note 32 to the financial statements.

19. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure				
Property, plant and equipment				
Contracted but not provided for	7,678	19,764	7,665	19,732
Approved but not contracted for	2,564	2,850	2,422	2,850
	<u>10,242</u>	<u>22,614</u>	<u>10,087</u>	<u>22,582</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

20. CONTINGENT LIABILITIES

	Company	
	2023 RM'000	2022 RM'000
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiaries		
- Limit of guarantee	74,200	78,750
- Amount utilised	-	-

The fair value of such financial corporate guarantees is negligible as the likelihood of the Company defaulting on the financial facilities is not probable.

The Company designate corporate guarantees given to financial institutions for banking facilities given to subsidiaries as financial liabilities at the time the guarantees are issued. The maturity profile of these financial guarantees amounting to Nil (2022: Nil) are deemed to be on demand.

No expected credit loss is recognised arising from financial guarantee as it is negligible.

21. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
- Trading sales	260,597	331,869	7,976	10,275
- Manufacturing sales	141,517	161,243	218,026	248,538
	402,114	493,112	226,002	258,813
Timing of revenue recognition				
Transferred at a point in time	402,114	493,112	226,002	258,813

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

(b) Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements. No revenue was recognised over time.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

22. COST OF SALES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost of goods sold	375,593	455,739	218,584	261,894

23. PROFIT/(LOSS) BEFORE TAXATION

- (a) Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit/(loss) before taxation:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:				
Auditors' remuneration:				
- current year	182	182	82	82
- other services	4	4	4	4
Bad debts written off	-	42	-	-
Fair value loss on derivative financial instruments	-	1,013	-	851
Fair value loss on investment properties	142	-	-	-
Net loss on disposals of:				
- property, plant and equipment	516	-	335	103
Net realised loss on foreign exchange transactions	-	-	614	23
Net unrealised loss on foreign exchange transactions	-	-	-	181
Property, plant and equipment written off	3	27	3	1
Waiver of interest income on overdue accounts	-	11	-	11
And crediting:				
Bad debts recovered	-	514	-	90
Dividend income received from:				
- a subsidiary	-	-	2,551	4,501
Fair value gain on derivative financial instruments	1,049	-	853	-
Fair value gain on investment properties	-	182	-	-
Gain on disposal of other investments	50	-	-	-
Interest income on:				
- fixed deposits	336	341	18	6
- other investments	43	-	-	-
- overdue accounts	128	104	-	-
- short term deposits	467	344	186	80
Net gain on disposals of property, plant and equipment	-	521	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

23. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

- (a) Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit/(loss) before taxation: (Cont'd)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
And crediting: (continued)				
Net realised gain on foreign exchange transactions	129	43	-	-
Net unrealised gain on foreign exchange transactions	298	146	133	-
Rental income	520	278	3,045	2,695

- (i) Dividend income

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

- (ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

- (iii) Rental income

Rental income is recognised for on a straight-line basis over the lease term of an ongoing lease.

- (b) Net gain on impairment of financial assets on financial assets recognised in profit or loss were as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment loss on trade receivables (Note 11)	(13)	(11)	-	-
Reversal of impairment loss on trade receivables (Note 11)	184	925	47	368
	171	914	47	368

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

24. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors:				
Fees	94	126	60	80
Other emoluments:				
- current year	3,704	5,131	1,955	2,723
- under/(over) provision in prior years	149	(10)	93	-
	<u>3,853</u>	<u>5,121</u>	<u>2,048</u>	<u>2,723</u>
	3,947	5,247	2,108	2,803
Non-executive Directors:				
Fees	182	242	180	240
Other emoluments	97	103	49	55
	<u>4,226</u>	<u>5,592</u>	<u>2,337</u>	<u>3,098</u>

Included in Directors' other emoluments are contributions made by the Group and by the Company to the Employees Provident Fund of RM588,000 (2022: RM613,000) and RM310,000 (2022: RM323,000) respectively.

Directors' remuneration of the Group also includes remuneration for the Directors of subsidiaries as follows:

	Group	
	2023 RM'000	2022 RM'000
Fees	4	4
Other emoluments	2	(29)
	<u>6</u>	<u>(25)</u>

The estimated monetary value of benefits-in-kind received and receivable by Executive Directors otherwise than in cash from the Group and the Company amounted to RM53,000 (2022: RM62,000) and RM29,000 (2022: RM47,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

25. EMPLOYEE SALARIES AND BENEFITS EXPENSES (EXCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages, salaries and bonuses	12,438	11,715	6,910	6,294
Contribution to defined contribution plan	1,179	1,174	584	582
Social security contributions	170	156	95	86
Other employee benefits	1,823	1,142	1,336	652
	<u>15,610</u>	<u>14,187</u>	<u>8,925</u>	<u>7,614</u>

26. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
- bankers' acceptances	101	36	101	27
- trust receipts	108	21	68	17
- advances from subsidiaries	-	-	1,341	632
	<u>209</u>	<u>57</u>	<u>1,510</u>	<u>676</u>

27. TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax:				
Relating to profit for the financial year	1,263	4,970	-	-
(Over)/Under-provision in prior years	(59)	107	-	124
	<u>1,204</u>	<u>5,077</u>	<u>-</u>	<u>124</u>
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(1,021)	(1,587)	(360)	(2,730)
Under-provision in prior years	30	75	-	-
	<u>(991)</u>	<u>(1,512)</u>	<u>(360)</u>	<u>(2,730)</u>
Taxation recognised in profit or loss	213	3,565	(360)	(2,606)
Taxation recognised in other comprehensive income (Note 16)	-	745	-	-
	<u>213</u>	<u>4,310</u>	<u>(360)</u>	<u>(2,606)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

27. TAXATION (CONT'D)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliations between the taxation and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before taxation	<u>1,344</u>	<u>11,700</u>	<u>501</u>	<u>(8,248)</u>
Tax at applicable statutory tax rate at 24% (2022: 24%)	323	2,808	120	(1,980)
Tax effects in respect of:				
Non-allowable expenses	1,767	2,772	744	899
Non-taxable income	<u>(1,848)</u>	<u>(2,197)</u>	<u>(1,224)</u>	<u>(1,649)</u>
	242	3,383	(360)	(2,730)
(Over)/Under-provision in prior years				
- current tax	(59)	107	-	124
- deferred tax	<u>30</u>	<u>75</u>	<u>-</u>	<u>-</u>
	<u>213</u>	<u>3,565</u>	<u>(360)</u>	<u>(2,606)</u>

28. EARNINGS PER SHARE

- (a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group	
	2023 RM'000	2022 RM'000
Profit attributable to equity holders of the parent	<u>1,131</u>	<u>8,135</u>
Weighted average number of ordinary shares applicable to basic earnings per ordinary share	<u>196,093</u>	<u>157,233</u>
Basic earnings per ordinary share (sen)	<u>0.58</u>	<u>5.17</u>

- (b) Diluted earnings per ordinary share

There are no potential dilutive ordinary shares during the financial year. Accordingly, the diluted earnings per ordinary share is not presented.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

29. DIVIDEND

	Group and Company			
	2023	2022		
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
In respect of the financial year ended 31 December 2022				
Final single tier dividend	2.5	4,902	-	-
In respect of the financial year ended 31 December 2021				
Final single tier dividend	-	-	5.0	6,537
Special single tier dividend	-	-	2.5	3,268
	2.5	4,902	7.5	9,805

The Directors recommend a final single tier dividend of 0.5 sen per ordinary share amounting to approximately RM980,000 in respect of the financial year ended 31 December 2023 for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024 if approved.

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are 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 operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its ultimate holding company.

The related parties and their relationship with the Group are as follows:

Names of related parties	Relationship
AJS Bersatu Sabah Sdn. Bhd.	A company in which Chua Hian Hock is a Director.
Amber Point Machinery Sdn. Bhd.	A company in which a former Director, Khoo Choon Yam is a Director.
Asiapac Machineries Sdn. Bhd.	A company in which a former Director, Khoo Choon Yam is a Director.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

30. RELATED PARTY DISCLOSURES (CONT'D)

(a) Identities of related parties (Cont'd)

The related parties and their relationship with the Group are as follows: (Cont'd)

Names of related parties	Relationship
Focus Hardware Sdn. Bhd.	A company in which the immediate family member of a former Director, Lee Sieng Tzi @ Vincent Lee is a Director.
Hock Seng Hardware Sdn. Bhd.	A company in which the immediate family member of Chua Hian Hock, a Director of the subsidiary is a Director.
Kelana Masa Sdn. Bhd.	A company in which a former Director, Khoo Choon Yam is a Director.
K.P.M.W. Sdn. Bhd.	A company in which the immediate family member of Chua Hian Hock, a Director of the subsidiary is a Director.
Soon Lee Steel Sdn. Bhd.	A company in which the immediate family member of a former Director, Lee Sieng Tzi @ Vincent Lee is a Director.
Soon Lian Huat Holdings Sdn. Berhad	A company in which Soon Cheng Hai and Soon Cheng Boon are Directors.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subsidiaries				
Trade sales	-	-	84,115	97,324
Rental income received	-	-	3,045	2,695
Net dividend received	-	-	2,551	4,501
Net interest paid on advances	-	-	(1,341)	(632)
Trade purchases	-	-	(263)	(281)
Disposals of fixed assets	-	-	-	54
Related parties				
Piling works services				
- Asiapac Machineries Sdn. Bhd.	188	302	188	302
Mobile crane rental				
- Amber Point Machinery Sdn. Bhd.	5	16	5	16
Purchase of forklift				
- Kelana Masa Sdn. Bhd.	212	221	212	221

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

30. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year. (Cont'd)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Related parties (Cont'd)				
Purchase of hardware products				
- K.P.M.W. Sdn. Bhd.	3	4	-	-
Trade sales				
- AJS Bersatu Sabah Sdn. Bhd.	187	396	-	-
- Focus Hardware Sdn. Bhd.	-	1,741	-	1,510
- K.P.M.W. Sdn. Bhd.	104	89	-	-
- Soon Lee Steel Sdn. Bhd.	-	3,447	-	3,447
Ultimate holding company				
Rental of land and buildings				
- Soon Lian Huat Holdings Sdn Berhad	1,602	1,314	1,362	786

The related party transactions described above were carried out on negotiated terms and conditions and mutually agreed with the related parties.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Executive Directors and other members of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short term employee benefits	3,583	4,803	1,885	2,521
Post-employment benefits	1,171	1,601	598	841
	4,754	6,404	2,483	3,362

The estimated monetary value of benefits-in-kind received and receivable by Executive Directors and the key management personnel otherwise than in cash from the Group and the Company amounted to RM60,000 (2022: RM69,000) and RM29,000 (2022: RM47,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

31. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total equity plus net debts. The Group includes within net debt, trade and other payables, borrowings, less cash and bank balances.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade and other payables	11,747	14,462	49,426	36,819
Borrowings	8,000	10,000	8,000	8,000
Less: Cash and bank balances	(30,660)	(69,665)	(8,258)	(10,112)
Net (cash)/debt	(10,913)	(45,203)	49,168	34,707
Total equity	620,688	624,459	388,564	392,605
Net (cash)/debt	(10,913)	(45,203)	49,168	34,707
	609,775	579,256	437,732	427,312
Gearing ratio (%)	*	*	11.2%	8.1%

* Gearing ratio is not presented as the Group is in net cash position as at the applicable reporting dates.

Pursuant to the requirements of Practice Note No.17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five per centum (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 December 2023.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

31. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments

	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
Group			
31 December 2023			
Financial assets			
Trade and other receivables, net of prepayments	104,221	-	104,221
Cash and bank balances	30,660	-	30,660
	134,881	-	134,881
Financial liabilities			
Trade and other payables	11,747	-	11,747
Borrowings	8,000	-	8,000
Derivative liabilities	-	12	12
Lease liabilities	4,764	-	4,764
	24,511	12	24,523
31 December 2022			
Financial assets			
Trade and other receivables, net of prepayments	117,681	-	117,681
Cash and bank balances	69,665	-	69,665
	187,346	-	187,346
Financial liabilities			
Trade and other payables	14,462	-	14,462
Borrowings	10,000	-	10,000
Derivative liabilities	-	1,061	1,061
Lease liabilities	2,964	-	2,964
	27,426	1,061	28,487
Company			
31 December 2023			
Financial assets			
Trade and other receivables, net of prepayments	61,448	-	61,448
Cash and bank balances	8,258	-	8,258
	69,706	-	69,706
Financial liabilities			
Trade and other payables	49,426	-	49,426
Borrowings	8,000	-	8,000
Derivative liabilities	-	12	12
Lease liabilities	3,928	-	3,928
	61,354	12	61,366

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

31. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments (Cont'd)

	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
31 December 2022			
Financial assets			
Trade and other receivables, net of prepayments	76,839	-	76,839
Cash and bank balances	10,112	-	10,112
	86,951	-	86,951
Financial liabilities			
Trade and other payables	36,819	-	36,819
Borrowings	8,000	-	8,000
Derivative liabilities	-	865	865
Lease liabilities	2,594	-	2,594
	47,413	865	48,278

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, cash and bank balances, trade and other payables and borrowings, are reasonable approximation of fair value due to their short-term nature.

The fair values of the fixed rate lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the end of each reporting period.

- ii. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

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).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

31. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

Derivatives

The fair value of forward exchange contracts is estimated by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss.

The following tables set-out the financial instruments carried at fair value is disclosed, together with their fair values and carrying amounts showed in the statements of financial position.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group					
At 31 December 2023					
Assets measured at fair value					
Investment properties	-	-	9,750	9,750	9,750
Liabilities measured at fair value					
Derivative liabilities					
- Forward currency contracts	-	12	-	12	12
At 31 December 2022					
Assets measured at fair value					
Investment properties	-	-	9,892	9,892	9,892
Liabilities measured at fair value					
Derivative liabilities					
- Forward currency contracts	-	1,061	-	1,061	1,061
Company					
At 31 December 2023					
Liabilities measured at fair value					
Derivative liabilities					
- Forward currency contracts	-	12	-	12	12
At 31 December 2022					
Liabilities measured at fair value					
Derivative liabilities					
- Forward currency contracts	-	865	-	865	865

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements of the Group and of the Company during the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

31. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(e) Level 3 fair value

The following table shows a reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy:

	Group	
	2023 RM'000	2022 RM'000
Balance as at 1 January	9,892	1,710
Transferred from property, plant and equipment (Note 5)	-	3,000
Transferred from right-of-use assets (Note 7)	-	5,000
Fair value (loss)/gain	(142)	182
Balance as at 31 December	9,750	9,892

(f) The following table shows the sensitivity analysis for the Level 2 fair value measurements.

	Group	
	2023 RM'000	2022 RM'000
Profit after taxation		
Foreign currency rate		
- Increase by 10% (2022: 10%)	1	81
- Decrease by 10% (2022: 10%)	(1)	(81)

	Company	
	2023 RM'000	2022 RM'000
Profit/(Loss) after taxation		
Foreign currency rate		
- Increase by 10% (2022: 10%)	1	66
- Decrease by 10% (2022: 10%)	(1)	(66)

32. FINANCIAL RISK MANAGEMENT OBJECTIVE

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, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Credit Committee. The Audit and Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the policy of the Group that no derivatives shall be undertaken except for the use as hedging instruments, where appropriate. The Group and the Company do not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

The following sections provide details regarding the exposure of the Group and the Company to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group and the Company to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit standing counterparties.

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the policy of the Group that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure of the Group to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Credit Committee.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each of the financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 11 to the financial statements.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group and of the Company's trade receivables at the end of the reporting period are as follows:

	2023		2022	
	RM'000	% of total	RM'000	% of total
Group				
By country				
Malaysia	92,430	92%	85,417	89%
Asia, other than Malaysia	7,819	8%	10,793	11%
	<u>100,249</u>	<u>100%</u>	<u>96,210</u>	<u>100%</u>
Company				
By country				
Malaysia	<u>58,158</u>	<u>100%</u>	<u>56,236</u>	<u>100%</u>

At the end of the reporting period, approximately:

- 71% (2022: 65%) and 60% (2022: 54%) of the Group's and the Company's trade receivables respectively were due from five major customers who are hardware trading and construction companies located in Malaysia.
- 28% (2022: 41%) of the Company's trade receivables were balances with subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The objective of the Group and the Company is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The liquidity risk management policy of the Group and the Company is that to maintain sufficient liquid financial assets and stand-by credit facilities with five different banks.

The table below summarises the maturity profile of the liabilities of the Group and the Company at the reporting date based on contractual undiscounted repayment obligations.

	Within 1 year RM'000	1 - 5 years RM'000	Total RM'000
Group			
31 December 2023			
Financial liabilities			
Trade and other payables	11,747	-	11,747
Borrowings	8,000	-	8,000
Derivative liabilities	12	-	12
Lease liabilities	1,787	3,191	4,978
Total undiscounted financial liabilities	21,546	3,191	24,737
31 December 2022			
Financial liabilities			
Trade and other payables	14,462	-	14,462
Borrowings	10,000	-	10,000
Derivative liabilities	1,061	-	1,061
Lease liabilities	1,602	1,462	3,064
Total undiscounted financial liabilities	27,125	1,462	28,587

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(ii) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the liabilities of the Group and the Company at the reporting date based on contractual undiscounted repayment obligations. (Cont'd)

	Within 1 year RM'000	1 - 5 years RM'000	Total RM'000
Company			
31 December 2023			
Financial liabilities			
Trade and other payables	49,426	-	49,426
Borrowings	8,000	-	8,000
Derivative liabilities	12	-	12
Lease liabilities	1,544	2,556	4,100
Total undiscounted financial liabilities	58,982	2,556	61,538
31 December 2022			
Financial liabilities			
Trade and other payables	36,819	-	36,819
Borrowings	8,000	-	8,000
Derivative liabilities	865	-	865
Lease liabilities	1,362	1,323	2,685
Total undiscounted financial liabilities	47,046	1,323	48,369

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and the Company will fluctuate because of changes in market interest rates.

The exposure of the Group to changes in interest rates relates primarily to the interest bearing debt obligations and deposits with banks of the Group. The Group finances its operations by a mixture of internal funds, bank and other borrowings. The Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of the Group is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The deposits of the Group are placed at fixed rates and management endeavours to obtain the best rate available in the market.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the profit/(loss) net of tax of the Group and the Company to a reasonably possible change in RM interest rate, with all other variables held constant.

	Group	
	2023 RM'000	2022 RM'000
Profit after taxation		
- Increase by 30 (2022: 30) basis point	(18)	(23)
- Decrease by 30 (2022: 30) basis point	<u>18</u>	<u>23</u>

	Company	
	2023 RM'000	2022 RM'000
Profit/(Loss) after taxation		
- Increase by 30 (2022: 30) basis point	(143)	(89)
- Decrease by 30 (2022: 30) basis point	<u>143</u>	<u>89</u>

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to the interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	More than 2 years RM'000	Total RM'000
Group						
At 31 December 2023						
Fixed rate instrument						
Deposits with licensed banks	13	2.23	8,075	-	-	8,075
Floating rate instruments						
Bankers' acceptance	18	3.46	3,000	-	-	3,000
Trust receipts	18	3.66	5,000	-	-	5,000
At 31 December 2022						
Fixed rate instrument						
Deposits with licensed banks	13	2.32	45,983	-	-	45,983
Floating rate instruments						
Bankers' acceptance	18	3.09	5,000	-	-	5,000
Trust receipts	18	3.33	5,000	-	-	5,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(iii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to the interest rate risk: (Cont'd)

	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	More than 2 years RM'000	Total RM'000
Company						
At 31 December 2023						
Fixed rate instruments						
Deposits with licensed banks	13	2.70	6,311	-	-	6,311
Floating rate instruments						
Amount owing to a subsidiary	17(c)	3.30	54,650	-	-	54,650
Bankers' acceptance	18	3.46	3,000	-	-	3,000
Trust receipts	18	3.66	5,000	-	-	5,000
At 31 December 2022						
Fixed rate instruments						
Deposits with licensed banks	13	2.70	5,281	-	-	5,281
Floating rate instruments						
Amount owing to a subsidiary	17(c)	2.65	30,925	-	-	30,925
Bankers' acceptance	18	3.09	5,000	-	-	5,000
Trust receipts	18	3.33	3,000	-	-	3,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(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.

Transactional currency exposures mainly arise from transactions that are denominated in currencies other than functional currencies of the operating entities.

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM3,189,000 (2022: RM4,226,000) and RM684,000 (2022: RM341,000) for the Group and the Company respectively.

The Group and the Company enter into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

During the financial year, the Group entered into forward foreign currency contracts to manage exposures to currency risk of its trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group and the Company.

The notional amount and maturity date of the forward foreign currency contracts outstanding of the Group and of the Company as at 31 December 2023 and 31 December 2022 are as follows:

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities within
Group				
31 December 2023				
Forward currency contracts used to hedge trade payables	USD	<u>1,018</u>	<u>4,685</u>	<u>One month</u>
31 December 2022				
Forward currency contracts used to hedge trade payables	USD	<u>5,461</u>	<u>25,083</u>	<u>Three months</u>
Company				
31 December 2023				
Forward currency contracts used to hedge trade payables	USD	<u>1,018</u>	<u>4,685</u>	<u>One month</u>
31 December 2022				
Forward currency contracts used to hedge trade payables	USD	<u>3,150</u>	<u>14,727</u>	<u>Three months</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(iv) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the profit/(loss) net of tax of the Group and the Company to a reasonably possible change in the USD, SGD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2023 RM'000	2022 RM'000
Profit after taxation		
USD/RM- strengthened 10% (2022: 10%)	82	63
- weakened 10% (2022: 10%)	<u>(82)</u>	<u>(63)</u>
SGD/RM- strengthened 10% (2022: 10%)	746	1,105
- weakened 10% (2022: 10%)	<u>(746)</u>	<u>(1,105)</u>
EUR/RM - strengthened 10% (2022: 10%)	2	-
- weakened 10% (2022: 10%)	<u>(2)</u>	<u>-</u>

	Company	
	2023 RM'000	2022 RM'000
Profit/(Loss) after taxation		
USD/RM- strengthened 10% (2022: 10%)	39	22
- weakened 10% (2022: 10%)	<u>(39)</u>	<u>(22)</u>
SGD/RM- strengthened 10% (2022: 10%)	4	4
- weakened 10% (2022: 10%)	<u>(4)</u>	<u>(4)</u>
EUR/RM - strengthened 10% (2022: 10%)	2	-
- weakened 10% (2022: 10%)	<u>(2)</u>	<u>-</u>

(v) Market price risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The principal exposure of the Group and the Company to market risk arises mainly from the changes in steel raw materials and finished goods prices. Both raw materials and finished goods are classified as current assets and the Group and the Company manage the sale of finished goods and procurement of its raw materials to optimise return on realisation of its inventories.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVE (CONT'D)

(v) Market price risk (Cont'd)

Sensitivity analysis on world composite steel prices

The following table demonstrates the sensitivity of the profit/(loss) net of tax of the Group and the Company to a reasonably possible change in world composite steel prices, with all other variables held constant.

	Group	
	2023 RM'000	2022 RM'000
Profit after taxation		
- Increase by 10% (2022: 10%)	24,744	26,934
- Decrease by 10% (2022: 10%)	(24,744)	(26,934)
	<u> </u>	<u> </u>
	Company	
	2023 RM'000	2022 RM'000
Profit/(Loss) after taxation		
- Increase by 10% (2022: 10%)	10,046	14,215
- Decrease by 10% (2022: 10%)	(10,046)	(14,215)
	<u> </u>	<u> </u>

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024 (early adopt)

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 31 DECEMBER 2023

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Standards and Amendments of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

LIST OF GROUP'S PROPERTIES

AS AT 31 DECEMBER 2023

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE	
Choo Bee Metal Industries Berhad								
1) Lot 328197 No. hakmilik: PN 258237 Kawasan Perusahaan Pengkalan 1, 31500 Lahat Perak Darul Ridzuan	1996	Pengkalan Factory	Industrial land with single-storey factory	74,160 sq. mtr	Leasehold 60 years expiring on 25.04.2061	30.5	24,885,091	Factory
Lot 361995 No. hakmilik: PN 378151 Kawasan Perusahaan Pengkalan 1, 31500 Lahat Perak Darul Ridzuan	1996	Pengkalan Factory	Industrial land with single-storey factory	6,087 sq. mtr	Leasehold 60 years expiring on 13.02.2056			
2) PT 64386 Mukim of Kapar, District of Klang, State of Selangor	*2010	Kapar Warehouse	Industrial land with single-storey warehouse	37,885 sq. mtr.	Freehold	14	26,133,222	Warehouse
3) Lot 14787 Mukim Damansara, Daerah Petaling, Selangor	2011	Laman Baiduri Condominium	Condominium	152 sq. mtr.	Leasehold 99 years expiring on 28.10.2108	13	459,757	Staff use
4) Parcel no. N-5-1 Geran no.122177 Lot no. 11899S Ipoh, Perak	2017	Polo Residence	Condominium	141.1 sq. mtr.	Freehold	7	678,792	Staff use

LIST OF GROUP'S PROPERTIES

(Cont'd)

AS AT 31 DECEMBER 2023

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Metal Industries Berhad							
5) Medium Industrial land Jalan SK1 1/ KU7. Kawasan Perindustrian Sungai Kapar Indah 42200 Klang, Selangor	2019	Kapar (II) Warehouse	Freehold land 31,021 sq. mtr.	Freehold	5	51,800,660	Warehouse
H.S.(D)153042, PT 72788			Freehold land 11,944 sq. mtr.				
H.S.(D)153043, PT 72789			Freehold land 10,050 sq. mtr.				
H.S.(D)153044, PT 72790			Freehold land 9,027 sq. mtr.				
6) B-09-09, Setia City Residences, Geran no.323447 Lot no. 91251 Shah Alam, Selangor	2021	Setia City Residences	Condominium 91.51 sq. mtr	Freehold	3	577,318	Staff use
7) 11, Jalan Gamelan 7, Bandar Bukit Raja, 41050 Klang Selangor	2023	Kapar Hostel	One & a half storey terrace house 121 sq. mtr	Freehold	0.25	454,301	Staff use
						104,989,141	

* The freehold land was revalued partially in 2010 where area occupied by warehouse.

LIST OF GROUP'S PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2023

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Hardwares Sdn. Bhd.							
1) Lots 18001 and 22970, Mukim of Ulu Kinta, District of Ulu Kinta, Perak Darul Ridzuan	1972	Kuan Woh Yuen Warehouse	Land with no specific zoning; has a steel portal frame-work building used as a warehouse on Lot 18001 and a single-storey detached house which is owner occupied on Lot 22970	Lot 18001 12,216.26 sq. mtr. Lot 22970 10,952.00 sq. mtr.	Long-term leasehold 999 years expiring on 5.8.2895	N/A 52	3,794,348 Warehouse
2) Lot No.90633 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan (619 & 619A Jalan Tasek, Taman Seri Tasek, Ipoh)	2006 Valuation wef 2011 Last Valuation: 2022	Tasek Shophouse	Commercial land with two-storey shophouse	143 sq. mtr.	Leasehold 99 years expiring on 11.3.2079	36	330,000 Let out
3) Lots 5592S and 5593S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No.46 and 48 Lebuah Bendahara 31650 Ipoh)	1981	Jalan Bendahara Old Office	Commercial land with three-storey shophouse	Lot 5592S 180.09 sq. mtr. Lot 5593S 171.59 sq. mtr.	Freehold Freehold	43 43	170,745 Office
4) Lot 5594S Town of Ipoh, District of Kinta, Perak Darul Ridzuan (44A & B Lebuah Bendahara 31650 Ipoh)	1981	Jalan Bendahara Old Office	Commercial land with three-storey shophouse	171.59 sq. mtr.	Freehold	43	32,184 Office

LIST OF GROUP'S PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2023

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE	
Choo Bee Hardwares Sdn. Bhd.								
5) Lot 2874S and 2875S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (42-44 Jalan Bendahara, 31650 Ipoh)	1962	Jalan Bendahara Old Office	Commercial land with double-storey shophouse	Lot 2874S	Freehold	62	1,420,000	Let out
	Valuation wef 2011			208.10 sq. mtr.				
	Last Valuation: 2022			Lot 2875S	Freehold			
				161.84 sq. mtr.				
6) Lot 5595S Town of Ipoh District of Kinta, Perak Darul Ridzuan (44 Lebuhraya Bendahara 31650 Ipoh)	1962	HQ Carpark	Commercial land with a temporary shed constructed on the land for cars and motorcycles	171.59 sq. mtr.	Freehold	N/A	12,500	Car Park
7) Lot 19493 and Lot 6969 Mukim of Kinta, Perak Darul Ridzuan	1993	Kuan Woh Yuen Stockyard	Commercial land	Lot 19493	Freehold	N/A	67,027	Stockyard
				404.68 sq. mtr.				
				Lot 6969	Freehold			
				1,947.55 sq. mtr.				
8) Lot 13A/13B, Industrial Zone 13, Jalan 4 KKIP Timur, KKIP, KM 25, Jalan Tuaran, 88460 Tuaran, Sabah	2016	Sabah warehouse	Industrial lot leasehold	Lot 13A	Leasehold	24	15,229,148	Warehouse
				25,190 sq. mtr.	99 years effective 1/1/2000 to 31/12/2098			
				Lot 13B				
				18,150 sq. mtr.				

LIST OF GROUP'S PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2023

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Hardwares Sdn. Bhd.							
<u>RENTED PROPERTY (LANDLORD - CHOO BEE METAL INDUSTRIES BHD)</u>							
9) Medium Industrial land Jalan SKI 1/KU7. Kawasan Perindustrian Sungai Kapar Indah 42200 Klang, Selangor	Dec 2022	Kapar (II) Warehouse	Freehold land 31,021 sq. mtr.	Freehold	0	559,181	Warehouse & office
H.S.(D)153042, PT 72788			Freehold land 11,944 sq. mtr.				
H.S.(D)153043, PT 72789			Freehold land 10,050 sq. mtr.				
H.S.(D)153044, PT 72790			Freehold land 9,027 sq. mtr.				
						21,615,133	
Choo Bee Hardware (Sabah) Sdn. Bhd.							
1) Country Lease No 045324141 KM 25, Jalan Tuaran District of Tuaran Sabah	2007	Sabah Warehouse	Industrial land with single-storey factory 11,938.23 sq. mtr.	Leasehold 99 years expiring on 31.12.2090	27	5,846,340	Warehouse
						5,846,340	
Taik Bee Hardware Sdn. Bhd. ("TBH")							
1) PT 38826 H.S.(D): 6233/82 Mukim Hulu Kinta Perak Darul Ridzuan	2011 Last Valuation: 2022	Menglembu Factory & office	Industrial land with single-storey factory 9,288.05 sq. mtr.	Leasehold 60 years expiring on 25.8.2042	32	8,000,000	Let out
						8,000,000	
				Grand total		140,450,614	

STATEMENT OF SHAREHOLDINGS

AS AT 1 APRIL 2024

Total Number of Issued Shares : 196,093,413 (excluding 1,442,887 Treasury Shares)
 Class of Shares : Ordinary shares
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	255	6.798	11,513	0.006
100 to 1,000	324	8.638	137,978	0.070
1,001 to 10,000	2,224	59.291	9,344,105	4.765
10,001 to 100,000	831	22.154	22,998,143	11.728
100,001 to 9,804,670 (*)	114	3.039	46,870,587	23.902
9,804,671 and above (**)	3	0.080	116,731,087	59.528
Total	3,751	100.000	196,093,413	100.000

Note: * - Less than 5% of issued holdings

** - 5% and above of issued holdings

TOP 30 HOLDERS AS AT 01.04.2024

NO.	NAME	HOLDINGS	%
1	CHOO BEE HOLDINGS SDN. BHD.	80,896,500	41.254
2	SOON LIAN HUAT HOLDINGS SDN. BERHAD	25,609,587	13.060
3	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN 3-RIGHTS VALUE ASIA FUND	10,225,000	5.214
4	TAN BENG GUAN	3,340,000	1.703
5	TAN EWE SEONG	3,060,000	1.560
6	SOON CHENG HAI	2,400,000	1.224
7	SOON CHENG BOON	2,316,600	1.181
8	YEO LEE HONG BETTY	1,982,448	1.011
9	SOON SIEW LEH	1,404,000	0.716
10	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA	1,237,500	0.631
11	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	1,209,000	0.617
12	THEN YOON YIN	1,170,000	0.597
13	TAN AIK CHOON	1,146,970	0.585
14	SOON SIEW HOON	1,044,360	0.533
15	SOON AH KHUN @ SOON LIAN HUAT	841,650	0.429
16	YEOH GUAN LIEW	836,000	0.426
17	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM CHEN YIK	769,500	0.392
18	TAN PENG SOON	728,208	0.371
19	TEOH CHIN TEK @ TEOH CHIN LEONG	711,288	0.363
20	LEE SIENG TZI @ VINCENT LEE	603,000	0.308

STATEMENT OF SHAREHOLDINGS (Cont'd)

AS AT 1 APRIL 2024

TOP 30 HOLDERS AS AT 01.04.2024 (CONT'D)

NO.	NAME	HOLDINGS	%
21	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PAY KAON	600,000	0.306
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SIEW WAH	587,300	0.300
23	TAN PENG NAM	561,600	0.286
24	TAN PENG SUM	561,600	0.286
25	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	557,450	0.284
26	QUAH ENG SIM	505,004	0.258
27	GAN YEN CHENG	500,000	0.255
28	TAI BU MOY	500,000	0.255
29	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO HUI CONG	436,100	0.222
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG JOO KHIM	424,300	0.216
Total		146,764,965	74.844

SUBSTANTIAL SHAREHOLDERS AS AT 01.04.2024

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholders	Direct Interest (A)		Deemed Interest (B)		Total Interest (A+B)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Choo Bee Holdings Sdn. Bhd.	80,896,500	41.25	-	-	80,896,500	41.25
Soon Lian Huat Holdings Sdn. Berhad	25,609,587	13.06	80,896,500 ²	41.25	106,506,087	54.31
Yeoman 3-Rights Value Asia Fund VCC	10,225,000	5.21	-	-	10,225,000	5.21
Yeoman Capital Management Pte Ltd	225,000	0.11	10,225,000 ⁵	5.21	10,450,000	5.32
Soon Cheng Hai	2,400,000	1.22	106,506,087 ³	54.31	108,906,087	55.53
Soon Cheng Boon	2,316,600	1.18	106,564,167 ⁴	54.34	108,880,767	55.52
Estate of Soon Hean Hooi, Deceased	-	-	106,506,087 ³	54.31	106,506,087	54.31
Lim Mee Hwa	1,237,500	0.63	10,450,000 ⁶	5.33	11,687,500	5.96
Yeo Seng Chong	-	-	11,687,500 ⁷	5.96	11,687,000	5.96

(1) Calculated based on the total number of ordinary shares in issue of 196,093,413 (excluding 1,442,887 treasury shares held).

(2) Deemed interested by virtue of its interest in Choo Bee Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

(3) Deemed interested by virtue of his interests in Soon Lian Huat Holdings Sdn. Berhad and Choo Bee Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

(4) Deemed interested by virtue of his interests in Soon Lian Huat Holdings Sdn. Berhad and Choo Bee Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 as well as the shareholding of his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

(5) Deemed interested by virtue of its interest as investment manager for its clients under Yeoman 3-Rights Value Asia Fund and its voting control over the Shares held under Yeoman 3-Rights Value Asia Fund.

(6) Deemed interested by virtue of her interest in Yeoman Capital Management Pte Ltd pursuant to Section 8 of the Companies Act 2016.

(7) Deemed interested by virtue of his interest in Yeoman Capital Management Pte Ltd as well as the shareholding of his spouse pursuant to Section 8 of the Companies Act 2016.

STATEMENT OF SHAREHOLDINGS (Cont'd)

AS AT 1 APRIL 2024

DIRECTORS' INTEREST AS AT 01.04.2024

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 the Directors' interests in the ordinary shares capital of the Company and its subsidiary companies are as follows:

Shares in the Company

Name of Directors	Direct Interest (A)		Deemed Interest (B)		Total Interest (A+B)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Soon Cheng Hai	2,400,000	1.22	106,506,087 ¹	54.31	108,906,087	55.53
Soon Cheng Boon	2,316,600	1.18	106,564,167 ²	54.34	108,880,767	55.52
Tan Han Leong	-	-	1,404,000 ³	0.72	1,404,000	0.72
Puan Sri Shahrizan Binti Abdullah	86,112	0.04	-	-	86,112	0.04
Ng Poh Tat	-	-	-	-	-	-
Ng Leong Teck	-	-	-	-	-	-

- (1) Deemed interested by virtue of his interests in Soon Lian Huat Holdings Sdn. Berhad and Choo Bee Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of his interests in Soon Lian Huat Holdings Sdn. Berhad and Choo Bee Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 as well as the shareholding of his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.
- (3) Deemed interested by virtue of the shareholding of his spouse pursuant to Section 59(11)(c) of Companies Act 2016.

Shares in the ultimate holding company, Soon Lian Huat Holdings Sdn. Berhad

Name of Directors	Direct Interest (A)		Deemed Interest (B)		Total Interest (A+B)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Soon Cheng Hai	1,226,667	32.35	-	-	1,226,667	32.35
Soon Cheng Boon	1,226,667	32.35	-	-	1,226,667	32.35

Shares in related company, Choo Bee Holdings Sdn. Bhd.

Name of Directors	Direct Interest (A)		Deemed Interest (B)		Total Interest (A+B)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Soon Cheng Hai	161,829	4.91	1,973,900	59.94	2,135,729	64.85
Soon Cheng Boon	161,829	4.91	1,973,900	59.94	2,135,729	64.85

By virtue of their interests in the Company and in the holding company, Soon Cheng Hai and Soon Cheng Boon are also deemed to have an interest in shares of all the subsidiaries to the extent that the Company and the holding company have interests.

Other than as disclosed above, none of the other Directors had any interest in shares in the Company or its related companies.

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聚美

CHOO BEE

CHOO BEE METAL

INDUSTRIES BERHAD

[Registration No. 197101000234 (10587-A)]
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	
CDS A/C No.	
Telephone No.	

I/We _____ (FULL NAME IN BLOCK CAPITALS)

NRIC No./Company No. _____ of _____

_____ (FULL ADDRESS) being a member of

Choo Bee Metal Industries Berhad hereby appoint the following person(s):

Proxy	Full Name (in Block Letters) NRIC/Passport No.	Tel. No.	NRIC/Passport No.	No. of shares	%
1					
	Email Address:				
2					
	Email Address:				

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the 2024 Annual General Meeting of the Company to be held on 20 June 2024 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	Ordinary Resolution	For	Against
The payment of a final single-tier dividend	1		
The payment of Directors' Fee	2		
The payment of Non-Executive Directors' Benefits	3		
The re-election of Directors: - Soon Cheng Hai - Puan Sri Shahrizan Binti Abdullah	4		
	5		
The re-appointment of BDO PLT as Auditors and authority to Directors to fix their remuneration	6		
Special Business			
Retention of Independent Non-Executive Director : Puan Sri Shahrizan Binti Abdullah	7		
Proposed Renewal of Share Buy-Back Authority	8		
Authority to Allot and Issue Shares	9		

Please indicate with (✓) and (X) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

Signature of Shareholder
(Common Seal & Signature)

NOTES:

- Pursuant to Paragraph 8.29A of the Listing Requirements, voting at general meeting will be conducted by poll rather than show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- Only members whose names appear on the Record of Depositors as at 10 June 2024 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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 but the proportion of holdings to be represented by each proxy must be specified.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar of our Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting either by hand, post, electronic mail to bsr.helpdesk@boardroomlimited.com, otherwise the instrument of proxy should not be treated as valid. Alternatively, the proxy form can be submitted by electronic means through the Share Registrar's website, Boardroom Smart Investors Online Portal. Kindly follow the link at <https://investor.boardroomlimited.com/> to login and deposit your proxy form electronically, also forty-eight (48) hours before the meeting.
- Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

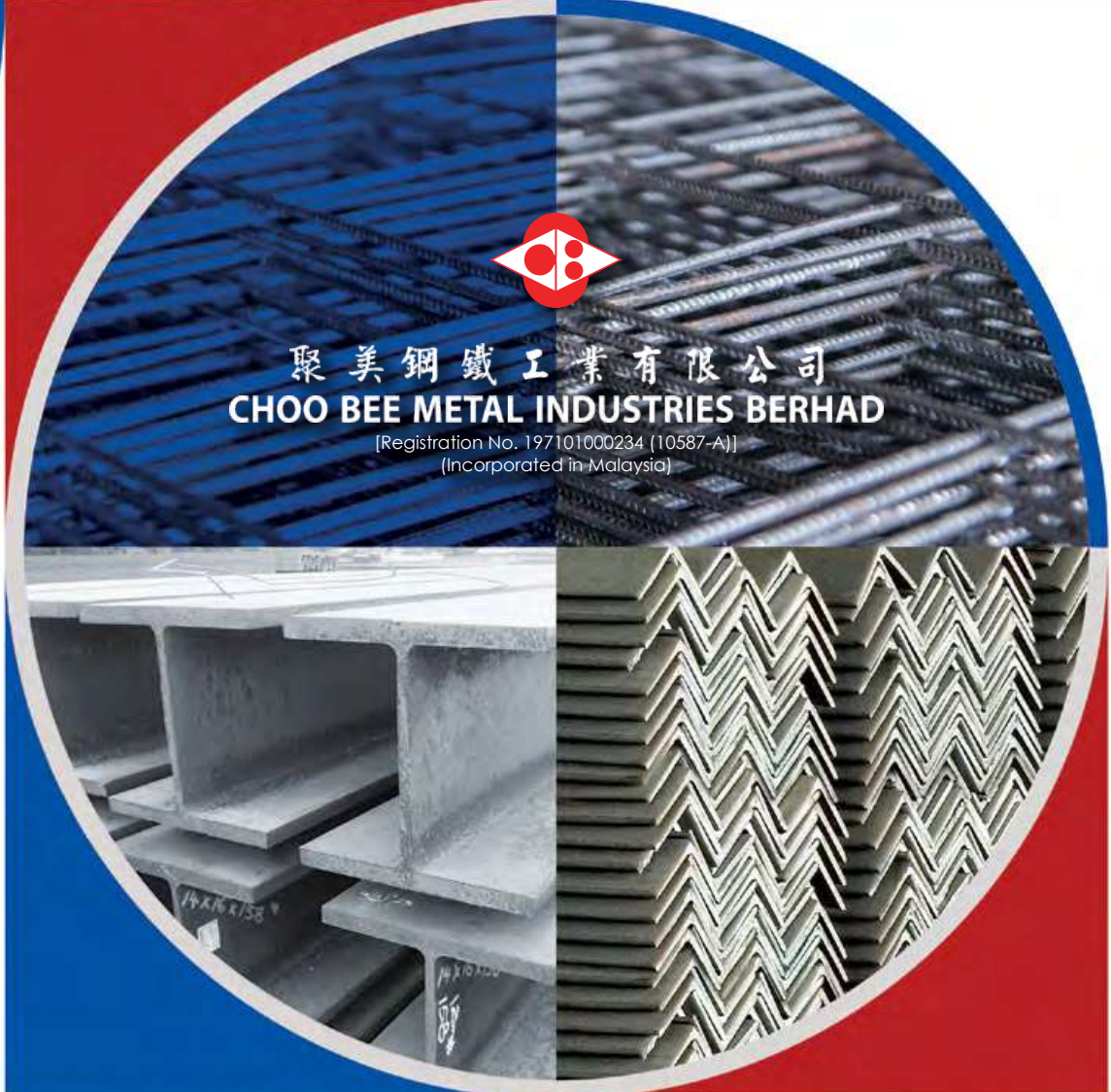


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AFFIX
STAMP
(Within Malaysia)

The Share Registrar
CHOO BEE METAL INDUSTRIES BERHAD
[Registration No. 197101000234 (10587-A)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

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聚美鋼鐵工業有限公司
CHOO BEE METAL INDUSTRIES BERHAD

[Registration No. 197101000234 (10587-A)]
(Incorporated in Malaysia)

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