



# LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

Laporan Tahunan

# 2023

Annual Report

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## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the 41st Annual General Meeting of Lion Posim Berhad (“41st AGM”) will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at <https://sshbsb.net.my/> on Tuesday, 28 May 2024 at 10.30 am for the following purposes:

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon. **Note 1**
2. To approve the payment of Directors’ fees amounting to RM170,000 for the financial year ended 31 December 2023. **Resolution 1**
3. To approve the payment of Directors’ benefits of up to RM87,000 for the period commencing after the 41st AGM until the next annual general meeting of the Company. **Resolution 2**
4. To re-elect Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar who retires by rotation in accordance with Clause 110 of the Company’s Constitution and who being eligible, has offered himself for re-election. **Resolution 3**

Y. Bhg. Dato’ Eow Kwan Hoong who also retires by rotation in accordance with Clause 110 of the Company’s Constitution, has expressed his intention not to seek re-election and hence, shall retire at the conclusion of the 41st AGM.

5. To re-appoint Messrs Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**
6. Special Business

To consider and, if thought fit, pass the following Ordinary Resolutions:

#### 6.1 Authority to Directors to Issue and Allot Shares

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being (“Mandate”) and that such Mandate shall continue to be in force until the conclusion of the next annual general meeting of the Company. **Resolution 5**

THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 12 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the Shareholders of the Company to be offered new shares in the Company ranking *pari passu* in all respects with the existing issued shares of the Company arising from the issuance of new shares pursuant to the Mandate.”

6.2 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

**Resolution 6**

"THAT approval be and is hereby given for the renewal of the mandate, for the Company and its subsidiaries (collectively, the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 29 April 2024 ("Related Parties"), provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

THAT authority conferred by this ordinary resolution will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the Shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution which shall include, without limitation, taking any action which the Directors may, in their absolute discretion deem fit, to recover any sums due to the Company under the said transactions or to settle the same."

7. To transact any other business for which due notice shall have been given.

By Order of the Board

**WONG PHOOI LIN (MAICSA 7013812)**  
**SSM PC NO. 202008002964**

**KONG SIEW FOON (MAICSA 7044962)**  
**SSM PC NO. 202008002081**  
Secretaries

Kuala Lumpur  
29 April 2024

**Notes:**

- *Proxy*
  - (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 May 2024 shall be eligible to participate at the Meeting.*
  - (ii) *A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.*
  - (iii) *If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*
  - (iv) *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*
  - (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
  - (vi) *The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*
  - (vii) *Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*
- *The 41st AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the procedures provided in the Administrative Guide for the 41st AGM for registration, participation and remote voting via the RPV facilities.*
- *At the Broadcast Venue, only the Chairman and other essential individuals are physically present to organise the virtual 41st AGM. Members/Proxies/Corporate Representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 41st AGM.*
- 1. *Audited Financial Statements for the financial year ended 31 December 2023*

*The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.*
- 2. *Resolution 2*

*The benefits payable to the Directors of up to RM87,000 for the period commencing after the 41st AGM until the next annual general meeting of the Company comprise estimated meeting allowance in respect of Directors' attendance at Board and Board Committees meetings which have been scheduled and additional ad hoc meetings. The Board is of the view that it is just and equitable for the Directors to be paid the meeting allowance as and when incurred in discharging their responsibilities and rendering their services to the Company throughout the relevant period.*
- 3. *Resolution 3*

*Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar retires by rotation in accordance with Clause 110 of the Company's Constitution and being eligible, has offered himself for re-election at the 41st AGM.*

*The Nomination Committee ("NC") had reviewed the performance and contribution of Tan Sri Abd Karim during the annual assessment for the financial year ended 31 December 2023. Based on the results of the assessment, the NC was satisfied with the performance and contribution of Tan Sri Abd Karim who has performed his duties as an independent non-executive Director as well as a member of the Audit and Risk Management Committee, the NC and the Remuneration Committee of the Company; and has discharged his duties and responsibilities effectively at all times.*

*The Board had concurred with the NC's recommendation to seek Shareholders' approval for the re-election of Tan Sri Abd Karim.*

*The profile of Tan Sri Abd Karim is set out on page 8 of the 2023 Annual Report.*

4. *Resolution 5*

*The approval pursuant to Sections 75 and 76 of the Companies Act 2016 will allow the Company to procure the renewal of the general mandate which will empower the Directors of the Company to issue and allot new shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) ("Mandate"). The Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.*

*The waiver of the pre-emptive rights pursuant to Section 85 of the Companies Act 2016 read together with Clause 12 of the Constitution of the Company will allow the Directors to issue and allot new shares in the Company which rank pari passu in all respects with the existing shares, to any person without having to first offer the new shares to all existing Shareholders prior to the issuance of new shares pursuant to the Mandate.*

*The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.*

*As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 23 May 2023 which will lapse at the conclusion of the 41st AGM.*

5. *Resolution 6*

*This approval will allow the Group to continue to enter into recurrent related party transactions of a revenue or trading nature with those Related Parties, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.*

*Details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 29 April 2024 which is made available on the websites of the Company at [www.lion.com.my/posim-agm](http://www.lion.com.my/posim-agm) and Bursa Malaysia Berhad at [www.bursamalaysia.com](http://www.bursamalaysia.com).*

## CORPORATE INFORMATION

<b>Board of Directors</b>	:	Y. Bhg. Tan Sri Cheng Heng Jem ( <i>Chairman</i> ) Ms Cheng Hui Ya, Serena ( <i>Executive Director</i> ) Y. Bhg. Dato' Eow Kwan Hoong Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar Dr Folk Jee Yoong
<b>Secretaries</b>	:	Ms Wong Phooi Lin (MAICSA 7013812) SSM PC No. 202008002964 Ms Kong Siew Foon (MAICSA 7044962) SSM PC No. 202008002081
<b>Registration No</b>	:	198201002310 (82056-X)
<b>Registered Office</b>	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Fax No : 03-21413448 Website : <a href="http://www.lion.com.my/lionpsim">www.lion.com.my/lionpsim</a> Email : <a href="mailto:posim@lion.com.my">posim@lion.com.my</a>
<b>Share Registrar</b>	:	Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409 Email : <a href="mailto:shregistrar@lion.com.my">shregistrar@lion.com.my</a>
<b>Auditors</b>	:	Mazars PLT Wisma Golden Eagle Realty 11th Floor, South Block 142-A Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan
<b>Principal Bankers</b>	:	CIMB Bank Berhad Bank Muamalat Malaysia Berhad Public Bank Berhad HSBC Bank Malaysia Berhad
<b>Stock Exchange Listing</b>	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
<b>Stock Name</b>	:	LIONPSIM
<b>Bursa Securities Stock No</b>	:	8486
<b>Reuters Code</b>	:	LIOP.KL

## DIRECTORS' PROFILE

### **Tan Sri Cheng Heng Jem**

*Non-Independent Non-Executive Chairman*

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 81, was appointed to the Board on 15 January 1991 and has been the Chairman of the Company since 27 August 1997.

Tan Sri Cheng has more than 60 years of experience in the business operations of the Lion Group encompassing steel, mining, property and industrial parks, agriculture, retail, financial services, tyre manufacturing, motor vehicle assembly, brewery and computer industries.

Tan Sri Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012 and is now a Life Honorary President of ACCCIM and KLSCCCI. He was also the President of Malaysia Retailers Association ("MRA") from May 2016 to May 2018, and was its Honorary President from June 2018 to July 2020. He was again appointed the President of MRA from July 2020 to May 2022 and in June 2022, he was appointed an Honorary President of MRA. He was the Chairman of the Federation of Asia-Pacific Retailers Associations from October 2017 to September 2019, and was its Vice Chairman from September 2019 to November 2022. He is a Trustee of ACCCIM's Socio-Economic Research Trust and the President of Malaysia Steel Association.

Tan Sri Cheng's other directorships in public companies are as follows:

- Chairman and Managing Director of Parkson Holdings Berhad, a public listed company
- Managing Director of Lion Industries Corporation Berhad, a public listed company
- Founding Member and Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes

Tan Sri Cheng has a direct shareholding of 400 ordinary shares in the Company ("LPB Shares") and a deemed interest in 170,186,190 LPB Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 157 of this Annual Report. He also has interest in certain companies which conduct similar businesses with the Group in the property development, and trading and distribution of building materials.

Tan Sri Cheng is the father of Ms Cheng Hui Ya, Serena, the Executive Director of the Company.

Tan Sri Cheng attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2023.



**Cheng Hui Ya, Serena**  
*Executive Director*

Ms Cheng Hui Ya, Serena, a Malaysian, female, aged 37, was appointed an Executive Director of the Company on 24 August 2015.

Ms Serena Cheng obtained her Higher Diploma in Multimedia Design and Technology from Hong Kong Polytechnic University in 2010 and thereafter completed her internship with a marketing company in Taiwan.

Upon returning to Malaysia in 2011, she started her career in the property development industry with Sunsuria Development Sdn Bhd, a member of the Sunsuria Group which is now listed on the Main Market of Bursa Malaysia Securities Berhad, as a Sales & Marketing Executive carrying out sales and marketing including new projects launching, roadshows and fairs. This was followed by a stint in the Projects Department with exposure to and involvement in project planning and construction of the various developments undertaken by the Sunsuria Group.

Ms Cheng joined the Lion Group Property Division in 2013 and is part of the team responsible for property development in Malaysia and Cambodia. Her current portfolio as General Manager - Projects since May 2018 involves dealing with property and construction, and building requirements. She is also actively engaged in other business operations of Lion Group, namely manufacturing, retail, mining, steel manufacturing, and operations and management of a golf club.

Ms Cheng is a Director of Lion Industries Corporation Berhad, a public listed company which is the holding company of the Company, and Hy-Line Berhad, a public company which involves in operations and management of a golf club. She also holds directorship in certain companies in which her family has interests which conduct similar business with the Group in the property development sector.

Ms Cheng is the daughter of Y. Bhg. Tan Sri Cheng Heng Jem who is the Chairman and a major shareholder of the Company.

Ms Cheng attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2023.

**Dato' Eow Kwan Hoong**  
*Independent Non-Executive Director*

Y. Bhg. Dato' Eow Kwan Hoong, a Malaysian, male, aged 70, was appointed to the Board on 14 December 2012. He is also the Chairman of the Audit and Risk Management Committee and the Nomination Committee, and a member of the Remuneration Committee of the Company.

Dato' Eow is a member of the Malaysian Institute of Accountants and a fellow member of the Chartered Institute of Management Accountants (CIMA), United Kingdom.

He began his career as a Cost Accountant with Intel Technology Sdn Bhd in 1979. He later joined Socoil Corporation Sdn Bhd as the Factory Accountant in 1980. In 1982, he joined the Lion Group as Accounts Manager and moved his way up to Group Chief Accountant after serving 17 years in the Group. He then left the Lion Group and joined IRIS Corporation Berhad in 1998 and was its Executive Director from 2002 to September 2016.

Dato' Eow has a direct shareholding of 8,026 ordinary shares in the Company.

Dato' Eow attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2023.

**Tan Sri Abd Karim bin Shaikh Munisar**  
*Independent Non-Executive Director*

Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar, a Malaysian, male, aged 73, was appointed to the Board on 15 February 2019. He is also a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company.

Tan Sri Abd Karim holds a Masters in Business Administration (Business Finance) from the University of Edinburgh Scotland, a Bachelor of Economics (Honours) from the University of Malaya and an Advanced Diploma in Economic Development (with Distinction) from the University of Manchester, United Kingdom. He also attended an Advance Course in Urban Planning JICA in Tokyo, Japan.

Tan Sri Abd Karim first joined the Malaysian public service in 1974 as the Assistant Director with the Ministry of Finance. From 1975 to 1982, he held various positions in the District Office of various districts in the state of Perak and Pahang which included Assistant State Secretary of Perak (Economy Planning Unit); Assistant District Officer of Kampar and South Kinta, Perak; Chief Assistant State Secretary, Pahang; and Chief Assistant District Officer of Kuantan District Office, Pahang. Between 1982 and 2004, Tan Sri Abd Karim held the position of Deputy Director of Klang Valley Planning Secretariat at the Prime Minister's Department (4 years); Chief Assistant State Secretary of Selangor (Local Government Division) (5 years); First President of Ampang Jaya Municipal Council (6 years); District Officer of Sepang/President of Sepang District Council (5 years); and President of Petaling Jaya Municipal Council (2 years).

During his service with the Government, he led a team in creating and introducing the Quit Rent Information System (QRAS) for Klang Valley Land Offices to facilitate efficiency in revenue collections. As a Sepang District Officer and President of Sepang District Council, he was involved in facilitating the creation and implementation of mega projects such as Putrajaya/Cyberjaya/F1 and KLIA.

Tan Sri Abd Karim opted an early retirement from the Government sector when he was offered to join the corporate sector as the President and Chief Executive Officer of Kumpulan Darul Ehsan Berhad. He was subsequently appointed the Executive Chairman of Kumpulan Perangsang Selangor Berhad and Kumpulan Hartanah Selangor Berhad; Chairman of Taliworks Corporation Berhad; and a Director of Syarikat Bekalan Air Selangor Sdn Bhd (Syabas) and Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash). He served as the Executive Adviser of the Malaysia Tsinghua University Council from 2021 to 2023.

Tan Sri Abd Karim is the Chairman of (i) JAKS Resources Berhad, a public listed company which conducts similar businesses with the Group in the property development, and trading and distribution of building materials and steel products; and (ii) a private company which conducts similar business with the Group in the provision of training services.

Tan Sri Abd Karim attended 3 of the 4 Board Meetings of the Company held during the financial year ended 31 December 2023.

**Dr Folk Jee Yoong**

*Independent Non-Executive Director*

Dr Folk Jee Yoong, a Malaysian, male, aged 62, was appointed to the Board on 15 February 2019. He is also the Chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee and Nomination Committee of the Company.

Dr Folk received his Bachelor of Business degree in Accounting and Secretarial Administration from the Curtin University of Technology in Perth, Western Australia; Bachelor of Economics degree from the University of Western Australia; Master of Commerce in Accounting from the University of Auckland, New Zealand; Doctor of Business Administration from the University of South Australia; and Doctor of Philosophy from the University of Malaya. He is a Fellow of Certified Public Accountant (CPA) Australia and the Malaysian Institute of Accountants. He also holds a Certificate in Investor Relations from the IR Society, United Kingdom.

Dr Folk has over 25 years of experience in academia, corporate finance, restructuring, audit and financial management in diversified industries such as mortgage banking, property development, construction, seafood trawling and processing, pulp and paper, jewellery, office furniture, multi-level marketing, plastic injection moulding, timber plantation and processing, hospitality, and thermovacuum forming. Between 1984 and 1990, amongst other public accounting firms, he was attached to Deloitte, Haskins & Sells, New Zealand and McLaren & Stewart, Perth, Australia. He had also worked with multi-national firms such as Sinar Mas Group, Raja Garuda Mas Group and Fletcher Challenge Group in various countries such as New Zealand, India and Indonesia. He had also sat on the Board of various public listed companies which included Parkson Holdings Berhad (2001-2012); Inix Technologies Holdings Berhad (2013-2015); Parlo Berhad (2014-2019); and AHB Holdings Berhad (2013-2022).

Dr Folk is currently the Chairman of Malaysian Dancesport Berhad, a company limited by guarantee.

Dr Folk has a direct shareholding of 105 ordinary shares in the Company.

Dr Folk attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2023.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interest with the Company; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT

### **Poon Sow Har, Valerie**

*Malaysian, female, 59 years of age*

Ms Poon Sow Har, Valerie was appointed the General Manager for the Lubricants, Petroleum Products and Automotive Products Division on 1 October 2014. She is responsible for managing the Division, including the expansion of the businesses in both the domestic and export markets.

Ms Valerie Poon obtained her professional qualification from the Chartered Institute of Management Accountants in 1984.

Ms Poon joined the Lion Group in 1988 and had served in the Corporate Head Office as well as the Retail, Properties, Motor, Trading and Building Materials Divisions of the Lion Group before assuming her current position.

### **Cheah Chee Ngen**

*Malaysian, male, 61 years of age*

Mr Cheah Chee Ngen was appointed on 1 August 2018 as the Executive Director responsible for the Building Materials and Steel Products Division.

Mr Cheah obtained his Diploma in Civil Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

Mr Cheah started his career as a site supervisor cum clerk of works in Greatwall Construction Sdn Bhd from 1986 to 1988 and later as a credit officer with KCB Finance Berhad (now part of the Hong Leong Bank Berhad Group). In 1991, he joined Ipmuda Berhad as a Sales Representative and by 1994 he was promoted as the Sales Manager. In September 2000, he assumed the position of General Manager - Sales in charge of the general building material trading in the Central region. From 2008 to 2018, he was a Director - Sales & Marketing of Ipmuda Berhad overseeing the overall sales and marketing of the various products range of the group, new product development as well as creating new agency lines to complement the group's existing wide range of products. His last position held in Ipmuda Berhad before he left was Senior Vice President of Nationwide Sales and Marketing responsible for the overall trading operations of the entire group which included the Central, Northern, Southern regions as well as East Coast and East Malaysia.

He is a director of a company which conduct similar business with the Group in the trading and distribution of building materials.

Save as disclosed above, none of the Key Senior Management has (i) any directorship in public companies and listed issuers; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interest with the Company; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### INTRODUCTION

The Board is pleased to present the Corporate Governance (“CG”) Overview Statement of the Company for the financial year ended 31 December 2023. This CG Overview Statement is prepared pursuant to the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

The Board has been guided by the Malaysian Code on Corporate Governance (“MCCG”) in its implementation of CG practices by the Company and its subsidiaries to promote a holistic adoption of CG practices and culture within the Group in the best efforts while ensuring compliance with the Listing Requirements and the Companies Act 2016 (“CA 2016”) in addition to monitoring developments in industry practice and other relevant regulations.

The CG Overview Statement provides a summary of the Company’s CG practices during the financial year, with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company’s structure, processes, business environment and industry practices:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement should be read together with the CG Report, which is available on the Company’s website at [www.lion.com.my/lionpsim](http://www.lion.com.my/lionpsim). It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control, the Audit and Risk Management Committee Report and the Sustainability Statement.

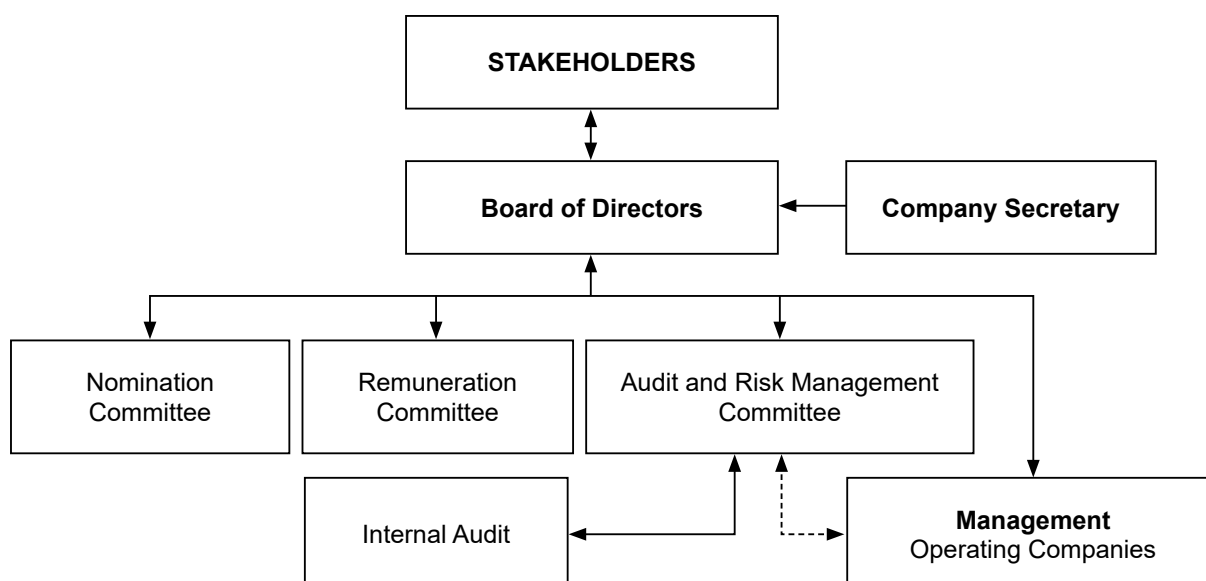
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review except for the following practices:

- Practice 5.9 : The board comprises at least 30% women directors.
- Practice 5.10 : Company’s policy on gender diversity for the board and senior management.
- Practice 8.2 : Disclosure on a named basis, the remuneration of top 5 senior management.

A detailed explanation of how the Company has applied each CG practice as set out in the MCCG, taking into consideration the specific circumstances affecting the Group, including alternative measures taken to achieve the intended outcomes and the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 31 December 2023.

### CORPORATE GOVERNANCE FRAMEWORK

The governance structure of the Company where the responsibilities of the Board are delegated to the relevant Board Committees and the Management of the Company is illustrated below:



## **BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. BOARD RESPONSIBILITIES**

#### **Responsibilities for Leadership and Meeting Objectives and Goals**

The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals, delivering sustainable value and realising long-term shareholders value. The Board is primarily responsible for overseeing the implementation of strategies and plans by the Management, promoting good corporate governance culture and the governance of sustainability within the Group, overseeing the conduct of the Group's businesses, monitoring and evaluating the implementation of appropriate systems and framework to identify, analyse, manage and monitor principal risks, reviewing the adequacy and integrity of the Group's system of internal control, and ensuring effective communications with stakeholders.

The Chairman is primarily responsible in ensuring Board effectiveness and leading the Board in its collective oversight of management whereas the Executive Director ("ED") is responsible for day-to-day management of the Group's businesses and operations including the implementation of business plans, strategies and policies. The distinct and separate roles of the Chairman and ED with clear division of responsibilities are set out in the Company's Board Charter. The positions of Chairman and ED are held by 2 individuals. In line with the recommendation of the MCCG, the Chairman is not a member of any Board Committees.

The Company Secretaries who have the requisite credentials and qualifications are available and provide support to the Board and Board Committees in ensuring that all of their meetings as well as general meetings are properly convened in accordance with applicable rules and procedures and that the records of the proceedings and resolutions are properly maintained. The Company Secretaries also facilitate the communication of decisions made by the Board and Board Committees to the relevant Management for appropriate actions.

The Directors also have access to the Company Secretaries for advice on their duties and obligations under the CA2016 and updates on corporate governance matters, statutory and regulatory requirements, and other relevant legislations in addition to administrative matters.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Board, as a whole and its members in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the matters to be deliberated upon. Senior Management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

Besides direct interactions with the Management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board whenever deemed necessary and under appropriate circumstances or at the request of the Board.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year, 4 Board Meetings were held.

## **Demarcation of Responsibilities between Board, Board Committees, Individual Directors and Management**

As part of the corporate governance process, the Board had formalised and adopted the Board Charter which clearly sets out the composition, roles, responsibilities, powers and processes of the Board, and matters reserved for decision of the Board. In facilitating the discharge of duties by the Board, the Board Charter provides for delegation of responsibilities by the Board to Board Committees via approved Terms of Reference of each Board Committee and the reporting obligations by the Board Committees. The Board Charter sets out responsibilities of the Board to ensure effective interactions between the Management and the Board. The Board Charter also serves as reference criteria for the Board in the assessment of its own performance, individual Directors and the Board Committees. Ultimately, the Board Charter reinforces the overall accountability of both the Board and the Management towards the Company and the stakeholders.

The Board Charter is subject to review by the Board at least once in every 3 years or as and when the need arises and in tandem with any new or revision of relevant statutory and regulatory requirements impacting the responsibilities and discharge of duties by the Board. The Company's Board Charter is available on the Company's website.

In assisting the Board to discharge its oversight functions, the Board delegates certain responsibilities to 3 committees, namely the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee. The Terms of Reference which regulate the affairs and conduct of these Committees spell out their composition, responsibilities, authority and duties. The respective Committees report to the Board on matters considered and their recommendations thereon. The Board may also form other committees delegated with specific authority to act on its behalf whenever required. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Terms of Reference of the respective Committees are available on the Company's website.

The Board delegates to the ED, the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The ED may delegate aspects of her authority and powers but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units and operations.

## **Commitment to Good Business Conduct and Healthy Corporate Culture**

The Board in discharging its functions has observed Part A of Code of Ethics for Company Director & Company Secretary issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at [www.ssm.com.my](http://www.ssm.com.my), the provisions of the CA 2016, and the principles of the MCCG.

The Group has in place, a Code of Business Ethics and Conduct ("CoBEC") which covers the ethical values and principles of the Group and provides guidance on acceptable behaviour to all Directors and employees of the Group in operating and managing the Group's businesses and affairs. The CoBEC also sets out key processes and procedures for the managing and reporting of conflict of interest ("COI"), potential COI and related activities in compliance with the Listing Requirements. The CoBEC is further supported by other policies which include the Whistleblower Policy, Anti-Bribery and Corruption Policy ("ABC Policy"), Competition Policy, Sexual Harassment Policy, Sustainability Policy and Framework, Procurement Framework, Integrity and Fraud Risk Policy, and Personal Data Protection Framework of the Group.

The ABC Policy reflects the Group's stand of zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy further elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The key policies are available on the Company's website under the section "Governance".

### **Commitment to Address Sustainability Risks and Opportunities in an Integrated and Strategic Manner**

The Board shoulders the responsibility of driving economic growth by empowering businesses, and serving in the best interests of the employees, customers, suppliers, community and society at large, while continuously committed to understanding and implementing sustainable practices to achieve the right balance between the objectives of the Shareholders, attaining economic success, protecting the environment and fulfilling ethical obligations to other stakeholders and the wider community (in which the Group has a presence).

Full details of the Group's commitment to sustainability in the aspects of Economic, Environmental and Social impacts are found in the Sustainability Statement in pages 46 to 61 of this Annual Report.

## **II. BOARD COMPOSITION**

### **Objectivity in Board Decision-Making**

The objectivity in decision-making by the Board is driven by its composition, role of independent non-executive directors and competencies of its members. Currently, the Board comprises 5 Directors, 4 of whom are non-executive. Represented on the Board are 3 independent non-executive Directors, effectively constituting more than half of the Board and whose presence and participation provide independent advice, views and judgement to bear on the decision-making process of the Group in ensuring that a balanced and unbiased deliberation process is in place to safeguard the interests of all stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

In accordance with the Company's Constitution, 1/3 of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every 3 years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the Shareholders at the next annual general meeting following their appointment.

The MCGG provides that the tenure of an independent Director shall not exceed a cumulative period of 9 years. Upon completion of the 9 years, an independent Director may continue to serve on the Board as a non-independent Director. In the event such Director is to be retained as an independent Director beyond 9 years, the Board must provide justification and obtain Shareholders' approval through a two-tier voting process.

The Nomination Committee is responsible for recommending to the Board the re-election of Directors and the retention of the independent Directors whose tenure of service will exceed 9 years or has exceeded 9 years. Further, the Board, assisted by the Nomination Committee, assesses the independence of the independent Directors and tenure of each Director on annual basis. In addition, the independent Directors affirm their independence annually to the Board.

Y. Bhg. Dato' Eow Hoong who has served on the Board as an independent non-executive Director for more than 9 years and retires by rotation in accordance with Clause 110 of the Company's Constitution, shall retire at the conclusion of the forthcoming 41st Annual General Meeting of the Company in line with the recommendation of the MCGG.

In optimising the collective leadership by the Board in providing clear direction and opportunities for the Group, the Board, in its appointments and composition, pays due recognition to the mix of competencies, expected contributions and diversity representation of the Board. The Board, from time to time, undertakes a review of the merit of the appointment criteria in the context of the Group's businesses and strategies for appropriateness.

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates to be appointed to the Board and Board Committees.



As an enhancement to its process of sourcing suitable candidates for the Board, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the broad Fit and Proper, and Independence Criteria as set out in the Directors' Fit and Proper Policy and the following:

- Competencies – qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements;
- Expected contributions – appointment scope, role, commitment level, professionalism and integrity; and
- Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background.

While recognising the importance of providing fair and equal opportunities for appointment of Board and Senior Management, the Board is supportive of the Government's target of having at least 30% women participation on boards of public listed companies in Malaysia. The Board currently has a woman Director.

The process and criteria to identify and nominate candidates for appointment as a Director, re-election of existing Directors, and retention of independent Directors are set out in the Board Charter.

A brief description of each Director's background is presented in the respective profile under Directors' Profile on pages 6 to 9 of this Annual Report.

The Nomination Committee comprises 3 members, all of whom are non-executive Directors. The Nomination Committee is chaired by an independent Director. The composition and the Terms of Reference of the Nomination Committee are presented on page 35 of this Annual Report and are available on the Company's website.

### **Effectiveness of the Board and Individual Directors**

The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors and Audit and Risk Management Committee members based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

In the evaluation of the performance of the Board for the financial year, the Directors were also assessed on their commitment in ensuring that Environmental, Social and Governance ("ESG") risks and opportunities as well as stakeholders engagement were considered in the organisation's vision and strategy and that the organisation's sustainability initiatives were communicated to its internal and external stakeholders.

The assessment criteria for review of performance and effectiveness of the Board, Board Committees and individual Directors are set out in the Board Charter.

### **Time Commitment**

A Director shall notify the Chairman of the Board of his/her acceptance of any new directorship in public listed companies. In any event, the maximum number of appointments in public listed companies shall be limited to 5 or any other number as set out in the Listing Requirements.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

### Directors' Training

The Board is mindful of the need for continuous training to keep abreast of matters affecting the changing business environment within which the Group operates and is encouraged to attend training programmes/forums/seminars and external programmes facilitated by external professionals in accordance with their respective needs in discharging their duties and roles as Directors pertaining to the laws and regulations which may affect the Group. The Board will continue to evaluate and determine training needs of each Director to enhance Directors' skills and knowledge including financial literacy and sustainability matters. The Company Secretary keeps a complete record of the trainings attended by the Directors.

All Directors had attended the Mandatory Accreditation Programme Part I as required by Bursa Securities.

The Directors are kept up-to-date with market developments and relevant requirements covering corporate governance, regulatory compliance, accounting standards, taxation and related areas through Board discussion meetings with Management and by email communication. In addition, the Company may arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations. The Directors, save for Tan Sri Cheng Heng Jem, had on 1 June 2023 visited the Lubricants Division and the Building Materials Division to better understand the workplace condition and space requirements for the 2 Divisions ("Site Visit").

Newly appointed Directors are required to attend a familiarisation programme. This includes meeting key senior management to be briefed on the core businesses and operations of the Group. It also serves as a platform to establish effective channel of communication and interaction with Management.

Other than the Site Visit, the Directors had attended the following webinars, forums, seminars, workshops and other training programmes ("Programmes") during the financial year on topics in relation to board leadership; corporate governance; risk management and internal controls; statutory and regulatory updates and requirements; financial and accounting knowledge and updates; sustainability covering community, environment, marketplace and workplace; fraud and cyber security risks; and integrity, anti-bribery and corruption:

<b>Name of Directors</b>	<b>Programme</b>
Tan Sri Cheng Heng Jem	<ul style="list-style-type: none"> <li>Bursa Malaysia – Advocacy Session for Directors and CEOs of Main Market Listed Issuers</li> </ul>
Dato' Eow Kwan Hoong	<ul style="list-style-type: none"> <li>Bursa Malaysia – COI and Governance of COI</li> <li>Bursa Malaysia and Ernst &amp; Young – Management of Cyber Risk</li> </ul>
Tan Sri Abd Karim bin Shaikh Munisar	<ul style="list-style-type: none"> <li>Tricor Axcelasia – Jaks Resources Berhad Corporate Training on Bursa Malaysia's Enhanced Climate Change Reporting - Task Force on Climate Related Financial Disclosures</li> </ul>
Dr Folk Jee Yoong	<ul style="list-style-type: none"> <li>CIDB Malaysia – Kursus Integriti dan Kod Etika Kontraktor</li> <li>Bursa Malaysia – Public Listed Companies Transformation Programme - #digital4ESG Forum: Exploring the Intersection of Digitalisation and ESG</li> <li>Bursa Malaysia and Ernst &amp; Young – Management of Cyber Risk</li> </ul>
Cheng Hui Ya, Serena	<ul style="list-style-type: none"> <li>CeDR Corporate Consulting Sdn Bhd – Managing Across Generations in the Workplace</li> <li>Bursa Malaysia and Ernst &amp; Young – Management of Cyber Risk</li> </ul>

The Directors are also updated and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements ("Continuing Updates").

The Board, after having undertaken an assessment, viewed that the Directors, having attended the Programmes and having been updated with market developments and relevant requirement, and apprised with the Continuing Updates, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and roles as a Directors.

### III. REMUNERATION

#### Level and Composition of Remuneration that Attract and Retain Talents

The Company has a formal remuneration policy for the Board of Directors and Senior Management respectively to ensure that it attracts, retains and motivates experienced, well qualified and high calibre Directors and Senior Management to manage the Company's and the Group's businesses and operations effectively. Directors do not participate in decisions regarding their own remuneration. The Board continues to apply the criteria set for determining the remuneration packages of executive Directors whilst the recommendation made by the Board on the non-executive Directors' fees for approval by Shareholders at the Company's annual general meeting was reflective of the market competitiveness and responsibilities undertaken by the Directors.

The Board delegates the oversight of the remuneration of the ED to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 37 of this Annual Report and are available on the Company's website.

#### Remuneration Factoring in Individual and Company's Performance

Details of the remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2023 are as follows:

The Group and the Company	Fees RM'000	Meeting Allowance RM'000	Salaries RM'000	Total RM'000
<b>Executive Director</b>				
Cheng Hui Ya, Serena	20	4	–	24
<b>Non-executive Directors</b>				
Tan Sri Cheng Heng Jem	25	4	–	29
Dato' Eow Kwan Hoong	45	9	–	54
Tan Sri Abd Karim bin Shaikh Munisar	40	6	–	46
Dr Folk Jee Yoong	40	9	–	49
	170	32	–	202

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT AND RISK MANAGEMENT COMMITTEE

##### Effective and Independent Audit and Risk Management Committee

The Board affirms its responsibility for the presentation of a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements.

The Audit and Risk Management Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Board discusses and reviews the recommendations proposed by the Audit and Risk Management Committee prior to the adoption of the quarterly financial results and the annual audited financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit and Risk Management Committee comprises 3 members, all of whom are independent Directors and financially literate. The Chairman of the Audit and Risk Management Committee is elected among the members of the Committee who is not the Chairman of the Board. The Terms of Reference and the main works undertaken by the Audit and Risk Management Committee for the financial year under review are set out in the Audit and Risk Management Committee Report on pages 29 to 34 of this Annual Report.

The Board has established a formal and transparent relationship with the External Auditors through the Audit and Risk Management Committee. The Audit and Risk Management Committee evaluates the performance and assesses the suitability, objectivity and independence of the External Auditors based on the policies and procedures which are in place. The Audit and Risk Management Committee had also considered information presented in the Audit Quality Commitment Report published by the External Auditors. The Audit and Risk Management Committee also recommends the re-appointment of External Auditors and their remuneration to the Board. The re-appointment of the External Auditors is subject to the approval of Shareholders at the annual general meeting whilst their remuneration is determined by the Board.

## **II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

### **Informed Decisions on Level of Risks and Implementation of Controls in Pursuit of Objectives**

The Board has the oversight responsibility of the adequacy and effectiveness of the Group's system of internal control which comprises the governance, risks and controls aspects. The Board believes that effective maintenance of the system is important to help the Group to achieve its various objectives at many levels and having considered the risks that the Group faces whilst balancing out the interests of its many stakeholders and protecting the Group's assets and investments.

The Board fulfils its oversight function of risk management and internal control system via the Audit and Risk Management Committee. An approved Enterprise Risk Management ("ERM") Framework which was developed based on ISO31000 is in place and provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools. The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic, Business, Financial and Operational Risks based on the risk appetite set. In addition to the ERM Framework, the Group has in place an approved Compliance Framework which defines the roles and responsibilities to manage compliance risks via the establishment of internal policies, procedures and related framework. It dictates the spheres of compliance governance and promotes effective compliance mechanism in accordance with applicable laws, regulations, rulings, directives and guidelines.

The Internal Audit Function assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework and provide confirmation of the effectiveness of internal control and risk assessment process by the respective Heads of Operating Companies ("OC") and Heads of accounts and finance of the OC (on financial related matters) with signing-off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

An overview of the Board's responsibility, the state and descriptions of the key components of the Group's system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management are set out in the Statement on Risk Management and Internal Control on pages 21 to 28 of this Annual Report.

### **Effectiveness of Governance, Risk Management and Internal Control System**

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control, anti-corruption, whistleblowing and governance processes. Oversight of the Internal Audit Function is delegated to the Audit and Risk Management Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently. The Internal Audit Function is led by the Group Chief Internal Auditor ("CIA") who reports directly to the Audit and Risk Management Committee. The CIA had resigned on his own accord during the financial year. The Internal Auditors attend all meetings of the Audit and Risk Management Committee. The Audit and Risk Management Committee's review of the scope of work, budget, reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the Audit and Risk Management Committee Report on pages 33 and 34 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on pages 23 and 24 in the Statement on Risk Management and Internal Control and pages 33 and 34 in the Audit and Risk Management Committee Report of this Annual Report.

## **INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **I. COMMUNICATION WITH STAKEHOLDERS**

#### **Continuous Communication between the Company and Stakeholders to Facilitate Mutual Understanding of Objectives and Expectations**

The Board acknowledges the importance of timely and equal dissemination of material information to the Shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Malaysia Berhad ("Bursa Malaysia").

The Company's Shareholders and members of the public may gain access to any latest corporate information of the Company on its website at [www.lion.com.my/lionpsim](http://www.lion.com.my/lionpsim) which is linked to the announcements published on the website of Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com). The Company's website also provides easy access to the Company's Board Charter, Terms of Reference of Board Committees, key policies and annual reports.

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request through meetings, teleconferencing and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the ED.

## II. CONDUCT OF GENERAL MEETINGS

### Participation by Shareholders and Informed Voting Decisions

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with Shareholders.

The annual general meetings and other meetings of Shareholders are the principal forum for dialogue with Shareholders. The Company has leveraged technology to facilitate remote participation at general meetings and remote voting by Shareholders. The Remote Participation and Voting facilities provided by a third party Poll Administrator also allow Shareholders to pose questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's financial and non-financial performance, long-term strategies, businesses and affairs. The Shareholders may also pose questions prior to the meetings via email. The Chairman, the Board members, Senior Management as well as the External Auditors are in attendance at the meetings to respond to Shareholders' queries. The Chairman ensures that meaningful responses are provided to relevant questions posed by the Shareholders. Minutes of the general meetings of the Company are made available on the Company's website within 30 business days after the meetings.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders’ investments) and the Group’s assets. The Board is pleased to present the Statement on Risk Management and Internal Control of the Group covering key subsidiaries, which outlines the nature and scope of its internal control and risk management during the financial year under review.

### Board Responsibility

The Board affirms its overall responsibility for the Group’s internal control system and for reviewing the adequacy and effectiveness of this system which covers governance, enterprise risk management, financial, strategy, organisational, operational, regulatory and compliance controls. However, in view of the inherent limitations in any system, such systems of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board delegates the oversight of internal control and risk management to the Audit and Risk Management Committee (“ARMC”). The ARMC deliberated at its meetings, the adequacy and effectiveness of internal controls based on the findings and outcomes of the audits which were conducted and reported by the Group Internal Audit (“GIA”) during the financial year. The reports by the GIA described the issues discovered during the audits and actions taken by Management in addressing them. The Chairman of the ARMC thereafter briefed the Board members on the proceedings of the ARMC meetings including highlighting any material matters on internal control or risk management that warranted the Board’s attention. Minutes of the ARMC meetings which recorded these deliberations were also presented to the Board for notation.

### Key Components of Internal Control System

The Group’s key components of internal control system are as follows:

#### 1. Integrity and Ethical Values

- A Code of Business Ethics and Conduct (“CoBEC”) which sets out the principles to guide Directors’ and employees’ conduct to the highest standards of personal and corporate integrity. The CoBEC covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies, prohibition of kickbacks as well as provisions which cover personal data protection, competition, anti-money laundering and anti-terrorism financing.
- A groupwide integrity framework which accentuates the Group’s commitment to uphold integrity in all manner of conduct by its employees at all times in their interaction with various stakeholders, both internal and external. This framework includes Integrity and Fraud Risk Policy which interphases with many of the existing policies adopted within the Group and also addresses fraud reporting and investigation.
- An Anti-Bribery and Corruption Policy (“ABC Policy”) which reflects the Group’s stand of zero tolerance against all forms of bribery, fraud and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group’s core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. The Policy had been reviewed by the Board in June 2023.
- Annual e-declarations on Conflict of Interest and acknowledgement on the understanding and compliance with the ABC Policy among executive employees being part of the Group’s effort in creating awareness and ensuring that the employees understand, observe and uphold high integrity and ethical values in all their business dealings.

- Pursuant to Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 which imposes corporate liability on companies for the corrupt practices of its employees and/or any person associated with the companies in cases where such corrupt practices are carried out for the companies’ benefit or advantage, the Group had conducted a series of trainings and workshops to brief employees on the adequate procedures (as per guidelines issued under MACC Act 2009) that had been put in place and to equip them with the required understanding of their duties, responsibilities and obligations under this section. The Board and the Management will continue to strengthen the adequate procedures to prevent acts of corruption related to the organisation.

The CoBEC and the ABC Policy are published on the Company’s website at [www.lion.com.my/lionpsim](http://www.lion.com.my/lionpsim).

## **2. Authority and Responsibility**

- The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders’ value. The Group’s business strategic directions are also reflected in the respective operating companies’ (“OCs”) Corporate Performance Scorecard (“CPS”) which are reviewed half-yearly. The Board retains full and effective control of the Group’s strategic plans, overseeing the conduct of the Group’s businesses, setting policies, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group’s system of internal control. The Board is also responsible for ensuring financial integrity, setting the Group’s risk appetite, reviewing and approving material transactions, related party transactions, capital financing and succession planning, and overseeing the implementation of stakeholder communication.
- The Board delegates to the Executive Director (“ED”), the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The ED may delegate aspects of her authority and powers but remains accountable to the Board for the Company’s performance and is required to report regularly to the Board on the progress being made by the Company’s business units and operations. Delegation of responsibilities and accountability by the ED further down the structure of the Group is communicated and formalised via respective operational structure and organisational chart as well as the authority matrix.
- Board Committees which are guided by respective Terms of Reference were set up to fulfil certain responsibilities delegated by the Board. These Committees assist the Board in promoting governance and accountability as well as overseeing internal controls, Board effectiveness, and nomination and remuneration of Directors and key positions:
  - Audit and Risk Management Committee
  - Nomination Committee
  - Remuneration Committee
- The Management of each operating company is responsible and accountable to the Senior Management, ED and the Board for implementing the frameworks, policies and procedures on risk and internal control as approved or directed by the Board.

## **3. Organisation Structure**

- An operational structure and organisational chart which defines the lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability.
- The authority matrix outlines the decision areas and the persons empowered to requisite, authorise, and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.



#### **4. Frameworks, Policies and Procedures**

- A set of Group level internal policies and procedures which is maintained centrally and accessible to employees via the intranet. The policies and procedures at both Group level and business or operational level are regularly reviewed for updates to resolve operational deficiencies and to meet new compliance requirements. Enhancement efforts to streamline local policies, guidelines or procedures at business or operational level to key Group Policies and Procedures are continuing.
- A Group Procurement Framework which provides a fairly standardised, uniform and consistent set of controls by promoting accountability, ownership and transparency. This increases the ability of the Group to develop a pool of reliable and competent vendors through proper governance, selection of appropriate procurement methods and vendor management.
- A Group Personal Data Protection Framework which provides guidelines on implementation of controls in business and operations processes in meeting the requirements of data protection principles of Personal Data Protection Act 2010.
- Other key policies such as Competition Policy and Sexual Harassment Policy which complement the Group's CoBEC and ABC Policy. These policies direct the employees to behave ethically and professionally in ensuring compliance with relevant laws and creation of a conducive working environment.
- A Group Sustainability Framework which provides the roadmap to enhance governance and the management of the material Economic, Environmental and Social risks and opportunities as well as stakeholders engagement. It features the four pillars of Sustainability: Environment, Workplace, Community and Marketplace.

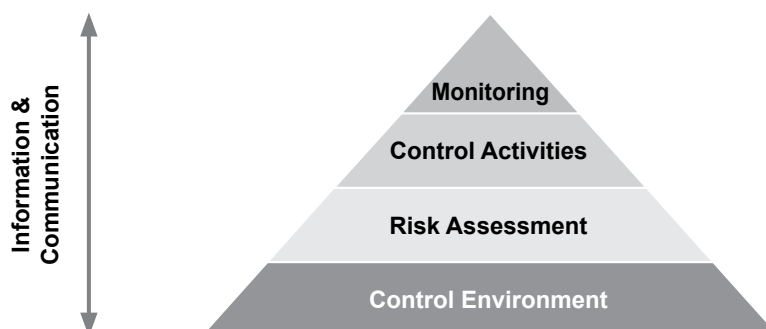
#### **5. Planning, Monitoring and Reporting**

- An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the companies within the Group can be measured and evaluated.
- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the ARMC.

#### **6. Internal Audit**

- Internal Audit Charter that is approved by the ARMC articulates the purpose, responsibility and authority of the GIA function as well as the nature of assurance activities provided by the function.
- Annual Audit Plan that is approved by the ARMC provides a basis for audit engagements which also considers feedback from the Management. The GIA adopts a risk based audit approach, assesses the selected areas under the audit scope with regard to risk exposures, compliance towards the approved policies and procedures, and relevant laws and regulations and where appropriate, benchmarks against best practices in respective industries.
- Review of business processes and system of internal control and risk management by the GIA which submits its reports to the ARMC on a quarterly basis. The GIA also established follow-up reviews to monitor and to ensure that the recommendations of internal audit are effectively implemented.
- Confirmation of the effectiveness of internal control and risk assessment process by the respective Heads of OC and Heads of accounts and finance of the OC (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

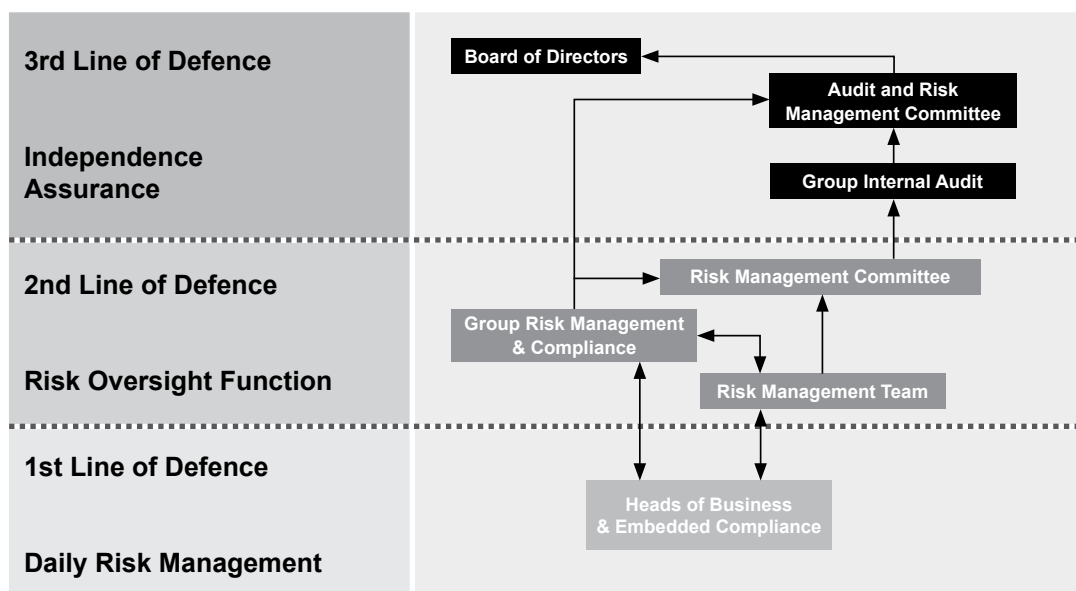
- The GIA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The following 5 inter-related COSO components are considered during the assessment:



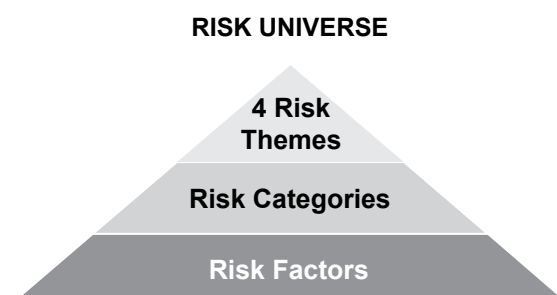
## 7. Risk Management

- The Group has in place a risk management framework, Enterprise Risk Management (“ERM”) Framework that is modelled after the widely adopted standard ISO31000 Risk Management – Principles and Guidelines to guide the implementation of a consistent risk management practice across the Group by both the Board and the Management. It recognises that risks are inherent in businesses and views them within the context of risk as an opportunity, uncertainty or hazard.
- The ERM Framework provides guidelines on risk governance, risk management process, risk reporting and generic tools to be used by the Group. The design of the risk governance structure therein is premised on 3 lines of defence concept with clear functional responsibilities and accountabilities for the management of risk:
  - The first line of defence under the framework is found at the OCs level where the Head of each OC assumes the overall accountability for the respective OCs' risk management implementation. Each OC's Heads of department would provide support to the Head of OC and supervision of risk management practices in key processes under their respective areas of responsibilities. The Heads of OC, in their half-yearly updates and reporting of respective CPS and Corporate Risk Scorecard (“CRS”), provided confirmation that the risk management process with regard to identification of material issues together with relevant controls and management actions have been adequately complied with.
  - The second line of defence provides oversight function via the establishment and roles vested in the OC's Risk Management Team (“RMT”) and Risk Management Committee (“RMC”) both of which are supported by the Group Risk Management and Compliance (“GRC”) department. The RMTs establish their strategy roadmap for every financial year via the CPS and identified, analysed and reported risks to the RMC and ARMC via the CRS. The GRC provides the reporting templates, updated tools, maintenance of Q-Radar system and facilitation or review of OC's scorecards development or updates with OCs' risk representatives. The RMC receives and reviews the scorecards reports from OCs together with the ARMC.
  - The third line of defence is realised through the provision of objective and independent challenge by GIA with regard to the level of assurance as provided by business operations and oversight functions. The Board, through the deliberations and recommendations of the ARMC, sets the overall risk appetite for the Group.

- The risk management organisational structure adopted by the Group is illustrated as follows:



- The Group employs a Risk Universe Listing to facilitate identification of risk across 4 risk themes which are Strategic, Business, Financial and Operational as shown in the illustration below:



- Most OCs of the Group have set risk tolerance ranges, either qualitative or semi-quantitative, for selected result areas via a self-defined risk impact severity table. Such table is referred to together with a risk matrix which provides measurement scales on possibility of risk occurrence and impact. The use of these tools facilitates the measurement of each risk analysed and evaluated at 3 different levels; Inherent, Nett and Target, thereby enabling the RMTs to focus more on the management of high risk areas in line with their risk tolerance.

## 8. Compliance Management

- Half-yearly Compliance Risk Self-Assessment (CRSA) exercises with mitigations identified to address breaches or material non-compliances.
- Joint review of existing operational practices and selected policies or procedures for possible and appropriate control enhancements. Such exercises may result in revisions of relevant policies or procedures, new policies or procedures, introduction of control tools such as standard templates/forms and even development of special purpose automated processes.

- A compliance programme reviewed by the ARMC on an annual basis addressing key compliance areas of statutory and regulatory requirements, codes and internal ethics/standards/policies and procedures. The results and status of the compliance programme were reported by the Compliance Function on a half-yearly basis to the Compliance Committee to monitor and address ongoing changes and implementations in the legislative and regulatory requirements affecting the Group.

## **9. Safety and Hazards Management**

- Establishment of a Safety and Health Manual to administer health and safety programmes, and to handle any emergency or crisis, to ensure disaster recovery and business continuity.
- The Emergency Response Plan (ERP) developed for the Group's operations includes measures for safety and security of personnel, property and facilities that mitigate the damage of potential emergency events such as fire, explosion, accident, oil/chemical spill/release, radiological spill and other related incidents. The Central Control Team comprising employees representing various departments is tasked to ensure all staff and visitors in the premises comply with the health and safety procedures at all times.
- Although the COVID-19 situation is improving, the Group continues to prioritise a safe and healthy workplace for all employees, on top of business continuity concerns. Workplace health and safety procedures and the Standard Operating Procedures (SOPs) from the National Security Council on preventive measures to reduce the chances of infection are in place and communicated to employees, business associates and other stakeholders.
- At the Group level, there is an Issues Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of communications, internal and external, in the event of any issue/crisis/disaster.

## **10. Information and Communication Technology/Management Information System**

- A quarterly IT Steering Committee meeting is held where all IT Managers from various operating companies meet. It is a platform which enables collaboration among the operating companies, sharing of experiences and consolidation of standard IT platforms.
- A set of Group IT Policies and Guidelines is in place to govern the operations of IT within the Group. Due to the diversity of businesses, each operating company has its own set of IT Policy adopting the standard Group IT Policy wherever possible and adding policies that are peculiar to the business they are in.
- The Group Human Resources Management System runs off a cloud infrastructure where a single system is used across the Lion Group of Companies. Cloud infrastructure is hosted offsite to protect the sensitivity of data and is supported by a hot Disaster Recovery site to enable quick recovery of data in the event of any unforeseen incident. An annual Disaster Recovery test is carried out to ensure service quality as per agreed service level agreement.
- As part of Lion Group's Cyber Security strategy to mitigate cyber security risks and threats, Group IT and Group Learning & Development had provided and shall continue to provide Cyber Security Awareness Training to educate employees with the objective of safeguarding our businesses and employees.

## 11. Insurance

- An insurance programme to safeguard major assets against financial loss resulting from property damage, machinery breakdown, business interruption and general liability, which is reviewed annually.
- A yearly exercise to ensure the adequacy and renewal of the Group's Directors' and Officers' Liability insurance.

## 12. Whistleblowing

- A Whistleblower Policy which provides the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address such concerns that may adversely affect the reputation and interests of the Group more effectively.
- The oversight by the Board and its engagement with the Management in the handling of reported wrongdoings are also set out in the Integrity and Fraud Risk Policy.

## Risk Management Process

The OCs' CPS which are prepared every financial year are updated on a half-yearly basis to provide a clear and proper context within which performance-related risks are to be identified, analysed and managed in line with the respective OCs' strategic direction and business objectives. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the Heads of the OC.

In establishing a bottom-up reporting of the risk profile of the OCs, the RMT in the respective OCs identified possible and actual risks faced by the OC together with an analysis of the causes, impact and mitigating actions.

The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the CRS.

The GRC conducted reviews of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or Heads of OC for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the ARMC on a half-yearly basis for reviews on the status of the performance objectives and management action plans implementation. These reviews may result in identification of new risks or re-assessment of reported risks. The ARMC reviewed significant risks, if any, across the risk themes and guided the OCs on further mitigations, where required.

The Heads of the OC, at the half-yearly reporting, had confirmed that the respective OCs' RMT had reviewed and updated the CPS and CRS with the status of all related material information, controls and management actions and that the risk management process had been complied with and information provided therein fairly reflected the position of the OC for the financial year under review.

In all material transactions such as acquisitions and disposals of assets or business and corporate proposals, risks associated with such transactions as analysed by the project team and RMC are presented to the ARMC and Board for their deliberation and decision making. The ARMC will review the proposals together with the risks associated therewith after which the Board may approve, decline or modify the proposals in line with the Group's risk appetite and the Group's strategic and business directions.

## **Conclusion**

The Board is satisfied with the adequacy and effectiveness of the system of risk management and internal control in place throughout the Group for the financial year under review, and up to the date of approval of this Statement. The ED and the Head of respective OCs have provided reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

Implementation measures are continuously being taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

## **Review by External Auditors**

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scopes set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023, and reported to the Board that nothing has come to their attention that has caused them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide, Corporate Governance Guide and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"), nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and the Management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Listing Requirements and for no other purposes or parties.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee of Lion Posim Berhad is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 December 2023.

### COMPOSITION

As at the date of this Annual Report, the composition of the Audit and Risk Management Committee is as follows:

- **Members**

Y. Bhg. Dato' Eow Kwan Hoong  
*(Chairman, Independent Non-Executive Director)*

Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar  
*(Independent Non-Executive Director)*

Dr Folk Jee Yoong  
*(Independent Non-Executive Director)*

The respective profiles of the members are set out under Directors' Profile in the Annual Report.

- **Secretaries**

The Secretaries of Lion Posim Berhad, Ms Wong Phooi Lin and Ms Kong Siew Foon, are also Secretaries of the Audit and Risk Management Committee.

### MEMBERSHIP

The Audit and Risk Management Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The members of the Audit and Risk Management Committee shall elect a chairman among themselves who is an independent Director and who is not the chairman of the Board. The composition of the Audit and Risk Management Committee shall fulfil the requirements as prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

None of the members of the Audit and Risk Management Committee was a former partner of the External Auditors of the Group.

### MEETINGS AND MINUTES

The Audit and Risk Management Committee shall meet at least 4 times annually, and the Group Chief Internal Auditor and the Chief Accountant shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum. The Audit and Risk Management Committee shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

Minutes of each Audit and Risk Management Committee Meeting were recorded and tabled for confirmation and adoption at the next Audit and Risk Management Committee Meeting and subsequently presented to the Board for notation. The Chairman of the Audit and Risk Management Committee shall report on each meeting to the Board.

### TERMS OF REFERENCE

The Terms of Reference of the Audit and Risk Management Committee which are in line with the provisions of the Listing Requirements, the Malaysian Code on Corporate Governance and other best practices are available for reference on the Company's website at [www.lion.com.my/lionpsim](http://www.lion.com.my/lionpsim).

The Terms of Reference of the Audit and Risk Management Committee were last reviewed in November 2023.

## ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, 4 Audit and Risk Management Committee Meetings were held. Except for Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar who was absent for 1 Meeting, full attendance was recorded for all other members.

The Chief Accountant was present at all the Meetings, while the Group Chief Internal Auditor was present at all the Meetings during his tenure. The Group Chief Internal Auditor had resigned on his own accord during the financial year. Pending the appointment of the new Group Chief Internal Auditor, a Senior Manager from the Group Management Audit Department attended the Audit and Risk Management Committee Meetings, representing the Internal Audit Function.

The Audit and Risk Management Committee carried out its duties for the financial year in accordance with its Terms of Reference.

The main works undertaken by the Audit and Risk Management Committee for the financial year are as follows:

- **Financial Results**

Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of significant accounting policies and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB"); significant matters highlighted including financial reporting matters, significant transactions and judgements made by Management; and main factors contributing to the financial performance of the Group in terms of revenue and earnings.

Discussed with Management and External Auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented; applicable accounting standards approved by MASB, provisions of the Companies Act 2016 and requirements under the Listing Requirements had been complied with; significant matters including Key Audit Matters and critical accounting judgements and key sources of estimation uncertainties made by Management had been evaluated by the External Auditors; and impact of new accounting standards for the following financial year, where relevant, had been assessed.

- **Internal Audit**

- (a) Reviewed and approved the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas and ensured that key and high risk areas were audited annually.
- (b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the Internal Auditors for the financial year and assessed the performance of the Internal Audit Function.
- (c) Reviewed the internal audit reports, audit recommendations made and Management's response and actions taken to improve the system of internal control and procedures. Where appropriate, the Audit and Risk Management Committee had directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.

Audit approach had been determined in areas with weaknesses in control as revealed by the Internal Auditors during their previous audit reviews.

- (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls had been addressed.



- (e) Reviewed the risk and control profile changes of the annual Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management. The Internal Auditors had validated the ratings during their audit review, and adjustments to the ratings, if any, had been made accordingly and reported to the Audit and Risk Management Committee.
- (f) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders' Mandate and ensured that the transactions were undertaken on an arm's length basis and on normal commercial terms which were consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

All recurrent related party transactions of a revenue or trading nature undertaken were in compliance with the Listing Requirements and the Group's policies and procedures as well as the Shareholders' Mandate.

- (g) Reviewed the report on situations of conflict of interest ("COI"), potential COI and interest in competing business involving the Directors and Key Senior Management that arose or persist in addition to those that may arise.

The Group has in place (i) processes and procedures to mandate the Directors and Key Senior Management encountering a situation of COI to disclose the nature, extent and scope of the conflict as and when any such conflicts arise, in addition to submitting their COI Declaration annually; and (ii) measures to resolve, eliminate, or mitigate COI and potential COI situations.

- (h) Reviewed the Sustainability Statement together with the Statement of Assurance issued by the Internal Auditors, before recommending the same for Board's approval for inclusion in the Annual Report.
- (i) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 21 to 28 of this Annual Report.

The Audit and Risk Management Committee was satisfied that the system of risk management and internal control in place throughout the Group as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The Audit and Risk Management Committee also acknowledged that implementation measures were continuously being taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

- (j) Reviewed the Group Compliance Framework for the financial year under review with regard to the scope of activities and their progress as set out in the Compliance Program/Work Plan for the financial year.
- (k) Approved an annual budget for the Internal Audit Function to effectively carry out its audit plan.
- (l) Approved the Audit and Risk Management Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

- **External Audit**

- (a) Reviewed and discussed with External Auditors the audit strategy memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

- (b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements of the Group and of the Company.
- (c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.
- (d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the financial year taking into consideration information presented in the Audit Quality Commitment Report published by the External Auditors, in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit and Risk Management Committee.

The Audit and Risk Management Committee had received from the External Auditors written confirmation that they have complied with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, and that they have policies and procedures in place which were designed to ensure that they carry out their work with integrity, objectivity and independence.

Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.

- (e) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors.
- (f) Met with the External Auditors without executive Board members and Management twice to discuss matters in relation to their review.

- **Compliance Management**

- (a) Conformance to Group policies and procedures

Noted the status and outcome of the half-yearly Compliance Risk Self-Assessment ("CRSA") exercises which seek to identify gaps in compliance with regard to applicable laws, regulations, codes, guidelines and standards, market/industry best practices and Group policies and procedures, and discussed the adequacy of measures to address such gaps or non-compliance. The CRSA questionnaire sets and declarations were completed by the identified Heads of Business, Finance Officers of the Operating Companies ("OCs"), Group Accountants, Company Secretaries, Group Tax, Group Treasury and Group Corporate Planning.

- (b) Noted the status of the activities of Group Risk Management and Compliance Department which included monitoring on a half-yearly basis the scope of activities and status of implementation as driven and coordinated by the Group Risk Management and Compliance Department as set out in the Compliance Program/Work Plan for the financial year.

- **Risk Management**

- (a) The Audit and Risk Management Committee together with the Risk Management Committee:
  - Monitored the progress on the achievement of targets set for business objectives of OCs for the financial year via review of the Corporate Performance Scorecards updates on a half-yearly basis. The Audit and Risk Management Committee sought explanation/understanding from the Risk Management Team (“RMT”) of OCs on non-performance.
  - Reviewed the key risks as reported by the RMTs in their Corporate Risk Scorecards across the wide spectrum of risk facing the businesses and operations which included strategic risk, business risk, financial risk and operational risk. The Audit and Risk Management Committee provided comments on the adequacy and effectiveness of controls and/or management actions identified and/or implemented by the OCs in addressing the identified risks.
- (b) The Audit and Risk Management Committee provided assurance to the Board on the risk reporting and review activities that took place during the financial year.

- **Related Party Transactions**

- (a) Reviewed related party transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.
- (b) Reviewed the renewal of Shareholders’ Mandate for recurrent related party transactions of a revenue or trading nature for Shareholders’ approval to undertake transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Group with related parties (“RRPTs”).

The Audit and Risk Management Committee reviewed the review procedures and had opined that they were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the Group had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.

The review on RRPTs by the Internal Auditors was reported to the Audit and Risk Management Committee on a quarterly basis.

The Management had given assurance to the Audit and Risk Management Committee that related party transactions and mandate for recurrent related party transactions were in compliance with the Listing Requirements and the Group’s policies and procedures.

## **INTERNAL AUDIT FUNCTION**

The Internal Audit Function is undertaken by the Group Management Audit Department (“GMA Department”) and is independent from Management of the Company and the function which it audits. Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

Mr Wong Poh Tan had resigned on his own accord as the Group Chief Internal Auditor during the financial year. Pending the appointment of the new Group Chief Internal Auditor, a Senior Manager from the GMA Department is carrying out relevant internal audit functions and overseeing audit assignments in the interim.

The purpose, authority and responsibility of the Internal Audit Function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter approved by the Audit and Risk Management Committee. The Audit and Risk Management Committee is of the opinion that the Internal Audit Function is appropriate to its size and the nature and scope of its activities.

In discharging its function, the GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit and Risk Management Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the RMIC-SAQ, the Corporate Performance Scorecard and the Corporate Risk Scorecard.

During the financial year, the Internal Auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews
- Adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework
- Compliance aspects of the Anti-Bribery and Corruption Policy and its programmes
- Disclosures of COI and potential COI situations involving the Directors and Key Senior Management
- Issuance of Statement of Assurance in relation to the Sustainability Statement

The Internal Auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented. Significant matters were reported directly to the Audit and Risk Management Committee and Senior Management to ensure improvement and corrective actions are taken.

The internal audit works had been carried out according to the internal audit plan approved by the Audit and Risk Management Committee for the financial year.

An annual assessment for evaluating the adequacy and effectiveness of the Internal Audit Function was carried out in the financial year.

The Internal Auditors are updated on the improvement and development in internal auditing standards, procedures, techniques, corporate governance and the Listing Requirements through the attendance of seminars and talks organised by the Institute of Internal Auditors Malaysia, the Malaysian Institute of Accountants, Bursa Malaysia Berhad and the Securities Commission Malaysia as well as core competency courses organised by professional training establishments. The Audit and Risk Management Committee was also satisfied that pending the appointment of the new Group Chief Internal Auditor, the Internal Audit Function, overseen by a Senior Manager and backed by 6 staff at the managerial and executive levels who possessed the relevant qualifications and experience, has adequate resources to fulfil the internal audit plan for the next financial year.

The Internal Auditors had confirmed that they are free from any relationships or conflict of interest which could impair their objectivity and independence in their audit assignments.

The total cost incurred in managing the Internal Audit Function of the Group for the financial year was RM192,187.

## NOMINATION COMMITTEE

- Chairman** : Y. Bhg. Dato' Eow Kwan Hoong  
(*Independent Non-Executive Director*)
- Members** : Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar  
(*Independent Non-Executive Director*)  
Dr Folk Jee Yoong  
(*Independent Non-Executive Director*)
- Terms of Reference** :
1. To consider and recommend to the Board, candidates for directorships in the Company.
  2. To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and from independent sources.  
  
In making a recommendation to the Board on the candidate for directorship, the Committee shall consider the broad Fit and Proper, and Independence Criteria as set out in the Board Charter.  
  
The candidate for an independent non-executive Director should be a person of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board.
  3. To recommend to the Board, Directors to fill the seats on Board Committees.
  4. To assist the Board in reviewing on an annual basis, the composition, the required mix of skills, knowledge, experience, diversity and other qualities, including core competencies which each individual Director including the independent non-executive Director should bring to the Board, to enable the Board to function effectively, and strengthen board leadership and oversight of sustainability issues.
  5. To establish and implement processes to assess, on an annual basis, the effectiveness of the Board as a whole and the committees of the Board; the independence of the independent Directors; the contribution of each individual Director; and the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their Terms of Reference, based on the process and procedure laid out by the Board.
  6. To recommend to the Board:
    - (a) the re-election of those Directors who are retiring at an annual general meeting ("AGM") of the Company and to put forward their re-election for approval at the AGM; and
    - (b) the continued retention of any independent non-executive Director who has served for a cumulative period of more than 9 years as an independent non-executive Director or otherwise. Any retention of an independent Director who has served a cumulative period of 9 years shall be subject to Shareholders' approval in line with the recommendation of the Malaysian Code on Corporate Governance. Notwithstanding, the tenure of an independent Director shall not exceed a cumulative period of more than 12 years.
  7. To review the induction and training needs of Directors.
  8. To consider other matters as referred to the Committee by the Board from time to time.

## **NOMINATION COMMITTEE REPORT**

The Nomination Committee comprises 3 members, all of whom are independent non-executive Directors. The Nomination Committee is chaired by Y. Bhg. Dato' Eow Kwan Hoong who is an independent Director.

### **Appointment to the Board and the Effectiveness of the Board**

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, knowledge, experience and competencies for appointment to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. The Nomination Committee shall conduct skills and gap analyses from time to time or when required in identifying candidatures for appointment. As an enhancement to its process, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable. The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors and Audit and Risk Management Committee members based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to (i) identify and nominate candidates for appointment as a Director; (ii) re-elect existing Directors; and (iii) retain independent Directors, are set out in the Directors' Fit and Proper Policy included in the Board Charter.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, expected contributions and diversity representation covering the qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements, appointment scope, role, commitment level, professionalism and integrity, and the appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background which would contribute to the overall desired composition of the Board.

The Directors' mix of skills are set out in the respective profile under Directors' Profile on pages 6 to 9 of this Annual Report.

### **Activities of the Nomination Committee for the Financial Year**

The Nomination Committee met once since the date of the last Annual Report and all the members attended the Meeting.

The Nomination Committee had carried out the following duties for the financial year in accordance with its Terms of Reference:

- (i) Reviewed and enhanced the evaluation forms in relation to the annual evaluation of the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors and the contribution of each individual Directors and Audit and Risk Management Committee members taking into consideration the requirements and recommendations under the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Malaysian Code on Corporate Governance and guidance under the Corporate Governance Guide (4th Edition).
- (ii) Reviewed and assessed the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors, and Audit and Risk Management Committee members based on the broad Fit and Proper, and Independence Criteria as set out in the Directors' Fit and Proper Policy using a set of quantitative and qualitative performance evaluation forms adopted by the Nomination Committee, and was satisfied that (a) the Board composition in term of size, mix of competencies and diversity representation and the balance between executive, non-executive and independent Directors was adequate and in line with the Group's business operations and needs; and (b) the Board as a whole and the Board Committees had discharged their duties and responsibilities effectively at all times. The Nomination Committee was also satisfied with the level of independence of all the independent non-executive Directors and their ability to act in the best interests of the Company and the minority shareholders of the Company.

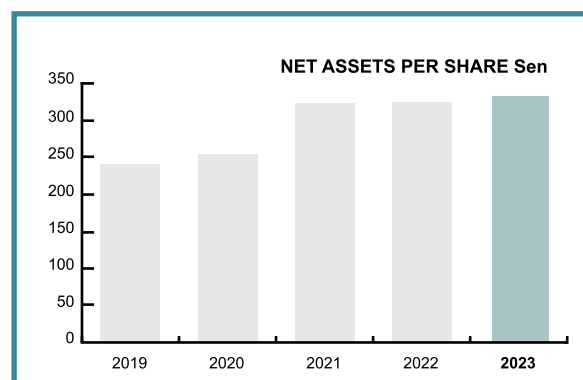
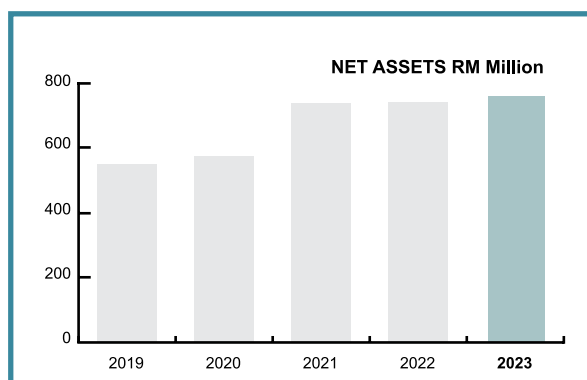
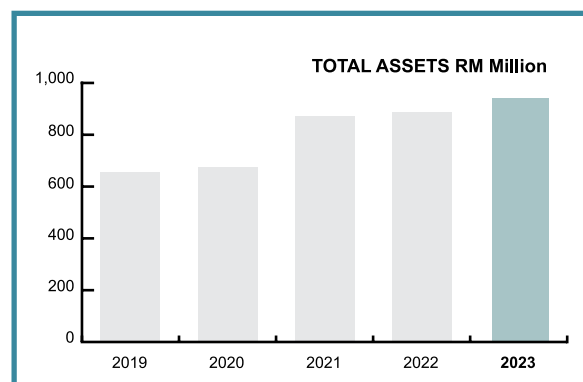
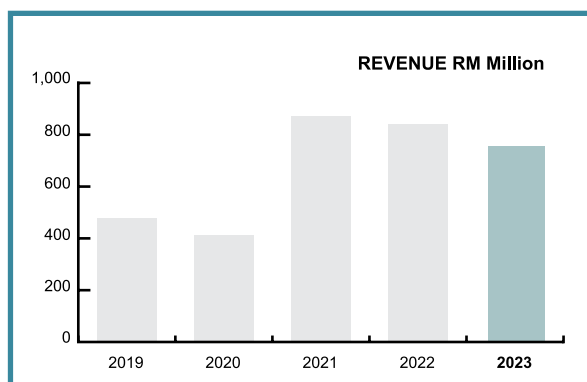
- (iii) Reviewed the term of office and performance of the Audit and Risk Management Committee as a whole and each of its members including an assessment of their financial literacy, and assessed and evaluated the effectiveness of the Audit and Risk Management Committee in conducting its activities in accordance with its Terms of Reference, and was satisfied that the Audit and Risk Management Committee and its members had carried out their duties effectively and were financially literate and able to understand matters under the purview of the Audit and Risk Management Committee including financial reporting process.
- (iv) Reviewed the retirement by rotation of Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar, and having satisfied that he had discharged his duties and responsibilities effectively at all times, recommended his re-election for Board's consideration, which shall be tabled for approval of the Shareholders at the forthcoming 41st Annual General Meeting of the Company ("41st AGM").
- (v) Discussed the vacancies arising from the impending retirement of Y. Bhg. Dato' Eow Kwan Hoong at the 41st AGM and the appointment of a new independent Director in due course.
- (vi) Reviewed the training needs of the Directors and was satisfied that the Directors having attended the relevant training programmes, site visit and having been updated with market developments and relevant requirements through Board discussion meetings with Management and by email communication, and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and roles as a Director.
- (vii) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the 2023 Annual Report.

## REMUNERATION COMMITTEE

<b>Chairman</b>	:	Dr Folk Jee Yoong <i>(Independent Non-Executive Director)</i>
<b>Members</b>	:	Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar <i>(Independent Non-Executive Director)</i>  Y. Bhg. Dato' Eow Kwan Hoong <i>(Independent Non-Executive Director)</i>
<b>Terms of Reference</b>	:	<ul style="list-style-type: none"><li>• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary.</li><li>• To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.</li></ul>

## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

		12 months ended 30 June		18 months ended 31 December	12 months ended 31 December	
		2019	2020	2021	2022	2023
Revenue	(RM'000)	476,006	411,505	871,808	838,773	755,137
Profit before tax	(RM'000)	13,387	36,845	145,601	2,681	16,285
Profit after tax	(RM'000)	9,075	31,745	141,195	601	13,552
Net profit attributable to owners of the Company	(RM'000)	9,075	31,745	144,021	659	13,553
Total assets	(RM'000)	653,699	679,179	870,642	883,448	941,438
Net assets	(RM'000)	551,729	577,995	739,096	740,662	762,129
Total borrowings	(RM'000)	860	16	16,860	18,711	35,280
Earnings per share	(Sen)	4.0	13.9	63.2	0.3	5.9
Net assets per share	(Sen)	242	254	324	325	335





## THE GROUP'S BUSINESSES



- Posim Petroleum Marketing Sdn Bhd distributes a wide range of petroleum-based products under “HI-REV”, “torQe” and “T-TRAX” and brands which meet specifications required by American Petroleum Institute (API), Japanese Automotive Standards Organization (JASO) and European Automobile Manufacturers' Association (ECEA) for exceptional performance in engine lubrication and protection against thermal stress to maintain excellent performance in high power density engines.
- *Posim Petroleum Marketing Sdn Bhd mengedarkan pelbagai produk berasaskan petroleum di bawah jenama “HI-REV”, “torQe” dan “T-TRAX” yang memenuhi spesifikasi yang ditetapkan oleh American Petroleum Institute (API), Japanese Automotive Standards Organization (JASO) dan European Automobile Manufacturers' Association (ECEA) untuk prestasi pelinciran dan perlindungan unggul daripada tekanan termal bagi mengekalkan prestasi cemerlang enjin berketumpatan kuasa tinggi.*



- The Group is the distributor for ACCA KAPPA, an Italian brand that offers premium hair brushes, body care products and fragrances for men and women.
- *Kumpulan merupakan pengedar ACCA KAPPA, jenama Itali yang menawarkan rangkaian berus rambut premium, produk penjagaan badan serta minyak wangi untuk lelaki dan wanita.*

## BUILDING SOLUTIONS

### ONE STOP BUILDING SUPPLIES

- The Building Materials Division is involved in the trading and distribution of building and construction materials such as (top left) ironmongery, sanitarywares, floor tiles, steel bars, BRC mesh, steel materials for infrastructure projects, cement, bricks and roofing tiles.
- *Bahagian Bahan Binaan terlibat dalam perniagaan menjual dan mengedar bahan-bahan pembinaan seperti (atas kiri) barangan besi, kelengkapan bilik air, jubin lantai, bar besi, jejaring BRC, besi bagi pembinaan infrastruktur, simen, batu bata dan jubin bumbung.*

## PENYATA PENERUS

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Lion Posim Berhad (“Kumpulan” atau “Syarikat”) bagi tahun kewangan berakhir 31 Disember 2023.

### PRESTASI KEWANGAN

Tahun 2023 merupakan satu tahun yang menyaksikan berlakunya pemulihan dan konsolidasi selepas beberapa tahun ketidakpastian dalam pelbagai aspek; kestabilan dan keyakinan berjaya dikembalikan semula ke dalam ekonomi Malaysia, sekaligus menandakan era ketahanan baharu.

Bagaimanapun, cabaran tetap ada berikutan ketidaktentuan keadaan pasaran akibat konflik geopolitik yang berterusan, langkah mengetatkan dasar monetari global untuk mengekang inflasi, dan lain-lain faktor ekonomi yang terus menjadi kebimbangan.

Di sebalik persekitaran operasi ini, Kumpulan mencatatkan penurunan pendapatan sebanyak 10% kepada RM755.1 juta bagi tahun kewangan dalam kajian berbanding tahun sebelumnya, terutamanya disebabkan oleh sumbangan yang berkurangan dari Bahagian Bahan Binaan. Namun begitu, Bahagian Bahan Binaan dan Bahagian Minyak Pelincir yang merupakan penyumbang utama kepada Kumpulan, berjaya mengekalkan prestasi positif mereka, meskipun margin keuntungan terjejas akibat peningkatan kos.

Dengan mengambil kira keuntungan sekali terima (one-off) sebanyak RM8.6 juta hasil daripada pembubaran satu anak syarikat dan bahagian kerugian yang lebih rendah daripada syarikat-syarikat bersekutu, Kumpulan mencatatkan keuntungan sebelum cukai yang lebih tinggi sebanyak RM16.3 juta bagi tahun dalam kajian.

### PROSPEK

Meninjau prospek perniagaan bagi tahun 2024, Kumpulan mengekalkan pandangan positif terhadap momentum keseluruhan ekonomi Malaysia berdasarkan daya tahan permintaan domestik yang disokong oleh kadar inflasi dan faedah yang sederhana.

Namun begitu, Kumpulan tetap peka terhadap cabaran daripada kenaikan harga komoditi global dan konflik geopolitik yang akan menjejaskan persekitaran operasi perniagaan Kumpulan. Kumpulan akan sentiasa berwaspada, memperkukuhkan daya tahan perniagaan untuk mengurangkan potensi gangguan terhadap operasinya, sambil menumpukan kepada usaha mengoptimumkan kecekapan operasi dan membendung kos.

### LEMBAGA PENGARAH

Y. Bhg. Dato’ Eow Kwan Hoong, yang merupakan ahli Lembaga Pengarah selama lebih 9 tahun dan tertakluk kepada persaraan mengikut giliran telah memaklumkan kepada Lembaga Pengarah hasrat beliau untuk menarik diri daripada dilantik semula. Sehubungan itu, persaraan beliau berkuatkuasa menjelang berakhirnya Mesyuarat Agung Tahunan Syarikat akan datang ini. Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan kepada Y. Bhg. Dato’ Eow atas sumbangan beliau yang tidak ternilai kepada Kumpulan. Y. Bhg. Dato’ Eow merupakan Pengarah Bebas Bukan Eksekutif Syarikat, dan Pengerusi Jawatankuasa Audit dan Pengurusan Risiko serta Jawatankuasa Pencalonan, dan juga ahli Jawatankuasa Ganjaran.

### PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada semua pelanggan, rakan kongsi dan sekutu perniagaan, pembiayaan, pemegang saham serta pihak berkuasa kerajaan atas sokongan dan kerjasama mereka yang berterusan.

Saya ingin menzahirkan penghargaan tulus ikhlas kepada rakan-rakan Pengarah atas bimbingan, sokongan dan sumbangan mereka yang tidak ternilai.

Akhir kata, ucapan terima kasih ditujukan kepada pihak pengurusan dan warga kerja atas dedikasi dan komitmen berterusan mereka dalam menghadapi cabaran sepanjang tempoh yang sukar ini.

### TAN SRI CHENG HENG JEM

Pengerusi

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of Lion Posim Berhad ("the Group" or "the Company") for the financial year ended 31 December 2023.

### FINANCIAL PERFORMANCE

Looking back at 2023, a year marked by reconciliation and consolidation following years of uncertainty in various aspects; stability and confidence have been restored in Malaysia's economy, signalling a new era of resilience.

However, challenges persist with the unpredictable market conditions due to continuing disruptions from geopolitical conflicts, global tightening of monetary policy to contain inflation, and other economic factors, which remain areas of concern.

Against the backdrop of this operating environment, the Group registered a 10% decline in revenue of RM755.1 million for the financial year under review compared with the preceding year, mainly due to the reduced contribution from the Building Materials Division. Despite the decline in revenue, the Building Materials Division and the Lubricants Division which represent the Group's main contributors, sustained their positive performance, although profit margins were impacted by rising costs.

With a one-off gain of RM8.6 million on the dissolution of a subsidiary company and a share of lower loss of associated companies, the Group recorded a higher profit before tax of RM16.3 million for the year under review.

### PROSPECTS

Looking ahead to business prospects in 2024, the Group maintains a positive outlook on Malaysia's overall economic momentum with the resilience of domestic demand, supported by moderate inflation and interest rates.

Nevertheless, despite these positive factors, the Group takes cognisance of the challenges posed by rising global commodity prices and geopolitical conflicts which will affect the operating environment of the Group's businesses. The Group will remain vigilant, bolstering its business resilience to mitigate potential disruptions to its operations, and continues to focus on optimising operational efficiencies and containing costs.

### BOARD OF DIRECTORS

Y. Bhg. Dato' Eow Kwan Hoong, who has served on the Board for more than 9 years and subject to retire by rotation, has informed the Board that he does not wish to seek re-election. He shall therefore retire at the conclusion of the forthcoming Annual General Meeting of the Company. On behalf of the Board, I would like to express my sincere appreciation to Y. Bhg. Dato' Eow for his invaluable contribution to the Group. Y. Bhg. Dato' Eow, an Independent Non-Executive Director of the Company, is also the Chairman of our Audit and Risk Management Committee and Nomination Committee, and a member of the Remuneration Committee.

### APPRECIATION

On behalf of the Board of Directors, I wish to express my appreciation to our customers, business partners and associates, financiers, shareholders, and the Government authorities for their continuing support and cooperation.

I would like to convey my appreciation and gratitude to my fellow Directors for their invaluable guidance, support and contribution.

Last but not least, my sincere thanks go to the management and staff for their continuing hard work and dedication in coping with the challenges faced throughout these challenging times.

**TAN SRI CHENG HENG JEM**  
Chairman

## 主席报告

我谨代表董事部，提呈金狮宝森有限公司（“集团”或“公司），截至2023年12月31日的常年报告和经审核财务报表。

### 财务表现

回顾2023年，在经历了好几年各领域处于不确定的情况之后，这一年的特点是和解与整合；马来西亚经济已恢复稳定和信心，标志着新的韧性时代。

然而，由于持续不断的地缘政治冲突、全球货币政策收紧为抑制通货膨胀以及其他经济因素延续的干扰，市场环境的变化和不可预测性仍然是令人担忧的问题。

在这种营运环境的背景下，与前年相比，本集团在本会计年度的营业额减少了10%，为7亿5,510万令吉，主要是建材组的贡献减少。尽管收入减少，但作为本集团核心的建材组和润滑油组仍保持良好的业绩，虽然利润率受到成本上升的影响。

由于注销一家子公司而带来的一次性860万令吉的盈利，以及在各家联号分担较低的亏损，本集团在本会计年度内取得更高的税前利润，共1,630万令吉。

### 展望

展望2024年的营业前景，基于受到国内需求的韧性支撑、适度的通货膨胀率和利率，本集团对马来西亚整体经济势头保持乐观态度。

然而，尽管存在这些正面因素，本集团也意识到全球原产品价格上涨和地缘政治冲突所带来的挑战，将影响本集团业务的运营环境。本集团将保持警惕，加强业务的韧性，以减轻可能对其运营造成的潜在干扰，并继续专注于优化运营效率和控制成本。

### 董事部

Y. Bhg. Dato' Eow Kwan Hoong已在董事部任职超过9年，并将轮值卸任。他已通知董事部，无意寻求连任。因此，他将在即将召开的年度股东大会后卸任。我谨代表董事部，真诚感谢Y. Bhg. Dato' Eow对本集团作出宝贵的贡献。Y. Bhg. Dato' Eow是本公司独立非执行董事，同时也是我们审核与风险管理委员会和提名委员会主席兼薪酬委员会成员。

### 鸣谢

我谨代表董事部向我们的客户、商业伙伴和联号、金融机构、股东以及政府机构表示感谢，感谢他们一直以来的支持与合作。

我也要感谢董事们给予宝贵的指导、支持和贡献。

最后，我衷心感谢管理层和职员们，在这段充满挑战的时期，仍努力不懈为本集团作出贡献。

主席  
丹斯里锺廷森



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

	2023 RM'000	2022 RM'000	Change
<b>Consolidated Statement of Profit or Loss</b>			
Revenue	755,137	838,773	-10%
Profit from operations	9,549	7,282	31%
Profit before tax	16,285	2,681	>100%
Profit after tax	13,552	601	>100%

### Consolidated Statement of Financial Position

Total assets	941,438	883,448	7%
Fixed deposits, cash and bank balances	69,385	80,981	-14%
Total liabilities	179,309	142,743	26%
Bank borrowings	35,280	18,711	89%
Net assets	762,129	740,662	3%

### Segment Results

	Revenue			Segment Profit/(Loss) *		
	2023 RM'000	2022 RM'000	Change	2023 RM'000	2022 RM'000	Change
Building materials and steel products ("Building Materials")	635,434	725,087	-12%	4,050	5,793	-30%
Lubricants, petroleum products and automotive products ("Lubricants")	117,488	111,635	5%	12,243	8,880	38%
Others	2,215	2,051	8%	(6,744)	(7,391)	9%
	<b>755,137</b>	<b>838,773</b>	<b>-10%</b>	<b>9,549</b>	<b>7,282</b>	<b>31%</b>

\* "Segment profit/(loss)" refers to profit from operations.

The Group is principally engaged in:

- Trading and distribution of building materials and steel products;
- Manufacturing and trading of lubricants, trading and distribution of petroleum-based products and automotive components; and
- Other businesses which include mainly provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding.

For the financial year ended 31 December 2023 ("FYE 2023"), the Group registered a revenue of RM755.1 million, marking a 10% decline from the preceding financial year, mainly due to the reduced contribution from the Building Materials Division.

Revenue and profit of the Building Materials Division decreased by 12% and 30% to RM635.4 million and RM4.1 million respectively compared to the preceding financial year, due primarily to lower sales of steel products and rising operating costs.

Meanwhile, the Group's Lubricants Division achieved sales exceeding RM100 million for the second consecutive year, with revenue increasing by 5% to RM117.5 million for the FYE 2023 compared with RM111.6 million recorded a year ago. Correspondingly, profit increased by 38% to RM12.2 million for the year under review.

Results from other businesses were mainly derived from the provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding. These activities collectively contributed slightly higher revenue of RM2.2 million.

With a one-off gain of RM8.6 million on the dissolution of a subsidiary company and a share of lower loss of associated companies, the Group's profit before tax improved to RM16.3 million for the year under review.

As at 31 December 2023, the Group's net assets improved to RM762.1 million, or RM3.35 per share; representing an increase of 10 sen over the preceding financial year.

## REVIEW OF OPERATIONS

### Building Materials and Steel Products

Moving forward from the growth momentum of 2022, the construction industry experienced encouraging positive shifts in 2023. The private sector saw a significant resurgence in construction activities following the pandemic-induced lockdowns which included the development of high-rise residential buildings incorporating mixed-used concepts, fast-tracked industrial projects and data centre developments. Revival of Government-driven infrastructure projects and the sustained expansion from the private sector further fuelled the growth of the construction industry to remain robust in 2023. However, the public sector that represented the largest share of Government initiated projects experienced a gradual slowdown primarily attributed to Government scrutiny and cautious spending practices.

Despite the positive outlook in 2023, the volatility in the prices of building materials posed a challenge to the industry. As a result, the Division registered a lower revenue of RM635 million for FYE 2023 against a revenue of RM725 million achieved in the previous year. The Division will continue to strive and improve its performance to contribute positively to the Group.

The construction industry is expected to see brighter prospects in 2024 with the revival and acceleration of several mega infrastructure projects especially in the rail and road network, and data centre developments. The New Industrial Master Plan 2030 launched by the Government in September 2023 calls for the development of new industrial parks as well as the construction and upgrading of infrastructure to support the growth of the manufacturing sector. The building materials industry is also set to benefit from the 12th Malaysia Plan Mid-Term Review (12MP MTR) in which the development expenditure ceiling is raised to RM415 billion from RM400 billion to support the development of major infrastructure projects including the Penang Light Rail Transit (LRT), the Sabah-Sarawak Link Road and the building of 500,000 affordable homes.

Operating in an intensely challenging and competitive business environment, the Division will always stay vigilant and responsive to market changes. The Division will continue to remain positive on its operating performance by forging strategic relationships with principal suppliers and trading partners, developing partnerships with key customers and developers. The Division has also expanded its market coverage throughout Malaysia on the distribution of our in-house brands of finishing products, such as sanitary wares, tap fittings, tiles and ironmongery to grow revenue and enhance margins. To increase its market share in the distribution of retail products to the hardware sector, the Division is in the process of setting up warehouses in the major towns and cities throughout the country.

### **Lubricants, Petroleum Products and Automotive Products**

The Division remains vigilant to the continuing economic impact on its business operating environment. 2023 saw the weak Ringgit and inflationary pressures on daily essentials and goods, thus affecting less prioritised general household spending such as personal transport repairs and maintenance.

Despite these challenges, our wide dealers network provides us a resilient and strong distribution channel to record healthy and profitable business outcomes in the industries we are involved in. The close collaboration with them and our common business objectives have enabled us to be a preferred lubricant provider over our competitors. High growth regions/segments helped to offset weak performing markets, and thus, revenue remained mainly unchanged and stable at above RM100 million in the year under review.

In a challenging operating environment of rising supply and labour costs, the Division continued to be cost-conscious in our production process and distribution expenditure. As we were able to benefit from favourable supply and storage facilities, we recorded improvement in profitability across some products.

Emerging trends and new regulatory conditions will affect how we drive our business forward. We constantly seek business opportunities to expand our product coverage, and adopt sustainable strategies to strengthen our business resilience to mitigate disruptions and constraints. Barring unforeseen circumstances, the Division will continue to perform favourably in 2024.

## SUSTAINABILITY STATEMENT

Lion Posim Berhad (“Company”) is pleased to present its Sustainability Statement which provides an overview its Economic, Environmental and Social (“EES”) impacts for financial year ended 31 December 2023 (“FY2023”).

The Company is principally involved in investment holding, trading and distribution of building materials including its in-house brands of finishing products namely Simwares (sanitary wares), Simtec (tap fittings), Simcera (tiles) and SimLoc (ironmongery), as well as steel products; and petroleum-based products including automotive and industrial lubricants under the HI-REV and T-Trax brands, and automotive components by its subsidiaries, Posim Marketing Sdn Bhd (“PMSB”), Posim Petroleum Marketing Sdn Bhd (“PPMSB”) and Lion Petroleum Products Sdn Bhd (“LPPSB”).

### **BASIS OF SCOPE**

This Sustainability Statement covers the Group’s operations in trading and distribution of building materials and steel products by PMSB, and petroleum-based products and automotive components by PPMSB and LPPSB.

### **REPORTING FRAMEWORK AND STANDARDS**

We have taken steps to incorporate standard disclosures in accordance to the Global Reporting Initiative (“GRI”) Standards and Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements (“Listing Requirements”) with reference to its Sustainability Reporting Guidelines. The standard disclosures are also aligned with the United Nations Sustainable Development Goals (“UNSDGs”).

The Group is working to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) starting FY2025. We will continue to improve our disclosures to align with best practice reporting standards.

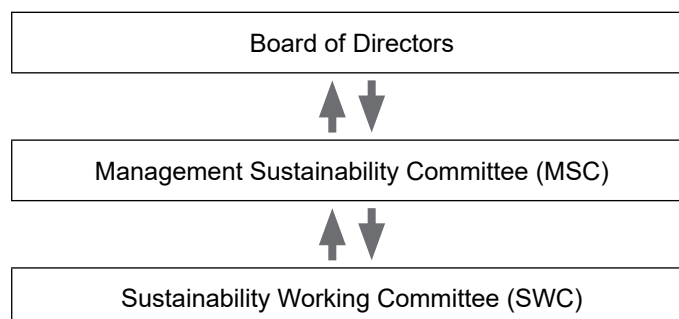
### **APPROACH TO SUSTAINABILITY**

Our sustainability approach is guided by Lion Group’s mission “We are committed to make Lion Group a caring organisation and be recognised for excellence in quality, growth and profitability”, of which the Group is a member.

We have adopted a holistic sustainability approach across our business operations and functions. The strategic direction is guided by the Board of Directors, with the Head of Company/Business taking on the executive role for effective and efficient implementation, and driven via collaboration amongst various Departments and Business Units across the Group.



## SUSTAINABILITY STRUCTURE



The Board of Directors has oversight of the Group's strategic direction on sustainability.

The MSC is chaired by Head of Company/Business, and assists the Board with strategic direction of sustainability matters. MSC is responsible for steering, coordinating and ensuring the effective and efficient implementation of the sustainability framework.

The SWC comprises members from middle management across our operations and is responsible for the day-to-day implementation of the sustainability strategies and plans.

## GOVERNANCE

The Group complies with applicable laws and regulations of corporate governance and adheres to related best practices. With a high standard of corporate governance, we believe that the Group will be able to maintain its success, remain competitive and sustainable in the long term. Our Corporate Governance Overview Statement and Statement on Risk Management and Internal Control are presented in pages xxx of this Annual Report.

## STAKEHOLDERS ENGAGEMENT

Stakeholders engagement is imperative in understanding their expectations. We recognise that stakeholder expectation, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our approach via regular engagements that are held through both formal and informal channels.

Key Stakeholders	Area of Interest	Engagement Platforms
Employees	<ul style="list-style-type: none"> <li>Health, safety and well-being</li> <li>Learning and development</li> <li>Respect and recognition</li> <li>Job satisfaction</li> <li>Pay and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Training programmes</li> <li>Internal newsletter</li> <li>New employee induction programme</li> <li>Staff gatherings and other engagement channels</li> </ul>




**STAKEHOLDERS ENGAGEMENT** (continued)

<b>Key Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement Platforms</b>
Customers	<ul style="list-style-type: none"> <li>• Convenience and experience</li> <li>• Service and product quality</li> <li>• Timely product delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face interaction through service channels</li> <li>• Communication through Marketing Department, Customer Service Department and Corporate Communications Department</li> <li>• Feedback through website, e-mail, social media platform</li> <li>• Sales, promotions, road shows and related events</li> </ul>
Suppliers/Vendors	<ul style="list-style-type: none"> <li>• Long term partnership</li> <li>• Financial resilience</li> <li>• Sustainable business growth</li> <li>• Experienced management team</li> </ul>	<ul style="list-style-type: none"> <li>• Liaison with suppliers before sourcing and engaging with contract managers</li> <li>• Meetings, business alliance events/meetings</li> <li>• Vendor service/support channel</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Good governance</li> <li>• Sustainable business growth</li> <li>• Disclosure and transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Investor relations channel and meetings</li> <li>• Annual General Meeting</li> <li>• Quarterly reports, Annual Report, media releases</li> </ul>
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Safety and security</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings, visits and events</li> <li>• Consultative and statutory reporting</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>• Responsible corporate citizen</li> <li>• Support for social causes</li> <li>• Creation of job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Activities and sponsorships organised by the Group and Lion-Parkson Foundation</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Response to media enquiries and requests for interviews</li> <li>• Long term engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Media releases and interviews</li> <li>• Advertisements</li> </ul>
Industry Associations	<ul style="list-style-type: none"> <li>• Support for mutual interests</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings and events</li> </ul>

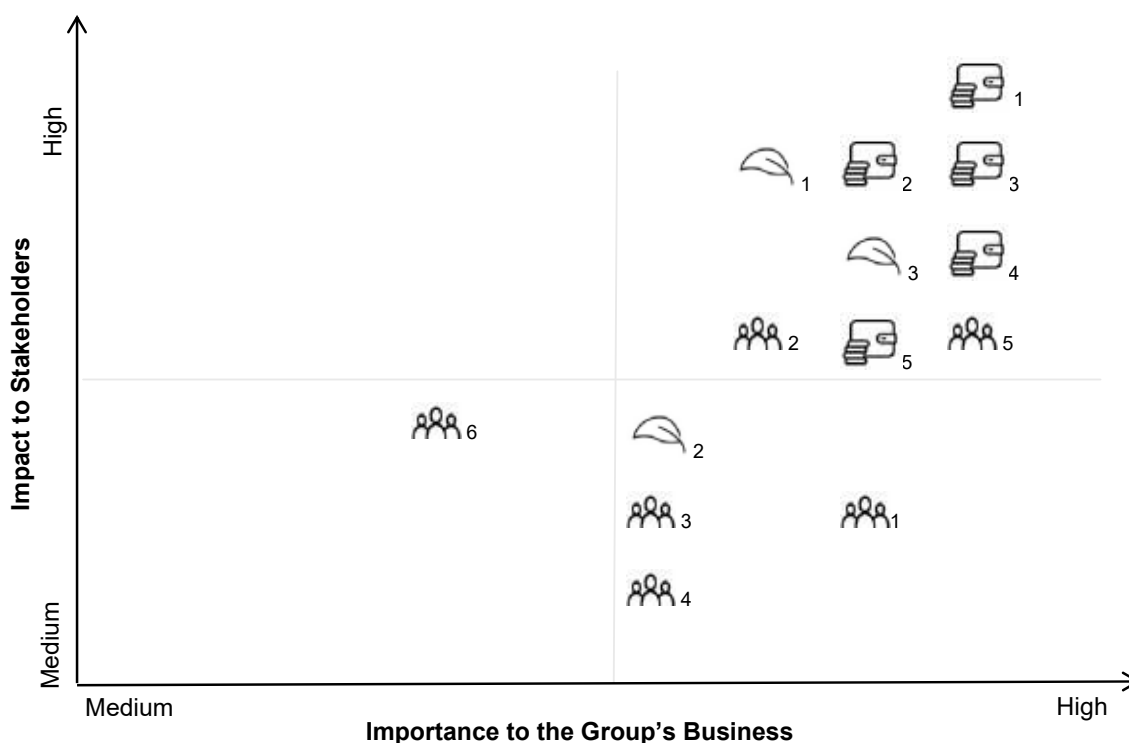
## MATERIAL MATTERS

Our materiality matters are validated by our various divisions, combined into a consolidated matrix of issues relating to the activities of the Group. In identifying matters material to the Group, we were guided by GRI and the Listing Requirements.

We aim to conduct a comprehensive materiality assessment once every 3 years, and undertake an annual review of the relevance of our prioritised economic, environmental and social impacts arising from our day-to-day activities.





 <b>Economic</b>	 <b>Environmental</b>	 <b>Social</b>
<ol style="list-style-type: none"> <li>1. Economic Performance</li> <li>2. Products Quality &amp; Safety</li> <li>3. Cyber Security/Data Protection</li> <li>4. Anti-Corruption</li> <li>5. Supply Chain Management</li> </ol>	<ol style="list-style-type: none"> <li>1. Energy Efficiency</li> <li>2. Water &amp; Waste Management</li> <li>3. Chemical Management</li> </ol>	<ol style="list-style-type: none"> <li>1. Employee Well-being</li> <li>2. Health &amp; Safety</li> <li>3. Capacity Building</li> <li>4. Diversity &amp; Equal Opportunities</li> <li>5. Labour Practices &amp; Standards</li> <li>6. Community Relations/CSR</li> </ol>

## MATERIALITY MATRIX








## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

We are committed to adopt the Sustainable Development Agenda 2030 established by the United Nations (“UN”). The following outlines the Company’s efforts in supporting the SDGs in the year under review:

UNSDGs	Description	Our Approach
 <p>1 NO POVERTY</p>	<p>Goal 1: No Poverty End poverty in all its forms anywhere</p>	<ul style="list-style-type: none"> <li>• Provide financial aid for medical treatment to the most vulnerable segments of society</li> <li>• Collaborate with other bodies and Non-Governmental Organisations to extend our reach and ensure help is targeted to those most in need</li> </ul>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Goal 3: Good Health and Well-being Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> <li>• Prioritise health and safety in our business operations by adopting rigid safety standards and systems, provide continuous safety training to protect our employees, sub-contractors and the general public</li> <li>• Promote healthy lifestyles and work-life balance by organising programmes that focus on our employees’ physical and mental well-being</li> </ul>
 <p>4 QUALITY EDUCATION</p>	<p>Goal 4: Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> <li>• Provide scholarships to undergraduates pursuing their first degree locally</li> <li>• Promote employee development programme</li> </ul>
 <p>5 GENDER EQUALITY</p>	<p>Goal 5: Gender Equality Ensure full participation in leadership and decision-making</p>	<ul style="list-style-type: none"> <li>• Acknowledge women’s contribution in the industry and committed to promoting the advancement of women</li> <li>• Ensure women’s effective representation and equal opportunities for leadership at all levels of decision-making across business activities</li> </ul>

**CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (“SDGs”) (continued)**

UNSDGs	Description	Our Approach
	<p>Goal 8: Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>• Provide competitive remuneration packages to our employees, and training opportunities for career growth and development</li> <li>• Promote a safe and secure working environment for all workers, including contractors and foreign labour</li> <li>• Stand firm against any form of forced labour, modern slavery and child labour</li> </ul>
	<p>Goal 12: Responsible Production and Consumption Substantially reduce waste generation</p>	<ul style="list-style-type: none"> <li>• Encourage 3R (reduce, reuse, recycle) activities to reduce waste generation</li> </ul>
	<p>Goal 13: Climate Action Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>• Compliance with all applicable statutory and regulatory requirements</li> </ul>
	<p>Goal 16: Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> <li>• Support fair and equitable workplace</li> <li>• Ensure a strong ethics and compliance culture</li> <li>• Zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy</li> </ul>
	<p>Goal 17: Partnership for the Goals Encourage and promote effective partnerships, building on the experience and resourcing strategies of partnerships</p>	<ul style="list-style-type: none"> <li>• Collaborate with regulators, industry players and community development programme partners</li> </ul>

## KEY SUSTAINABILITY MATTERS

### ECONOMIC

Ensuring economic sustainability is paramount for long-term business success. Our commitment lies in upholding ethical and responsible marketplace practices through transparent business conduct, operating our business with integrity, and a commitment to excellence. These principles not only enhance our competitiveness but also foster long-term relationships with our stakeholders.

- **Economic Performance**

The Group's financial performance is vital for ensuring the sustainability of our business. We are committed to our responsibility of cultivating impactful employment opportunities and contributing to economic development. The jobs we generate within our operations and related sectors, coupled with the taxes we pay, play a pivotal role in making a significant and positive impact on the overall economy.

	<b>RM'000</b>
<i>Revenue</i>	755,137
<i>Profit after tax</i>	13,552
<i>Net profit attributed to owners of Company</i>	13,553

Note : Further information on Economic Performance can be found in Financial Statements section of the 2023 Annual Report from pages 62 to 153.

- **Products Quality & Safety**

Delivering quality is important in maintaining credibility and customer trust, which are necessary in the highly competitive building materials and lubricants industries. We are committed to providing products that meet regulatory, safety and health and quality standards to fulfil customers' requirements and ensure that our suppliers share the same philosophy. The quality management system we have in place is designed to monitor and control the processes from planning and development to production and after-sales service in order to comply with all the stipulated standards. Our lubricant factory is certified under ISO 9001:2015 which is a testament of our commitment to quality management standards.

- **Cyber Security/Data Protection**

We continuously strive to ensure the confidentiality and protection of customers' and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010. Information on our vendors, suppliers and customers is strictly private and confidential, and is treated as such at all times.

We continue to educate our employees on data protection and privacy through knowledge-sharing initiatives. This includes disseminating information via articles published in our corporate newsletter covering key aspects such as the fundamentals of information security, online scams, cyber espionage, malware, and ransomware. Additionally, we have implemented a caution statement in all emails received, reminding recipients to only open emails deemed safe. The primary objective is to enhance awareness regarding the importance of maintaining the integrity and confidentiality of sensitive information, thereby mitigating potential threats and security breaches that could significantly impact the organisation.

During this reporting period, there were no substantiated complaints of breaches in customer privacy or loss of customer data. We will continue to protect our customers' data privacy across all operations.

<b>ZERO</b>	Substantiated Complaints Concerning Breaches In Customer Privacy Or Data Loss
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- Anti-Corruption**

The Group continues to promote a culture of integrity through awareness campaigns and regular communications. Our employees are required to comply with our Anti-Bribery and Corruption Policy ("ABC Policy") at all times.

We are committed to conducting our affairs in an ethical, responsible and transparent manner. In the pursuit of this commitment, we encourage our stakeholders to disclose suspected wrongdoings which may involve or concern our Group's directors, management, employees, performance, relations with other stakeholders, assets and reputation. Whistleblowers will be accorded protection of their identity unless the disclosure is required by any applicable law.

**Corruption-related Training**

The majority of our employees have completed the necessary training in 2023. Additionally, employees are required to complete an annual e-declaration on Conflict of Interest and acknowledgment on the understanding of the ABC Policy to indicate compliance.

**Operations Assessed for Corruption-related Risks**

In FY2023, we conducted corruption risk assessments across all our operations, with 100% of them undergoing the evaluation.

**Corruption Incidents**

As of 31 December 2023, we recorded zero incidents of corruption across our business operations.

Executive <b>100%</b> Non-executive <b>93.29%</b>	Corruption Related Training	<b>100%</b>	Operations Assessed for Corruption-related Risks	<b>ZERO</b>	Corruption Incidents
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- Supply Chain Management**

Our procurement department ensures that we engage in responsible procurement practices which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to our Vendor Code of Conduct. Vendors' qualification/credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements.

Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies, including reassessing our procurement contracts. We believe local sourcing of products and services from within the country where possible is vital as it brings many advantages including lower costs, timely delivery, reducing carbon miles and invigorating the economy.

### Local Suppliers

In 2023, a significant portion of our procurement expenditure, specifically 95.40%, was spent on local suppliers.

<b>95.40 %</b>	Spending on Local Suppliers
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- **Customer Satisfaction**

Customer support and loyalty is critical to the success of our business. Hence, we strive to put customers at the forefront of everything we do whilst we aim to provide quality products and services to our customers. Product knowledge and service skills training are part of our routine training programmes to ensure that our employees provide premium quality services to our customers. We place high priority on customer engagement and interaction through customer appreciation dinners and gatherings to show our appreciation for their support, and have various customer feedback channels including conducting customer satisfaction surveys for our business improvement.

### ENVIRONMENTAL

The Group remains steadfast in its commitment to sustainable development and seeks to operate in a way that minimises environmental harm. We advocate the 3R actions of Reduce, Reuse and Recycle at our workplace, and adopt preventative measures to conserve the environment and reduce pollution. We seek to uphold environmental concerns with emphasis on application of new technologies and industry best practices that are environmentally friendly, optimise the use of resources and promote energy efficiency, and we are committed in taking proactive measures to preserve the environment for future generations whilst meeting the needs of our stakeholders.

- **Energy Efficiency**

Electricity serves as a vital resource for our operational needs, providing power to the offices where we conduct our business. We place a high priority on energy conservation throughout all aspects of our operations. For FY2023, the total energy consumption recorded was 614.18 megawatts.

<b>614.18 Megawatts</b>	Total Energy Consumption
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- **Water and Waste Management**

While the Group's operations may not consume extensive water, we acknowledge the scarcity of water as a valuable resource. Consequently, we conscientiously manage and monitor our water usage, recognising the importance of responsible water stewardship in contributing to sustainable and environmentally mindful practices. For FY2023, the Group consumed 3.93 megalitres of water.

We maintain high priority towards waste treatment to ensure that our wastes are handled, stored and disposed off properly. We are committed to recycling; making sure these wastes get a second life rather than ending up in landfills. As we embrace digitalisation and electronic processes, our reliance on paper has significantly decreased. This aligns with our ongoing efforts to adopt eco-friendly practices and contribute to a sustainable future.

Going forward, we aim to roll out strategies to reduce the usage of single-use plastics at the workplace, and minimise the consumption of paper use and generation of waste in each operational process.

<b>3.93 Megalitres</b>	Water Consumed
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- **Chemical Management**

We ensure that occurrences such as chemical spills and leakages do not take place at our premises. We comply with the legal requirements for chemical classification, labelling, handling and storage, as well as the implementation of best management practices to mitigate pollution. FY2023, we recorded zero incidence of major chemical spillage at our workplace.

<b>ZERO</b>	Incidence of Major Chemical Spillage
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- **Promoting Green and Environment Friendly Products**

We constantly explore greener alternatives in our day-to-day operations such as introduction of more efficient and energy-saving products and processes, and 5S management techniques in our operations. Our building materials division is promoting and selling a variety of Green Building Index products in its range of cement, ceiling boards and aerated blocks.

## SOCIAL

We recognise the importance of social inclusion as it influences our lifestyles and professional endeavours. With a commitment to contribute to the betterment of society, our aim is to cultivate a positive social impact that can truly make a meaningful difference.

- **Employee Well-being**

We are dedicated to establishing workplaces where every individual is confident that their contributions will be acknowledged, and where they feel secure in expressing themselves. Emphasising the necessity of engaging and listening to our employees, we actively strive to cultivate an environment that is not only conducive, but also fosters happiness and productivity. To facilitate effective employee engagement, we establish various forums, including town-halls, “lunch & learn” sessions, festive open houses, and sports and recreational activities. Such engagements address both work and social requirements of our employees leading to a healthy work-life balance which proves to be an important factor for recruitment and retention of employees.

With the Employment Act (Amendments) 1955 taking effect on 1 January 2023, the Group is implementing the amendments related to the Act, such as overtime eligibility, increase in maternity leave period, paternity leave, flexible working arrangement, prohibition of forced labour, amongst other provisions.

The Group has in place its Anti-Sexual Harassment Policy to safeguard our employees from such harassment. We put up posters on how to prevent sexual harassment at the workplace and organised online sharing sessions on sexual harassment to create awareness amongst employees on our strict internal sexual harassment policy. Any individuals who wish to report incidents of bullying and harassment can refer to our Whistleblower Policy.

For FY2023, there were no cases of discrimination or harassment being reported or recorded. There were zero incidences of non-compliance to labour laws.

<b>ZERO</b>	Substantiated Complaints Concerning Human Rights Violation
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• **Health & Safety**

The health and safety of our employees is vital to our businesses, hence the Group subscribes to the safety, health and environmental regulations with a systematic approach reinforced by constant training and monitoring to ensure the safety and well-being of our employees. Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

In compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machineries Act, Electricity Act 1990, Gas Supply Act 1993 and other related regulations, we have in place our Safety and Health Standard Operating Procedures. Compliance with the safe work practices stated in these standard operating procedures is the primary responsibility of all employees, contractors and consultants performing their duties at our premises.

We have established the Emergency Response Team (“ERT”) to prepare for and respond to any emergency incident, such as occupational incidents, natural disasters, or interruption of business operations. We have placed full sets of protective gear at strategic points in our premises in case of any on-site emergency. Our ERT members are well-trained on safety awareness and preparedness in everyday situations. Training is organised regularly for the members on the use of various types of fire extinguishers and hose reel, first aid i.e. CPR and injury management, shutdown and evacuation procedures. Safety campaigns are held to remind and refresh the staff on safety awareness and related issues.

**Health and Safety Training**

In 2023, a total of 185 employees were given various training on health and safety standards.

<b>185</b>	Employees Trained On Health And Safety Standards
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*Among the training were:*

- Forklift Safe Handling
- The Fundamentals of Safety and Health Committee
- Basic First Aid & CPR
- Effective Fire Safety, Emergency Response Plan & Preparedness

**Work Related Injuries**

Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence. We reported zero incident of work related injuries in FY2023.

<b>ZERO</b>	Work Related Injuries
-------------	-----------------------

• **Capacity Building**

Developing our talent is a key focus for the Group to ensure we have the right people in place to allow us to grow our future leaders and strengthen our talent pipeline. We provide learning and development opportunities in respect of technical, functional and behavioral competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal class training or online and continuing education. We encourage and support employees to participate in upskilling courses related to their work scope and obtain skill certification for wider job coverage.

**Total Hours of Training by Employee Category**

Executive	1,945	<b>HOURS</b>
Non-executive	999	

In 2023, among the training and development programmes conducted both physically and/or online are as follows:

- Finance for Non-Finance Managers
- Seminar on Regional Comprehensive Economic Partnership (RCEP) and Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP) – Tapping on the World’s Largest Free Trade Agreements
- Scheduled Waste: Environmental Ethics & Technologies Favouring Sustainability Agenda
- MBRS Hands-on Application of Financial Statement Content into the MBRS Templates
- The Fundamentals Of Lubricants Products
- FMM Sustainability Conference 2023: Equipping Business for Sustainability Transition
- Inductively Coupled Plasma Optical Emission Spectrometry
- FMM Seminar on Sales and Service Tax (SST): Four Years in Review
- ISO 9001-Risk Based Thinking
- SSM National Conference 2023 - Shared Responsibility Strengthening AML/ CFT Compliance: Risks, Challenges and Collaborations
- Good Weighing Practice (GWP) - Weighing Quality Management for your Laboratory
- Quality Management System Auditor/Lead Auditor

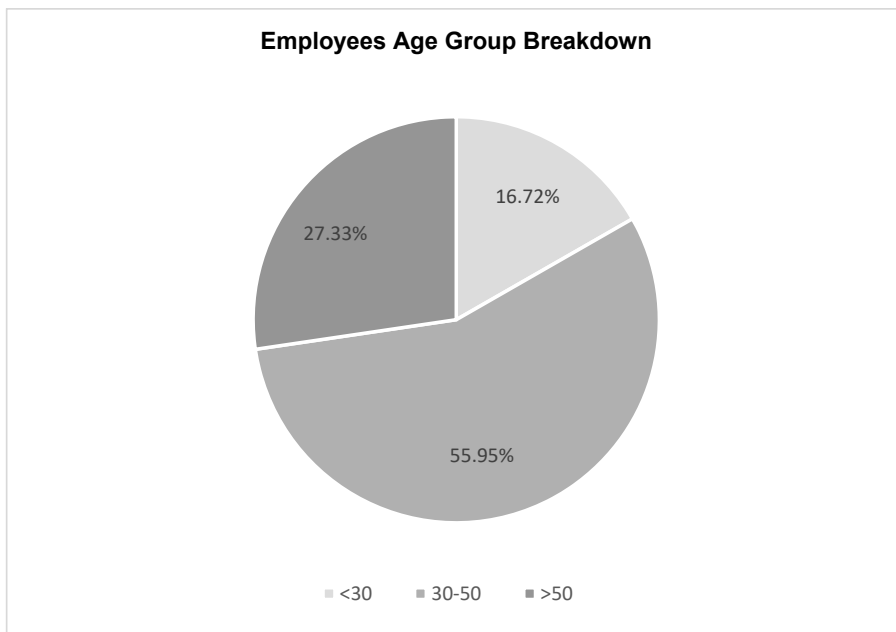
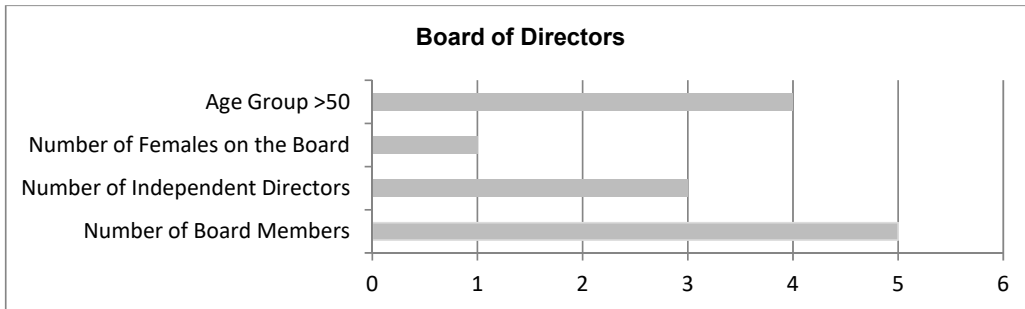
• **Diversity & Equal Opportunities**

We do not tolerate discrimination against race, gender, age, religion or nationality and any form of harassment in our work environment. The Group’s workforce is a reflection of the multi-cultural and multi-ethnic diversity of Malaysia with a wide range of demographic segments and social backgrounds represented across all levels of the organisation.

The representation of females on the Board of Directors (“Board”) at 20% highlights the Company’s dedication to fostering diversity and inclusion in top leadership positions, with 80% of our Board Members falling within the age group of above 50.

On a Group-wide basis, 38.26% of our employees are female and 61.74% are male, which is a reflection of the physically demanding nature of our core business of building materials and lubricants. We have a well-balanced team, with 55.95% falling in the middle 30-50 years old age group, of which 51.15% are in executive positions. 100% of our staff hold permanent positions with the Group.

The turnover rates for our staff in FY2023 recorded 5.56% for executive staff and 17.45% for non-executive staff. These figures indicate a relatively stable workforce and reflect our commitment to retaining talent across all levels of the organisation.



<b>Age Group by Employee Category (%)</b>			
	<b>&lt;30</b>	<b>30 – 50</b>	<b>&gt;50</b>
Executive	9.26	54.94	35.80
Non-executive	24.83	57.05	18.12

<b>Total Turnover by Employee Category</b>	
Executive	9
Non-executive	26

- **Community Relations/Corporate Social Responsibility (“CSR”)**

In keeping with our philosophy of giving back to the community, the Group focuses on helping to uplift the community via Lion-Parkson Foundation (the “Foundation”) established in 1990 by Lion Group of Companies of which the Group is a member. The Group is also supporting the local community wherein it operates by participating in charity programmes and fundraising drives to assist those in need.

#### **Empowerment through Education**

We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations. Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world.

In FY2023, the Foundation disbursed scholarships amounting to RM350,000 to 36 undergraduates pursuing their bachelor’s degree in local institutions of higher learning. Additionally, the Foundation contributed RM10,000 to the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI) – Scholarship Fund.

#### **Expansion of Home for Special Children**

The Foundation has completed the expansion of the Home for Handicapped & Mentally Disabled Children in Banting, Selangor to include an old folks home which is expected to be handed over to the operator, Persatuan Penjagaan Kanak-Kanak Terencat Akal Negeri Selangor by the first quarter of the next financial year.

#### **Medical Assistance for the Less Fortunate**

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Foundation also provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery as well as purchase of medical equipment and medication.

In FY2023, approximately RM270,030 had been disbursed in the form of sponsorship for medical treatment to 31 individuals including purchase of equipment and medication. The Foundation also donated RM20,000 to Hospital Selayang’s Cataract Surgery Centre which assisted 86 patients from the B40 group undergo cataract operation.

#### **Other CSR Initiatives**

In November 2023, Lion-Parkson Foundation contributed RM5,000 to the ‘Sports Carnival for OKU’ organised by Malaysia Independent Living Association For Disabled (MILAD), a non-profit organisation dedicated to promoting inclusivity for individuals with disabilities, and donated RM5,000 to Malaysian Federation for the Deaf through a charity programme organised by Malaysia Steel Institute.

PPMSB participated in various youth development programmes with the local institutes of higher learning to encourage youths to acquire various life skills that will assist them in their personal and future career growth and development. It continues to support initiatives to develop young talents in motorsports racing, and in some instances, have collaborated with third party organisations including higher institutes of learning in this area. PPMSB also supported a CSR event organised by Medical Social Work Department, Hospital UKM (HUKM).

## SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	100.00
Non-executive	Percentage	93.29
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
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	660,030.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	156
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Under 30	Percentage	9.26
Executive Between 30-50	Percentage	54.94
Executive Above 50	Percentage	35.80
Non-executive Under 30	Percentage	24.83
Non-executive Between 30-50	Percentage	57.05
Non-executive Above 50	Percentage	18.12
Gender Group by Employee Category		
Executive Male	Percentage	57.41
Executive Female	Percentage	42.59
Non-executive Male	Percentage	66.44
Non-executive Female	Percentage	33.56
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
Under 30	Percentage	0.00
Between 30-50	Percentage	20.00
Above 50	Percentage	80.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	614.18
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	185
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Executive	Hours	1,945
Non-executive	Hours	999
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		
Executive	Number	9
Non-executive	Number	26
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	95.40
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	3.930000

Internal assurance External assurance No assurance

(\*)Restated

## STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, selected aspects/parts of this Sustainability Statement have been subjected to an internal review by the Company's internal auditors and the Statement has been reviewed by the Company's Audit and Risk Management Committee and approved by the Board.

Subject Matters covered are provided below:

<b>Material Matters</b>	<b>Subject Matter</b>
Anti-corruption	• Percentage of employees who have received training on anti-corruption by employee category
	• Percentage of operations assessed for corruption-related risk
	• Confirmed incidents of corruption and action taken
Community/Society	• Total amount invested in the community where the target beneficiaries are external to the Company
Diversity	• Percentage of employees by gender and age group, for each employee category
	• Percentage of directors by gender and age group
Energy Management	• Total energy consumption
Health and Safety	• Number of work-related fatalities
	• Lost time incident rate
	• Number of employees trained on health and safety standards
Labour Practices and Standards	• Total number of hours of training by employee category
	• Percentage of employees that are contractors or temporary staff
	• Total number of employee turnover by employee category
Supply Chain Management	• Proportion of spending on local suppliers
Data Privacy and Security	• Number of substantiated complaints concerning breaches of customer privacy and loss of customer data
Water	• Total volume of water used

## FINANCIAL STATEMENTS

# 2023

For The Financial Year Ended 31 December 2023

## DIRECTORS' REPORT

The Directors of **LION POSIM BERHAD** 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 involved in investment holding.

The principal activities of the subsidiary companies are trading and distribution of building materials, steel products, petroleum products and automotive products, manufacturing of petroleum products, investment holding, distribution of and retailing of consumer products, provision of training services, investment and development in agriculture and property development.

The information on the name, principal place of business and place of incorporation, principal activities, and percentage of ownership of the holding company in each subsidiary company is disclosed in Note 13 to the financial statements.

### RESULTS

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

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Profit before tax	16,285	3,020
Tax expense	(2,733)	(14)
Profit for the year	<u>13,552</u>	<u>3,006</u>
Profit/(Loss) attributable to:		
Owners of the Company	13,553	3,006
Non-controlling interests	(1)	-
	<u>13,552</u>	<u>3,006</u>

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than in respect of the Group, the realisation of translation adjustment reserve upon dissolution of a subsidiary company of RM8,586,000.

### DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any payment of dividend in respect of the current financial year.

### 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 shares or debentures during the financial year.

## TREASURY SHARES

The Company did not repurchase its ordinary shares during the financial year. As at 31 December 2023, the Company held 3,745,000 treasury shares at a carrying amount of RM2,276,747.

## OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

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

## DIRECTORS

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

Tan Sri Cheng Heng Jem  
Cheng Hui Ya, Serena  
Dato' Eow Kwan Hoong  
Tan Sri Abd Karim bin Shaikh Munisar  
Dr Folk Jee Yoong

## LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

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

Cheng Hui Yen, Natalie	Lee Whay Keong
Cheng Hui Ya, Serena	Ooi Kim Lai
Goh Kok Beng	Poon Sow Har
Koo Chuan Hong	Yeo Keng Leong
Lee Boon Liang	

Tan Sri Cheng Heng Jem (Resigned with effect from 1 November 2023)  
Wang Wing Ying (Resigned with effect from 18 March 2024)

## DIRECTORS' INTERESTS

The interests in shares in the Company of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			As at 31.12.2023
	As at 1.1.2023	Addition	Disposal	
<b>Direct interest</b>				
Tan Sri Cheng Heng Jem	400	-	-	400
Dato' Eow Kwan Hoong	8,026	-	-	8,026
Dr Folk Jee Yoong	105	-	-	105
<b>Deemed interest</b>				
Tan Sri Cheng Heng Jem	170,186,190	-	-	170,186,190

The interest in shares in the related corporations of those who were Directors at the end of the financial year are as follows:

	As at 1.1.2023	Number of ordinary shares		As at 31.12.2023	
		Addition	Disposal		
<b>Tan Sri Cheng Heng Jem</b>					
<b>Direct interest</b>					
Lion Industries Corporation Berhad	222,785,449	-	-	222,785,449	
<b>Deemed interest</b>					
Holdsworth Investment Pte Ltd	4,500,000	-	-	4,500,000	
Inspirasi Elit Sdn Bhd	212,500	-	-	212,500	
Lion Industries Corporation Berhad	12,752,369	-	-	12,752,369	
Lion Group Management Services Sdn Bhd	5,000,000	-	-	5,000,000	
LLB Enterprise Sdn Bhd	940,000	-	-	940,000	
Soga Sdn Bhd	4,525,322	17,200	-	4,542,522	
Steelcorp Sdn Bhd	99,750	-	-	99,750	
Zhongsin Biotech Pte Ltd	1,000,000	-	-	1,000,000	
<b>Investments in the People's Republic of China</b>					
	Currency	As at 1.1.2023	Addition	Disposal	As at 31.12.2023
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	USD	5,000,000	-	-	5,000,000
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	USD	10,878,944	-	-	10,878,944

In addition to the above, the following Director is also deemed to have an interest in shares in Lion Industries Corporation Berhad (“LICB”) by virtue of the warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held:

	As at 1.1.2023	Number of warrants		As at 31.12.2023
		Addition	Disposal	
<b>Tan Sri Cheng Heng Jem</b>				
Direct interest	111,392,723	-	-	111,392,723
Deemed interest	6,376,184	-	-	6,376,184

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

#### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, save and except for the benefit which deemed to have arisen by virtue of the balances and transactions between the Company and its related companies, and certain companies in which a Director of the Company has a substantial interest, in the ordinary course of business of the Group and of the Company.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	The Group RM'000	The Company RM'000
Directors' fees	170	170
Other emoluments	32	32
Total	<u>202</u>	<u>202</u>

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

#### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability insurance up to an aggregate limit of RM50,000,000 against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

## **HOLDING COMPANIES**

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company of the Company.

## **AUDITORS**

The total amount of fees paid to or receivable by the Auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM298,000 and RM109,000 respectively.

The Auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Company has agreed to indemnify its Auditors, Mazars PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Mazars PLT for the current financial year.

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

**TAN SRI CHENG HENG JEM**

**CHENG HUI YA, SERENA**

Kuala Lumpur  
1 April 2024

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LION POSIM BERHAD (Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Lion Posim Berhad, which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 73 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

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

#### *Key Audit Matters*

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

## Impairment of investment properties in Cambodia

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment properties are disclosed in Note 3, Note 4(i)(b) and Note 12 to the financial statements.

### *The risk:*

As at 31 December 2023, the carrying amount of the investment properties of the Group amounted to RM119 million, representing 37% and 13% of the Group's total non-current assets and total assets respectively. Included in the investment properties of the Group are freehold land, leasehold land and economic land concessions in Cambodia ("Cambodia Land") amounting to USD26 million, equivalent to RM118 million.

The recoverable amount of the Cambodia Land was determined by management based on fair value less cost to sell, by references to the latest valuations carried out by independent valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodologies and the underlying assumptions. The valuations are highly sensitive to key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the recoverable amount of the Cambodia Land, which also includes the Economic Land Concessions ("ELC") totaling RM42 million for which formal lease agreements are pending, as disclosed in Note 12 to the financial statements, and management's plans on its realisation, we identified impairment of the Cambodia Land as a key audit matter.

### *How the matter was addressed in our audit:*

Our audit procedures to address this area included, among others:

- Obtained an understanding of impairment assessment process and evaluated the design and implementation of the relevant controls surrounding impairment assessment on the Cambodia Land;
- Obtained and evaluated the management assessment in determining the recoverable amount of the Cambodia Land;
- Obtained the independent valuation reports for the Cambodia Land and compared to management's assessment;
- Assessed the competency, capabilities and objectivity of the valuers and challenged the assumptions and methodology used in the valuations;
- Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELC;
- Performed retrospective review of management's plans to convert the economic land concessions to leasehold land;
- Held discussion with independent valuers on the valuation and challenged the basis of determining the fair value of the Cambodia Land; and
- Assessed the adequacy and appropriateness of the disclosures in the financial statements.

We have determined that there are no key audit matters in the audit of financial statements of the Company to communicate in our auditors' report.

*Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

*Responsibilities of the Directors for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats of 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

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

### **Other Matter**

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.

**MAZARS PLT**  
201706000496 (LLP0010622-LCA)  
AF 001954  
Chartered Accountants

**FRANCIS XAVIER JOSEPH**  
02997/06/2024 J  
Chartered Accountant

Kuala Lumpur

1 April 2024

## STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	755,137	838,773	6,000	10,000
Other operating income		4,389	4,326	90	163
Changes in inventories of finished goods and trading merchandise		1,059	7,484	-	-
Raw materials and consumables used		(47,418)	(56,037)	-	-
Purchase of trading merchandise		(647,174)	(732,400)	-	-
Staff costs	6	(29,194)	(28,224)	(137)	(146)
Directors' remuneration	6	(202)	(213)	(202)	(213)
Depreciation of:					
Property, plant and equipment	10	(2,343)	(2,688)	(19)	(20)
Right-of-use assets	11	(1,786)	(1,251)	-	-
Investment properties	12	(473)	(454)	(18)	(18)
Impairment losses net of reversals on:					
Trade and other receivables		(6,121)	(4,243)	-	-
Property, plant and equipment		168	-	-	-
Other investments in unquoted bonds		6	-	-	-
Gain/(Loss) on foreign exchange:					
Realised		270	288	-	-
Unrealised		(36)	96	-	-
Other operating expenses		(16,733)	(18,175)	(2,535)	(2,444)
Profit from operations	6	9,549	7,282	3,179	7,322
Finance costs	7	(1,759)	(453)	(159)	(109)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	13	8,586	-	-	-
Share of results of associated companies	14	(91)	(4,148)	-	-
<b>Profit before tax</b>		<b>16,285</b>	2,681	<b>3,020</b>	7,213
Tax (expense)/credit	8	(2,733)	(2,080)	(14)	48
<b>Profit for the year</b>		<b>13,552</b>	601	<b>3,006</b>	7,261

(Forward)

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		13,553	659	3,006	7,261
Non-controlling interests		(1)	(58)	-	-
		<u>13,552</u>	<u>601</u>	<u>3,006</u>	<u>7,261</u>
<b>Earnings per share (sen)</b>					
Basic and diluted	9	<u>5.95</u>	<u>0.29</u>		

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit for the year</b>	<b>13,552</b>	<b>601</b>	<b>3,006</b>	<b>7,261</b>
<b>Other comprehensive income/ (loss)</b>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net gain/(loss) on other investments at fair value through other comprehensive income:				
- Fair value changes	<b>7,840</b>	<b>(3,080)</b>	<b>7,840</b>	<b>(3,080)</b>
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	<b>8,618</b>	<b>3,987</b>	<b>-</b>	<b>-</b>
Reclassification to profit or loss upon dissolution of a subsidiary company	<b>(8,586)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income/(loss) for the year</b>	<b>7,872</b>	<b>907</b>	<b>7,840</b>	<b>(3,080)</b>
<b>Total comprehensive income for the year</b>	<b>21,424</b>	<b>1,508</b>	<b>10,846</b>	<b>4,181</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	<b>21,467</b>	<b>1,566</b>	<b>10,846</b>	<b>4,181</b>
Non-controlling interests	<b>(43)</b>	<b>(58)</b>	<b>-</b>	<b>-</b>
	<b>21,424</b>	<b>1,508</b>	<b>10,846</b>	<b>4,181</b>

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	10	38,486	39,588	4,823	4,842
Right-of-use-assets	11	7,870	3,173	-	-
Investment properties	12	118,564	113,877	460	478
Investment in subsidiary companies	13	-	-	344,689	344,689
Investment in associated companies	14	29,228	25,698	-	-
Other investments	15	16,686	8,846	15,403	7,563
Amount owing by other related company	17(b)	99,551	105,051	99,551	105,051
Deferred tax assets	16	9,212	9,411	-	-
<b>Total Non-Current Assets</b>		<b>319,597</b>	<b>305,644</b>	<b>464,926</b>	<b>462,623</b>
<b>Current Assets</b>					
Inventories	18	23,443	24,481	-	-
Trade receivables	19(a)	285,898	223,919	-	-
Other receivables, deposits and prepaid expenses	19(b)	78,659	77,281	178	180
Amount owing by subsidiary companies	13(a)	-	-	29,513	11,620
Amount owing by immediate holding company	17(a)	70,648	72,486	-	-
Amount owing by other related companies	17(b)	88,973	90,894	-	-
Tax recoverable		2,473	5,483	154	138
Investment in money market funds	20(a)	2,362	2,279	-	-
Fixed deposits, cash and bank balances	20(b)	69,385	80,981	1,725	8,562
<b>Total Current Assets</b>		<b>621,841</b>	<b>577,804</b>	<b>31,570</b>	<b>20,500</b>
<b>Total Assets</b>		<b>941,438</b>	<b>883,448</b>	<b>496,496</b>	<b>483,123</b>

(Forward)

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	21	920,902	920,902	920,902	920,902
Reserves	22	(158,773)	(180,240)	(461,267)	(472,113)
Equity attributable to owners of the Company		762,129	740,662	459,635	448,789
Non-controlling interests		-	43	-	-
<b>Total Equity</b>		<b>762,129</b>	<b>740,705</b>	<b>459,635</b>	<b>448,789</b>
<b>Non-Current and Deferred Liabilities</b>					
Lease liabilities	23	6,442	2,094	-	-
Hire-purchase payables	24	-	62	-	-
Deferred tax liabilities	16	357	176	-	-
<b>Total Non-Current and Deferred Liabilities</b>		<b>6,799</b>	<b>2,332</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade payables	25(a)	54,272	41,097	-	-
Other payables and accrued expenses	25(b)	49,809	48,653	10,009	10,030
Contract liabilities	25(c)	29,628	28,794	-	-
Amount owing to other related companies	17(c)	1,441	700	721	-
Amount owing to subsidiary companies	13(b)	-	-	22,131	20,804
Lease liabilities	23	2,076	1,270	-	-
Hire-purchase payables	24	-	15	-	-
Bank borrowings	26	35,280	18,634	4,000	3,500
Tax liabilities		4	1,248	-	-
<b>Total Current Liabilities</b>		<b>172,510</b>	<b>140,411</b>	<b>36,861</b>	<b>34,334</b>
<b>Total Liabilities</b>		<b>179,309</b>	<b>142,743</b>	<b>36,861</b>	<b>34,334</b>
<b>Total Equity and Liabilities</b>		<b>941,438</b>	<b>883,448</b>	<b>496,496</b>	<b>483,123</b>

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	Non-distributable reserves				Fair value reserve	Accumulated losses	Attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Translation adjustment	Surplus reserve			RM'000	RM'000		
<b>As at 1 January 2022</b>	920,902	(2,277)	61,537	1,455	(21,280)	(221,241)	739,096	473	739,569	
Profit/(Loss) for the year	-	-	-	-	-	659	659	(58)	601	
Other comprehensive income/(loss) for the year	-	-	5,442	(1,455)	(3,080)	-	907	-	907	
Total comprehensive income/(loss) for the year	-	-	5,442	(1,455)	(3,080)	659	1,566	(58)	1,508	
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	-	(372)	(372)	
<b>As at 31 December 2022</b>	<b>920,902</b>	<b>(2,277)</b>	<b>66,979</b>	<b>-</b>	<b>(24,360)</b>	<b>(220,582)</b>	<b>740,662</b>	<b>43</b>	<b>740,705</b>	

(Forward)



The Group	Non-distributable reserves				Attributable to owners of the Company		Non-controlling interests	Total equity	
	Share capital	Treasury shares	Translation adjustment reserve	Surplus reserve	Fair value reserve	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>As at 1 January 2023</b>	920,902	(2,277)	66,979	-	(24,360)	(220,582)	740,662	43	740,705
Profit/(Loss) for the year	-	-	-	-	-	13,553	13,553	(1)	13,552
Other comprehensive income/(loss) for the year	-	-	74	-	7,840	-	7,914	(42)	7,872
Total comprehensive income/(loss) for the year	-	-	74	-	7,840	13,553	21,467	(43)	21,424
<b>As at 31 December 2023</b>	<b>920,902</b>	<b>(2,277)</b>	<b>67,053</b>	<b>-</b>	<b>(16,520)</b>	<b>(207,029)</b>	<b>762,129</b>	<b>-</b>	<b>762,129</b>

(Forward)

The Company	Non-distributable reserves				Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Fair value reserve RM'000	Accumulated losses RM'000	
<b>As at 1 January 2022</b>	920,902	(2,277)	(21,280)	(452,737)	444,608
Profit for the year	-	-	-	7,261	7,261
Other comprehensive loss for the year	-	-	(3,080)	-	(3,080)
Total comprehensive (loss)/ income for the year	-	-	(3,080)	7,261	4,181
<b>As at 31 December 2022</b>	<b>920,902</b>	<b>(2,277)</b>	<b>(24,360)</b>	<b>(445,476)</b>	<b>448,789</b>
<b>As at 1 January 2023</b>	<b>920,902</b>	<b>(2,277)</b>	<b>(24,360)</b>	<b>(445,476)</b>	<b>448,789</b>
Profit for the year	-	-	-	3,006	3,006
Other comprehensive income for the year	-	-	7,840	-	7,840
Total comprehensive income for the year	-	-	7,840	3,006	10,846
<b>As at 31 December 2023</b>	<b>920,902</b>	<b>(2,277)</b>	<b>(16,520)</b>	<b>(442,470)</b>	<b>459,635</b>

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	Note	2023 RM'000	2022 RM'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Profit before tax		16,285	2,681
Adjustments for:			
Impairment losses on trade and other receivables		6,516	6,063
Share of results of associated companies		91	4,148
Depreciation of:			
Property, plant and equipment		2,343	2,688
Right-of-use assets		1,786	1,251
Investment properties		473	454
Finance costs		1,759	453
Allowance for/(Reversal of) slow-moving and obsolete inventories		223	(241)
Fair value loss on financial assets measured at amortised cost		-	5,000
Realisation of translation adjustment reserve upon dissolution of a subsidiary company		(8,586)	-
Gain on disposal of property, plant and equipment		(62)	(153)
Interest income		(2,517)	(2,290)
Reversal of impairment losses on:			
Trade receivables		(395)	(1,820)
Property, plant and equipment		(168)	-
Other investments in unquoted bonds		(6)	-
Unrealised loss/(gain) on foreign exchange		36	(96)
Dividend income from:			
Investment in money market funds		(83)	(209)
Unquoted investments		(62)	-
Property, plant and equipment written off		-	5
Gain on termination of lease		-	(3)
Operating Profit Before Working Capital Changes		17,633	17,931
Decrease/(Increase) in:			
Inventories		815	(11,188)
Trade receivables		(68,024)	(44,702)
Other receivables, deposits and prepaid expenses		(1,174)	(9,484)
Amount owing by immediate holding company		1,838	8,834
Amount owing by other related companies		1,921	(30,346)
Increase/(Decrease) in:			
Trade payables		13,175	6,452
Other payables and accrued expenses		317	(1,407)
Contract liabilities		834	4,389
Cash Used In Operations		(32,665)	(59,521)

(Forward)

The Group	Note	2023 RM'000	2022 RM'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
(continued)			
Cash Used In Operations, brought forward		(32,665)	(59,521)
Interest received		1,722	1,183
Net income tax paid		(587)	(5,173)
Net Cash Used In Operating Activities		<u>(31,530)</u>	<u>(63,511)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
(Increase)/Decrease in:			
Investment in money market funds		(83)	138
Cash at banks held under fixed deposits pledged		(1,679)	(609)
Amount owing by immediate holding company		-	128
Amount owing by other related companies		5,500	1,006
Interest received from fixed deposits with licensed banks		795	1,107
Proceeds from disposal of property, plant and equipment		211	290
Dividend income received from:			
An associated company		-	10,656
Investment in money market funds		83	209
Unquoted investments		62	-
Repayment from unquoted bonds		6	-
Additions to property, plant and equipment		(1,197)	(15,204)
Partial purchase consideration paid for land acquisition		-	(3,178)
Net Cash From/(Used In) Investing Activities		<u>3,698</u>	<u>(5,457)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Increase/(Decrease) in amount owing to other related companies	17	741	(185)
Drawdown of bank borrowings	26	16,646	1,865
Dividend paid to non-controlling interests of a subsidiary company		-	(372)
Finance costs paid		(1,759)	(453)
Lease rental paid	23	(1,607)	(1,107)
Hire-purchase paid	24	(77)	(14)
Net Cash From/(Used In) Financing Activities		<u>13,944</u>	<u>(266)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(13,888)</b>	<b>(69,234)</b>
Effect of exchange differences		613	(990)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>56,224</b>	<b>126,448</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>30</b>	<b><u>42,949</u></b>	<b><u>56,224</u></b>

(Forward)

<b>The Company</b>	<b>Note</b>	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Profit before tax		3,020	7,213
Adjustments for:			
Depreciation of:			
Property, plant and equipment		19	20
Investment properties		18	18
Finance costs		159	109
Dividend income from subsidiary companies		(6,000)	(10,000)
Fair value loss on financial assets measured at amortised cost		-	5,000
Interest income		(66)	(63)
Operating (Loss)/Profit Before Working Capital Changes		<u>(2,850)</u>	<u>2,297</u>
Decrease in other receivables, deposits and prepaid expenses		2	21
Decrease in other payables and accrued expenses		(21)	(5,067)
Cash Used In Operations		<u>(2,869)</u>	<u>(2,749)</u>
Interest received		66	63
Income tax paid		(30)	(18)
Net Cash Used In Operating Activities		<u>(2,833)</u>	<u>(2,704)</u>
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>			
Decrease/(Increase) in:			
Amount owing by other related companies		5,500	1,000
Amount owing by subsidiary companies		(17,893)	(2,360)
Investment in money market funds		-	86
Dividend received from subsidiary companies		6,000	10,000
Net Cash (Used in)/From Investing Activities		<u>(6,393)</u>	<u>8,726</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Increase/(Decrease) in:			
Amount owing to subsidiary companies	17	1,327	29
Amount owing to other related companies	17	721	(167)
Drawdown of bank borrowings	26	500	-
Finance cost paid		(159)	(109)
Net Cash From/(Used in) Financing Activities		<u>2,389</u>	<u>(247)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(6,837)</b>	<b>5,775</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>8,562</b>	<b>2,787</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>30</b>	<b><u>1,725</u></b>	<b><u>8,562</u></b>

The accompanying Notes form an integral part of the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****1. GENERAL INFORMATION**

Lion Posim Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, principal place of business and place of incorporation, principal activities, and percentage of ownership held by the holding company in each subsidiary company is as disclosed in Note 13.

The Company's registered office is located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The Company's principal place of business is located at Wisma Posim, Lot 72, Persiaran Jubli Perak, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 1 April 2024.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000 or '000), unless otherwise indicated.

**Adoption of New MFRS and Amendments to MFRSs**

In the current financial year, the Group and the Company adopted all the new MFRS and amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2023 and relevant to its operations, as follows:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reforms-Pillar Two Model Rules

The adoption of these new MFRS and amendments to MFRSs did not result in significant changes on the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

### Amendments in Issue But Not Yet Effective

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

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to MFRS 101	Classification of Liability as Current or Non-current <sup>1</sup>
Amendments to MFRS 101	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to MFRS 121	Lack of Exchangeability <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective date deferred to a date to be determined and announced by MASB.

The above amendments to MFRSs are not expected to have a material impact on the financial statements of the Group and of the Company in the period of initial application.

## 3. MATERIAL ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in this summary of material accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

## Basis of Consolidation

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

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

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.



Where the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

### **Business Combinations**

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

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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

### **Investment in Subsidiary Companies**

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

## Investment in Associated Companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associated companies are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated companies, less any impairment in the value of individual investments. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associated company at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associated company is included in the determination of the gain or loss on disposal of the associated company. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associated company but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associated company of the Group, profits or losses resulting from the transactions with the associated company are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company that are not related to the Group.

### **Revenue Recognition**

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

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

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

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

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

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

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

Revenue from the sales of building materials, steel products, lubricants, petroleum products, automotive products and consumer products is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value - the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction - but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Revenue from the provision of training services is recognised when the services are performed, net of service taxes and discounts.

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

### **Employee Benefits**

#### **(i) Short-term employee benefits**

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### **(ii) Defined contribution plans**

The Company and certain subsidiary companies make statutory contributions to approved provident funds and the contributions are charged to profit or loss. The approved provident funds are defined contribution plans. The Group's foreign incorporated subsidiary companies and its eligible employees also made contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

### **Government Grant**

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that: (i) the Group will comply with the conditions attaching to them; and (ii) the grants will be received.

Government grants (recognised as deferred income) are released to profit or loss on a systematic basis over the financial periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the financial period in which it becomes receivable.

## **Taxation**

Tax expense for the year comprises current and deferred tax.

### Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods are recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

### Deferred tax

Deferred tax is accounted for, using the “liability” method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

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

## **Foreign Currency Conversion**

The individual financial statements of each foreign subsidiary company are presented in the currency of the primary economic environment in which such entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment reserve account. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

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

#### **Impairment of Assets Excluding Goodwill**

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

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

### **Property, Plant and Equipment**

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	2% - 18%
Plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	18% - 25%
Prime movers and trailers	15%
Office renovation	20%

The estimated useful life, residual value and depreciation method of the assets are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

### **Assets Acquired Under Hire-Purchase Arrangements**

Assets acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

### **Capitalisation of Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



### **Investment Properties**

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concessions (work-in-progress), are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Freehold land and economic land concessions within investment properties are not depreciated. Leasehold land is depreciated over the lease term at an annual rate of 2%.

Buildings are depreciated on the straight-line method at an annual rate of 2%.

### **Inventories**

Trading merchandise, finished goods, raw materials, fuel and lubricants, and other inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost represents the original purchase price plus the incidental cost incurred in bringing the inventories to their present location and condition. The cost of finished goods includes cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

### **Provisions**

Provisions are made when the Group or the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group or the Company will be required to settle the obligation.

## Segment Reporting

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

## Contract Costs

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

The Group applies the practical expedient in paragraph 94 of MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

## Contract Liabilities

Contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received from the customers.

## Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are initially measured at their fair value. Subsequently, they are measured at higher of:

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

## Contingent Liabilities

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

## Statements of Cash Flows

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

Cash and cash equivalents which comprise deposits and cash and bank balances are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

## Financial Instruments

### Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

#### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as hedging instrument.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that is not held primarily for trading purposes are presented as current or non-current assets based on the settlement date.

(b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and their contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Interest income is recognised by applying effective interest rate to the gross carrying amount, where applicable, except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(c) Financial assets at fair value through other comprehensive income ("FVTOCI")

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit and loss.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

### Impairment of financial assets

The Group and the Company recognise loss allowance for expected credit losses on financial asset measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group and the Company consider past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. When a receivable is considered uncollectible, it is written off against the allowance account.

For other receivables, the Group and the Company measure loss allowance at an amount equal to 12-month expected credit loss if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

## **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The measurement of financial liabilities depends on their classification.

### Financial liabilities subsequently measured at amortised cost

The Group's and the Company's financial liabilities subsequently measured at amortised cost include trade payables, other payables (including inter-company indebtedness) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

Bank borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## **Leases**

### **As a lessor**

The Group and the Company enter into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group and the Company are a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

### **As a lessee**

The Group, as lessee, assess at inception of the contract whether a contract is or contains a lease.

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

### **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(i) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) **Right-of-use assets**

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made on or before the commencement day. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful lives. The estimated useful lives of the asset based on the lease terms are as follows:

Buildings	2 to 5 years
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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

(i) **Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as disclosed below:

(a) **Impairment of receivables**

Assessment of impairment for receivables is made based on the evaluation of collectability and ageing analysis of accounts and on management's estimate of, amongst others, the quantum and timing of cash flows. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the judgement about the creditworthiness of the debtors and the past collection history of each customer. If the financial conditions of the customers were to deteriorate such that the ability of the customers to make repayments is affected, additional allowance for impairment loss may be required.

As at 31 December 2023, the Group has trade and other receivables from two (2022: two) major related parties, namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd (In liquidation) ("Graimpi"). Both of these companies are wholly-owned subsidiaries of Lion Diversified Holdings Berhad (In liquidation), a company in which Tan Sri Cheng Heng Jem has substantial interest.



	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables - Lion DRI	<b>52,007</b>	52,007
Other receivables - Graimpi	<b>103,730</b>	103,730
	<b>155,737</b>	155,737
Less: Accumulated impairment losses	<b>(155,737)</b>	(155,737)
Net	<b>-</b>	-

In view that Lion DRI had stopped operation since the previous financial years and the ability of Lion DRI to generate sufficient cash flows to repay its debts to the Group is in doubt and Graimpi is in liquidation, the Directors are of the opinion that full impairment losses need to be made on these outstanding amounts.

(b) **Impairment of investment properties**

The Group has investment properties, which comprise mainly freehold land, leasehold land and economic land concessions (“ELC”) in Cambodia of RM118,104,000 (2022: RM113,399,000). Significant judgement is exercised in determining the manner in which the recovery of the said investment properties could be made and the amounts that could be realised. The amount expected to be recovered for the said investment properties was determined based on the fair value less cost to sell, by references to the latest valuations carried out by independent firms of professional valuers.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) **Impairment of non-current assets**

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As at 31 December 2023, the Group and the Company recognised accumulated impairment losses in respect of the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	<b>664</b>	832	-	-
Investment in subsidiary companies	-	-	<b>411,153</b>	411,153
Other investments	<b>52,797</b>	52,803	-	-

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU") will be assessed. The assessment of recoverable amounts involves various methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that require significant judgements. While the Group believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's financial position and results.

(b) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits.

(c) **Provision for expected credit losses ("ECL") of trade receivables**

The Group and the Company use the simplified approach in calculating loss allowances for trade receivables by applying an ECL rate. Significant estimate is required in determining the impairment of trade receivables. Impairment loss measured based on the expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and Company's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

## 5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers:				
Sales of goods	753,532	837,312	-	-
Services rendered	1,605	1,461	-	-
	<b>755,137</b>	<b>838,773</b>	<b>-</b>	<b>-</b>
Revenue from other sources:				
Dividend income from subsidiary companies	-	-	6,000	10,000
	<b>755,137</b>	<b>838,773</b>	<b>6,000</b>	<b>10,000</b>
Timing of revenue recognition:				
Revenue from contracts with customers:				
At a point in time	753,532	837,312	-	-
Over time	1,605	1,461	-	-
	<b>755,137</b>	<b>838,773</b>	<b>-</b>	<b>-</b>

The Group and the Company do not have any remaining performance obligations that are more than one year.

## 6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income on:				
Fixed deposits with licensed banks	795	1,107	66	63
Others	1,722	1,183	-	-
	<b>2,517</b>	<b>2,290</b>	<b>66</b>	<b>63</b>
Gain on disposal of property, plant and equipment	62	153	-	-
Dividend income from:				
Investment in money market funds	83	209	-	-
Unquoted investments	62	-	-	-
Rental income from:				
Investment properties rented to:				
Subsidiary companies	-	-	10	10
Third parties	514	218	14	14
Others	1,047	1,059	-	-

**6. PROFIT FROM OPERATIONS** (continued)

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	94	108	-	76
Government grant (Note (a))	10	48	-	-
Auditors' remuneration:				
Statutory audit:				
Auditors of the Company:				
Current year	(250)	(260)	(101)	(111)
Over provision in prior years	-	13	-	10
Other auditors	(40)	(54)	-	-
Non-audit services	(8)	(8)	(8)	(8)
Property, plant and equipment written off (Allowance for)/Reversal of slow-moving and obsolete inventories	(223)	241	-	-
Fair value loss on financial assets measured at amortised cost	-	(5,000)	-	(5,000)

Note (a)

During the financial year, the Group received government subsidies of RM10,000 (2022: RM48,000) in relation to the Wage Subsidy Programme under National Economic Recovery Plan initiated by the Government of Malaysia.

Staff costs include salaries, bonuses, contribution to defined contribution plans and all other staff related expenses. Contributions to defined contribution plans by the Group and by the Company amounted to RM2,830,000 and RM17,000 (2022: RM3,076,000 and RM18,000), respectively.

Directors' remuneration charged to profit or loss for the financial year is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Fees:</b>				
Executive Director	20	20	20	20
Non-executive Directors	150	150	150	150
	170	170	170	170
<b>Salaries and other emoluments:</b>				
Executive Director	4	5	4	5
Non-executive Directors	28	38	28	38
	32	43	32	43
	202	213	202	213

## 7. FINANCE COSTS

Finance costs represent:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Lease liabilities	341	165	-	-
Hire-purchase payables	3	4	-	-
Bank borrowings	1,415	284	159	109
	<b>1,759</b>	<b>453</b>	<b>159</b>	<b>109</b>

## 8. TAX (EXPENSE)/CREDIT

Tax (expense)/credit consists of the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
Current	(3,339)	(3,265)	(11)	(30)
Over/(Under) provision in prior years	986	333	(3)	78
	<b>(2,353)</b>	<b>(2,932)</b>	<b>(14)</b>	<b>48</b>
Deferred tax (Note 16):				
Current	(141)	495	-	-
(Under)/Over provision in prior years	(239)	357	-	-
	<b>(380)</b>	<b>852</b>	<b>-</b>	<b>-</b>
	<b>(2,733)</b>	<b>(2,080)</b>	<b>(14)</b>	<b>48</b>

## 8. TAX (EXPENSE)/CREDIT (continued)

A numerical reconciliation of tax (expense)/credit applicable to profit before tax at the applicable statutory income tax rate to tax (expense)/credit at the effective income tax rate is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<b>16,285</b>	2,681	<b>3,020</b>	7,213
Tax at applicable tax rate of 24% (2022: 24%)	<b>(3,908)</b>	(643)	<b>(725)</b>	(1,731)
Tax effects of:				
Non-deductible expenses	<b>(2,017)</b>	(2,425)	<b>(742)</b>	(714)
Non-taxable income	<b>2,310</b>	391	<b>1,456</b>	2,415
Tax effects on share of results of associated companies	<b>(22)</b>	(996)	-	-
Deferred tax assets not recognised	<b>(145)</b>	(228)	-	-
Utilisation of deferred tax assets not recognised previously	<b>302</b>	1,131	-	-
Over/(Under) provision in prior years:				
Income tax	<b>986</b>	333	<b>(3)</b>	78
Deferred tax	<b>(239)</b>	357	-	-
	<b>(2,733)</b>	(2,080)	<b>(14)</b>	48

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As at 31 December 2023, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Deductible temporary differences arising from:		
Trade and other receivables	<b>8,324</b>	5,868
Others	<b>1,663</b>	1,519
Unused tax losses and unabsorbed capital allowances	<b>251,526</b>	254,779
	<b>261,513</b>	262,166

The availability of the unused tax losses and unabsorbed capital allowances for offsetting future taxable profits of the respective subsidiary companies is subject to agreement with the tax authorities.

In accordance with the provision of the Finance Act 2021, the time period of carrying forward unused tax losses is ten years, for which, any excess at the end of the tenth year, will be disregarded.

## 8. TAX (EXPENSE)/CREDIT (continued)

The expiry of the unused tax losses is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Unused tax losses:		
- Expire by 31 December 2028	247,401	251,310
- Expire by 31 December 2029	487	487
- Expire by 31 December 2030	648	648
- Expire by 31 December 2031	974	980
- Expire by 31 December 2032	400	290
	<u>249,910</u>	<u>253,715</u>

## 9. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share of the Group has been calculated by dividing profit for the year attributable to owners of the Company by the average number of ordinary shares in issue (net of treasury shares) during the year.

	The Group	
	2023 RM'000	2022 RM'000
Profit attributable to owners of the Company	<u>13,553</u>	<u>659</u>
	2023 '000	2022 '000
Weighted average number of ordinary shares in issue	<u>227,827</u>	<u>227,827</u>
	2023 sen	2022 sen
Basic earnings per share	<u>5.95</u>	<u>0.29</u>

### (b) Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares at the end of the reporting period.

10. PROPERTY, PLANT AND EQUIPMENT

The Group	COST							As at 31 December 2022 RM'000
	As at 1 January 2022 RM'000	Additions RM'000	Reclassifi- cation RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2023 RM'000	
Freehold land	4,777	-	-	-	-	-	4,777	
Freehold buildings	8,791	179	-	-	-	-	8,970	
Plant and machinery	26,426	2,618	-	(1,303)	(6)	442	28,177	
Office equipment, furniture and fittings	6,812	682	-	(15)	(1,464)	2	6,017	
Motor vehicles	2,405	268	-	(93)	-	25	2,605	
Prime movers and trailers	2,294	-	-	-	(2,294)	-	-	
Office renovation	898	9	-	-	(412)	-	495	
Capital work-in-progress	-	11,448	13,000	-	-	-	24,448	
	52,403	15,204	13,000	(1,411)	(4,176)	469	75,489	
Freehold land	4,777	-	-	-	-	-	4,777	
Freehold buildings	8,970	190	-	-	-	-	9,160	
Plant and machinery	28,177	856	-	(1,086)	-	391	28,338	
Office equipment, furniture and fittings	6,017	148	-	(12)	(1)	3	6,155	
Motor vehicles	2,605	-	-	(110)	-	24	2,519	
Prime movers and trailers	-	-	-	-	-	-	-	
Office renovation	495	3	-	-	-	-	498	
Capital work-in-progress	24,448	-	-	-	-	-	24,448	
	75,489	1,197	-	(1,208)	(1)	418	75,895	

(Forward)



10. PROPERTY, PLANT AND EQUIPMENT (continued)

ACCUMULATED DEPRECIATION

The Group	As at	Charge	Disposals	Write-offs	Currency	As at
	1 January 2022 RM'000	for the year RM'000	RM'000	RM'000	translation RM'000	31 December 2022 RM'000
Freehold land	-	-	-	-	-	-
Freehold buildings	3,508	176	-	-	-	3,684
Plant and machinery	22,898	2,027	(1,167)	(6)	370	24,122
Office equipment, furniture and fittings	5,969	316	(14)	(1,459)	2	4,814
Motor vehicles	2,059	126	(93)	-	25	2,117
Prime movers and trailers	2,294	-	-	(2,294)	-	-
Office renovation	701	43	-	(412)	-	332
Capital work-in-progress	-	-	-	-	-	-
	37,429	2,688	(1,274)	(4,171)	397	35,069

	As at	Charge	Disposals	Write-offs	Currency	As at
	1 January 2023 RM'000	for the year RM'000	RM'000	RM'000	translation RM'000	31 December 2023 RM'000
Freehold land	-	-	-	-	-	-
Freehold buildings	3,684	181	-	-	-	3,865
Plant and machinery	24,122	1,639	(1,003)	-	368	25,126
Office equipment, furniture and fittings	4,814	334	(12)	(1)	1	5,136
Motor vehicles	2,117	147	(44)	-	24	2,244
Prime movers and trailers	-	-	-	-	-	-
Office renovation	332	42	-	-	-	374
Capital work-in-progress	-	-	-	-	-	-
	35,069	2,343	(1,059)	(1)	393	36,745

(Forward)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group	ACCUMULATED IMPAIRMENT LOSSES			CARRYING AMOUNT		
	As at			As at		
	1 January 2022/ 31 December 2022/ 1 January 2023	Reversal 31 December 2023	As at 31 December 2023	1 January 2023	31 December 2023	As at 31 December 2022
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Freehold land	-	-	-	4,777	4,777	4,777
Freehold buildings	-	-	-	5,295	5,295	5,286
Plant and machinery	804	(168)	636	2,576	2,576	3,251
Office equipment, furniture and fittings	28	-	28	991	991	1,175
Motor vehicles	-	-	-	275	275	488
Prime movers and trailers	-	-	-	-	-	-
Office renovation	-	-	-	124	124	163
Capital work-in-progress	-	-	-	24,448	24,448	24,448
	<b>832</b>	<b>(168)</b>	<b>664</b>	<b>38,486</b>	<b>38,486</b>	<b>39,588</b>

As at 31 December 2023, the carrying amount of property, plant and equipment acquired under hire-purchase amounted to RM Nil (2022: RM82,000). During the financial year, the Group had fully settled the outstanding hire-purchase payable and disposed the motor vehicle. The carrying amount of the motor vehicle under hire-purchase was RM66,000 before the disposal. The said hire-purchase payable is disclosed in Note 24.

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM18,865,000 (2022: RM18,478,000).

(Forward)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	COST		
	As at 1 January 2022 RM'000	Write-offs RM'000	As at 31 December 2022 RM'000
Freehold land	4,777	-	4,777
Office equipment, furniture and fittings	816	(797)	19
Office renovation	343	(256)	87
	<u>5,936</u>	<u>(1,053)</u>	<u>4,883</u>

	COST		
	As at 1 January 2023 RM'000	Write-offs RM'000	As at 31 December 2023 RM'000
Freehold land	4,777	-	4,777
Office equipment, furniture and fittings	19	-	19
Office renovation	87	-	87
	<u>4,883</u>	<u>-</u>	<u>4,883</u>

The Company	ACCUMULATED DEPRECIATION			
	As at 1 January 2022 RM'000	Charge for the year RM'000	Write-offs RM'000	As at 31 December 2022 RM'000
Freehold land	-	-	-	-
Office equipment, furniture and fittings	812	2	(797)	17
Office renovation	262	18	(256)	24
	<u>1,074</u>	<u>20</u>	<u>(1,053)</u>	<u>41</u>

	ACCUMULATED DEPRECIATION			
	As at 1 January 2023 RM'000	Charge for the year RM'000	Write-offs RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-	-
Office equipment, furniture and fittings	17	2	-	19
Office renovation	24	17	-	41
	<u>41</u>	<u>19</u>	<u>-</u>	<u>60</u>

(Forward)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	CARRYING AMOUNT	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
The Company		
Freehold land	4,777	4,777
Office equipment, furniture and fittings	-	2
Office renovation	46	63
	<u>4,823</u>	<u>4,842</u>

11. RIGHT-OF-USE ASSETS

	The Group Buildings	
	2023 RM'000	2022 RM'000
<b>Cost</b>		
At beginning of year	4,478	2,483
Addition	6,483	2,249
Expiry and termination of lease	(97)	(254)
At end of year	<u>10,864</u>	<u>4,478</u>
<b>Accumulated depreciation</b>		
At beginning of year	1,305	290
Charge for the year	1,786	1,251
Expiry and termination of lease	(97)	(236)
At end of year	<u>2,994</u>	<u>1,305</u>
<b>Carrying amount</b>	<u>7,870</u>	<u>3,173</u>

The Group leases several buildings. The lease term ranges from 2 to 5 years (2022: 2 to 5 years).

During the year, amounts recognised in profit or loss are as follows:

	The Group	
	2023 RM'000	2022 RM'000
Depreciation of right-of-use assets	1,786	1,251
Interest expense on lease liabilities	341	165
Expense relating to lease of short-term leases	411	389
Gain on termination of lease	-	(3)

## 12. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at 1 January 2022	49,576	462	21,094	37,730	108,862
Currency translation	2,700	-	1,124	2,055	5,879
As at 31 December 2022/ 1 January 2023	<b>52,276</b>	<b>462</b>	<b>22,218</b>	<b>39,785</b>	<b>114,741</b>
Currency translation	<b>2,378</b>	-	<b>991</b>	<b>1,810</b>	<b>5,179</b>
As at 31 December 2023	<b>54,654</b>	<b>462</b>	<b>23,209</b>	<b>41,595</b>	<b>119,920</b>
<b>Accumulated depreciation</b>					
As at 1 January 2022	-	212	198	-	410
Charge for the year	-	9	445	-	454
As at 31 December 2022/ 1 January 2023	-	<b>221</b>	<b>643</b>	-	<b>864</b>
Charge for the year	-	<b>9</b>	<b>464</b>	-	<b>473</b>
Currency translation	-	-	<b>19</b>	-	<b>19</b>
As at 31 December 2023	-	<b>230</b>	<b>1,126</b>	-	<b>1,356</b>
<b>Carrying amount</b>					
As at 31 December 2022	<u>52,276</u>	<u>241</u>	<u>21,575</u>	<u>39,785</u>	<u>113,877</u>
As at 31 December 2023	<u><b>54,654</b></u>	<u><b>232</b></u>	<u><b>22,083</b></u>	<u><b>41,595</b></u>	<u><b>118,564</b></u>
<b>Fair value</b>					
As at 31 December 2022	<u>74,284</u>	<u>410</u>	<u>36,342</u>	Note a	
As at 31 December 2023	<u><b>78,124</b></u>	<u><b>410</b></u>	<u><b>38,052</b></u>	Note a	

12. INVESTMENT PROPERTIES (continued)

The Company	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
<b>Cost</b>			
As at 1 January 2022/31 December 2022/ 1 January 2023/31 December 2023	<b>462</b>	<b>444</b>	<b>906</b>
<b>Accumulated depreciation</b>			
As at 1 January 2022	212	198	410
Charge for the year	9	9	18
As at 31 December 2022/ 1 January 2023	<b>221</b>	<b>207</b>	<b>428</b>
Charge for the year	9	9	18
As at 31 December 2023	<b>230</b>	<b>216</b>	<b>446</b>
<b>Carrying amount</b>			
As at 31 December 2022	241	237	478
As at 31 December 2023	<b>232</b>	<b>228</b>	<b>460</b>
<b>Fair value</b>			
As at 31 December 2022/31 December 2023	<b>410</b>	<b>760</b>	<b>1,170</b>

The income earned by the Company from the rental of investment properties to subsidiary companies and third parties amounted to RM10,000 and RM14,000, respectively (2022: RM10,000 and RM14,000, respectively).

The income earned by the Group from the rental of investment properties to third parties amounted to RM514,000 (2022: RM218,000).

Direct operating expenses pertaining to the investment properties of the Group and of the Company that generated rental income during the year amounted to RM5,000 (2022: RM5,000). Direct operating expenses incurred by the Group and the Company for investment properties that did not generate any rental income during the financial year amounted to RM6,000 (2022: RM6,000).

The fair value of investment properties were determined based on the valuations performed by accredited independent firm of professional valuers. The valuation conforms to International Valuation Standards. The fair value measurement for all the investment properties has been categorised as Level 3 fair value based on the market comparable approach that reflects recent transaction prices for similar properties. The key inputs under this approach are the price per square metre from the most recent sales of comparable properties in the area (location and size). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Note a

Work-in-progress comprises mainly economic land concessions ("ELC") in Cambodia. The lease agreements for the ELC which determine the lease period of the land, which management is pursuing, have yet to be obtained. The fair values of the ELC are not reasonably determinable until the ELC are converted into leasehold land. Based on the market evidence of transaction prices for leasehold land by the independent firm of professional valuers in March 2024 (2022: February 2023), the Directors have concluded there is no impairment for the ELC.

### 13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2023	2022
	RM'000	RM'000
Unquoted shares - at cost	400,842	400,842
Capital contribution	355,000	355,000
Less: Accumulated impairment losses	<u>(411,153)</u>	<u>(411,153)</u>
Net	<u><u>344,689</u></u>	<u><u>344,689</u></u>

#### Movement in the accumulated impairment losses

	The Company	
	2023	2022
	RM'000	RM'000
At beginning and end of year	<u><u>411,153</u></u>	<u><u>411,153</u></u>

#### (a) Amount owing by subsidiary companies

Amount owing by subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free and repayable on demand. The amount owing by subsidiary companies is denominated in Ringgit Malaysia.

#### (b) Amount owing to subsidiary companies

Amount owing to subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free and repayable on demand.

The subsidiary companies are as follows:

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023	2022	
		%	%	
Gama Harta Sdn Bhd	Malaysia	100	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	100	100	Investment holding
Lion AMB Resources Sdn Bhd <sup>#</sup>	Malaysia	100	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	100	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	100	100	Manufacturing of petroleum products
Posim Marketing Sdn Bhd	Malaysia	100	100	Trading and distribution of building materials and steel products

**13. INVESTMENT IN SUBSIDIARY COMPANIES** (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Posim Petroleum Marketing Sdn Bhd	Malaysia	100	100	Trading, distribution and e-commerce of petroleum and automotive products
Lion Waterfront Sdn Bhd	Malaysia	100	100	Property development
<b>Subsidiary company of Gama Harta Sdn Bhd</b>				
Brands Pro Management Sdn Bhd	Malaysia	100	100	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands
<b>Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")</b>				
Bright Triumph Investments Limited ^	British Virgin Islands	100	100	Investment holding
Distinct Harvest Limited ^	British Virgin Islands	100	100	Investment holding
Double Merits Enterprise Limited ^	British Virgin Islands	100	100	Investment holding
Elite Image Investments Limited ^	British Virgin Islands	100	100	Investment holding
Eminent Elite Investments Limited ^	British Virgin Islands	100	100	Investment holding
Green Choice Holdings Limited ^	British Virgin Islands	100	100	Investment holding
Radiant Elite Holdings Limited ^	British Virgin Islands	100	100	Investment holding
Up Reach Limited ^	British Virgin Islands	100	100	Investment holding



**13. INVESTMENT IN SUBSIDIARY COMPANIES** (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
<b>Subsidiary companies of BVI Companies</b>				
Bright Triumph (Cambodia) Co., Limited ^	Cambodia	100	100	Investment and development in agriculture
Distinct Harvest (Cambodia) Co., Ltd ^	Cambodia	100	100	Investment and development in agriculture
Hi-Rev Lubricants (Cambodia) Co., Ltd ^	Cambodia	100	100	Wholesale of petroleum products and related products
Eminent Elite (Cambodia) Co., Ltd ^	Cambodia	100	100	Investment and development in agriculture
Green Choice (Cambodia) Co., Limited ^	Cambodia	100	100	Investment and development in agriculture
Radiant Elite (Cambodia) Co., Ltd ^	Cambodia	100	100	Investment and development in agriculture
Up Reach (Cambodia) Co., Limited ^ (In voluntary liquidation)	Cambodia	100	100	Investment and development in agriculture
<b>Subsidiary companies of Lion AMB Resources Sdn Bhd</b>				
AMB Venture Sdn Bhd #	Malaysia	100	100	Investment holding
CeDR Corporate Consulting Sdn Bhd #	Malaysia	100	100	Provision of training services
<b>Subsidiary company of Posim Marketing Sdn Bhd</b>				
Well Morning Limited # (Dissolved on 27 October 2023)	Hong Kong SAR	-	70.5	Investment holding

### 13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
<b>Subsidiary companies of AMB Venture Sdn Bhd</b>				
Chrome Marketing Sdn Bhd <sup>#</sup>	Malaysia	100	100	Investment holding
Lion Tyre Venture Sdn Bhd <sup>#</sup>	Malaysia	100	100	Ceased operations
Range Grove Sdn Bhd <sup>#</sup>	Malaysia	100	100	Investment holding
<b>Subsidiary company of Range Grove Sdn Bhd</b>				
Shanghai AMB Management Consulting Co Ltd <sup>#</sup>	People's Republic of China	100	100	Provision of management services

<sup>#</sup> The financial statements of these companies are audited by auditors other than the auditors of the Company.

<sup>^</sup> These subsidiary companies are inactive presently and no statutory requirement for the financial statements to be audited at the end of the financial year.

#### Dissolution of a subsidiary company, Well Morning Limited

During the financial year, the Group recognised a gain of RM8,586,000 to profit or loss, arising from the realisation of exchange translation reserve from the dissolution of a foreign subsidiary company.

### 13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

#### Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Principal place of business and place of incorporation	Number of wholly-owned subsidiary companies	
		2023	2022
Building materials and steel products	Malaysia	1	1
Lubricants, petroleum products and automotive products	Malaysia	2	2
	Cambodia	1	1
Investment holding and others	Malaysia	11	11
Investment holding	British Virgin Islands	8	8
Investment and development in agriculture and others	Cambodia	6	6
Provision of management services	People's Republic of China	1	1
		<b>30</b>	<b>30</b>
Principal activity	Principal place of business and place of incorporation	Number of non wholly-owned subsidiary company	
		2023	2022
Investment holding	Hong Kong SAR	-	1

#### 14. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2023 RM'000	2022 RM'000
At cost		
Quoted investment outside Malaysia	83,486	83,486
Unquoted investment outside Malaysia	3,212	3,212
	86,698	86,698
Share of post-acquisition results and reserves less dividend received	(57,470)	(61,000)
	29,228	25,698
Market value of quoted investment outside Malaysia	29,510	31,226

The associated companies are as follows:

Name of companies	Financial year-end	Principal place of business and place of incorporation	Percentage ownership		Principal activities
			2023 %	2022 %	
Lion Asiapac Limited #	30 June	Singapore	36.68	36.68	Investment holding
Renor Pte Ltd # (In liquidation)	30 June	Singapore	20	20	Investment holding

# The financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

Summarised financial information in respect of the Group's material associated company, Lion Asiapac Limited (quoted outside Malaysia) and reconciliation of the information to the carrying amount of the Group's interest in the associated company, are set out below:

	2023 RM'000	2022 RM'000
<b>Assets and Liabilities</b>		
Non-current assets	14,280	9,433
Current assets	233,569	199,077
Non-current liabilities	(5,642)	(4,133)
Current liabilities	(35,153)	(11,090)
Non-controlling interests	(4,141)	-
	202,913	193,287
<b>Results</b>		
Revenue	121,518	97,478
Loss for the year	(247)	(11,313)
Group's share of loss of associated company	(91)	(4,148)
Foreign currency translation differences and Group's share of other comprehensive income of associated company	3,621	(484)
Dividend received from associated company	-	9,739

**14. INVESTMENT IN ASSOCIATED COMPANIES** (continued)

	2023 RM'000	2022 RM'000
<b>Reconciliation of net assets to carrying amount</b>		
Group's share of net assets	74,428	70,898
Other adjustments on equity	<u>(45,200)</u>	<u>(45,200)</u>
Carrying amount in the Group's statement of financial position	<u><b>29,228</b></u>	<u><b>25,698</b></u>

The Group's share of results of an associated company, Renor Pte Ltd which is under liquidation has been recognised to the extent of the carrying amount of the investment. The cumulative unrecognised share of losses is as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning and end of year	<u><b>26,739</b></u>	<u><b>26,739</b></u>

**15. OTHER INVESTMENTS**

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Fair value through other comprehensive income</b>				
Investment in Malaysia:				
Quoted shares	15,400	7,560	15,400	7,560
Unquoted shares	906	906	3	3
Unquoted investments	380	380	-	-
	<u><b>16,686</b></u>	<u><b>8,846</b></u>	<u><b>15,403</b></u>	<u><b>7,563</b></u>
<b>Amortised cost</b>				
Unquoted bonds (at cost, adjusted for accretion of interest)	52,797	52,803	-	-
Less: Accumulated impairment losses	<u>(52,797)</u>	<u>(52,803)</u>	<u>-</u>	<u>-</u>
	<u><b>16,686</b></u>	<u><b>8,846</b></u>	<u><b>15,403</b></u>	<u><b>7,563</b></u>
Market value of quoted investments in Malaysia	<u><b>15,400</b></u>	<u><b>7,560</b></u>	<u><b>15,400</b></u>	<u><b>7,560</b></u>

Investment in unquoted bonds of the Group bears yield-to-maturity at 4.75% (2022: 4.75%) per annum.

Movement in accumulated impairment losses

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	52,803	52,803	-	-
Reversal	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	<u><b>52,797</b></u>	<u><b>52,803</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	9,235	8,383
Transfer from/(to) profit or loss (Note 8):		
Property, plant and equipment	(238)	(281)
Inventories	(22)	(410)
Other payables and accrued expenses	(160)	1,535
Others	40	8
	<b>(380)</b>	<b>852</b>
At end of year	<b>8,855</b>	<b>9,235</b>

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for statements of financial position purposes:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	9,212	9,411
Deferred tax liabilities	(357)	(176)
	<b>8,855</b>	<b>9,235</b>

Deferred tax assets/liabilities provided in the financial statements are in respect of the tax effects of the following:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Temporary differences arising from:		
Property, plant and equipment	148	254
Inventories	235	257
Other payables and accrued expenses	9,044	9,204
Others	80	87
	<b>9,507</b>	<b>9,802</b>
Offsetting	(295)	(391)
<b>Deferred tax assets (after offsetting)</b>	<b>9,212</b>	<b>9,411</b>
<b>Deferred tax liabilities</b>		
Temporary differences arising from:		
Property, plant and equipment	617	485
Others	35	82
	<b>652</b>	<b>567</b>
Offsetting	(295)	(391)
<b>Deferred tax liabilities (after offsetting)</b>	<b>357</b>	<b>176</b>

## 17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

- (a) Amount owing by immediate holding company arose mainly from trade transactions which have a credit period of 60 days (2022: 60 days) with normal trade terms.
- (b) Amount owing by other related companies, which arose mainly from trade transactions, expenses paid on behalf and unsecured advances, are repayable on demand except for trade amounts which have a credit period of 60 days (2022: 60 days) with normal trade terms. The amount owing by other related companies of the Group and of the Company are interest-free. An amount of RM99,551,000 (2022: RM105,051,000) is repayable on demand and interest free (2022: interest-free), but not expected to be paid within 12 months.

As at 31 December 2023, the Group and the Company have significant concentration of credit risk in respect of amount owing by other related companies. Of the amount owing by other related companies of the Group and of the Company, RM99,551,000 (2022: RM105,051,000) is due from a related company, LLB Steel Industries Sdn Bhd ("LLB Steel"), which constitutes approximately 53% (2022: 54%) of the Group's and 100% (2022: 100%) of the Company's total amount owing by other related companies. In the previous financial year, fair value loss on financial assets measured at amortised cost amounted to RM5,000,000 was recognised in profit or loss.

- (c) Amount owing to other related companies, which arose mainly from trade transactions and expenses paid on behalf, are interest-free and repayable on demand, except for trade amounts which have a credit period of 60 days (2022: 60 days) with normal trade terms.

The Company has the following transactions with subsidiary companies during the reporting period:

Name of companies	Nature	The Company	
		2023 RM'000	2022 RM'000
Posim Marketing Sdn Bhd	Rental income	5	5
Posim Petroleum Marketing Sdn Bhd	Rental income	5	5

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following trade transactions with immediate holding company, other related companies and related parties during the reporting period, which were determined on terms not more favourable to the related parties than to third parties:

Name of companies	Nature	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>With immediate holding company:</b>					
Amsteel Mills Sdn Bhd	Trade sales	16,142	140,372	-	-

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Name of companies	Nature	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>With other related companies:</b>					
Amsteel Mills Marketing Sdn Bhd	Trade purchases	267,493	270,081	-	-
Cendana Aset Sdn Bhd	Trade sales	-	5,504	-	-
Lion Group Management Services Sdn Bhd	Management fee expenses	2,942	2,724	2,164	2,004
Lion Steel Sdn Bhd	Trade sales	-	1,395	-	-
<b>With related parties:</b>					
Parkson Corporation Sdn Bhd	Trade sales	941	589	-	-
Lion Mining Sdn Bhd	Trade sales	23,647	47,663	-	-
	Trade purchases	22,821	9,035	-	-

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following non-trade transactions with subsidiary companies, immediate holding company and other related companies during the reporting period:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>With subsidiary companies:</b>				
Advances to	-	-	(17,893)	(2,360)
Advances from	-	-	1,327	29
<b>With immediate holding company:</b>				
Repayment of advances from	-	128	-	-
<b>With other related companies:</b>				
Repayment of advances from	5,500	1,006	5,500	1,000
Advances from/(Repayment of advances to)	741	(185)	721	(167)

Other related companies refer to subsidiary companies of Lion Industries Corporation Berhad, the ultimate holding company.

Related parties refer to entities in which a Director and/or substantial shareholders of the Company or the ultimate holding company or of its subsidiary companies have interests.



## 17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

The outstanding balances before impairment arising from the transactions with related parties are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Receivables:				
Included in trade receivables	123,783	102,155	-	-
Included in other receivables	107,956	107,956	-	-
	<u>231,739</u>	<u>210,111</u>	<u>-</u>	<u>-</u>
Payables:				
Included in trade payables	2,369	409	-	-
	<u>2,369</u>	<u>409</u>	<u>-</u>	<u>-</u>

### Compensation of key management personnel (other than the Directors of the Company)

Key management personnel (other than the Directors of the Company) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of key management personnel (other than the Directors of the Company) during the reporting period are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries and other remuneration	1,004	1,330	119	127
Defined contribution plans	94	160	17	15
Benefits-in-kind	24	18	-	-
	<u>1,122</u>	<u>1,508</u>	<u>136</u>	<u>142</u>

### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and Company's statements of cash flows as cash flows from/(used in) financing activities.

	As at	Financing cash flows	As at
	1 January 2023		31 December 2023
	RM'000	RM'000	RM'000
<b>The Group</b>			
Amount owing to other related companies	700	741	1,441
	<u>700</u>	<u>741</u>	<u>1,441</u>
<b>The Company</b>			
Amount owing to other related companies	-	721	721
Amount owing to subsidiary companies	20,804	1,327	22,131
	<u>20,804</u>	<u>1,327</u>	<u>22,131</u>

**17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS** (continued)

Reconciliation of liabilities arising from financing activities (continued)

	<b>As at 1 January 2022 RM'000</b>	<b>Financing cash flows RM'000</b>	<b>As at 31 December 2022 RM'000</b>
<b>The Group</b>			
Amount owing to other related companies	885	(185)	700
<b>The Company</b>			
Amount owing to other related companies	167	(167)	-
Amount owing to subsidiary companies	20,775	29	20,804

Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")

On 25 November 2021, Posim Marketing, a wholly-owned subsidiary company of the Company, had entered into a conditional sale and purchase agreement ("SPA") with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition of 10.879 acres of vacant freehold industrial land located at Banting Industrial City, Kuala Langat, Selangor from Bonus Essential for a cash consideration of RM26 million ("Purchase Consideration") ("Acquisition of Land").

Bonus Essential is a company in which Tan Sri Cheng Heng Jem ("TSWC") is a director and has substantial interest.

The Purchase Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market valuation as certified by Henry Butcher Malaysia Sdn Bhd.

Posim Marketing has lodged a private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee from TSWC, its ultimate shareholder, in favour of Posim Marketing with a guaranteed sum of RM26 million to secure the repayment by Bonus Essential in the event Bonus Essential failed to complete the Acquisition of Land.

In the previous financial years, the Group reclassified RM13 million from "other receivables" in non-current assets to "capital work-in-progress" under property, plant and equipment. Posim Marketing paid cash consideration of RM23.4 million to Bonus Essential and incurred ancillary costs of RM1 million in relation to the Acquisition of Land. The Acquisition of Land became unconditional on 24 June 2022. As a result, the total consideration of RM24.4 million was classified as "capital work-in-progress" under property, plant and equipment in Note 10.

As at 31 December 2023, the carrying amount of "capital work-in-progress" remained at RM24.4 million and has not reclassified to "freehold land" under property, plant and equipment, as certain infrastructure works by Bonus Essential are yet to be completed.

## 18. INVENTORIES

	The Group	
	2023 RM'000	2022 RM'000
Finished goods	36	131
Raw materials	6,120	8,006
Trading merchandise	17,218	16,064
Others	1,296	1,416
	<u>24,670</u>	<u>25,617</u>
Less: Allowance for slow-moving and obsolete inventories	(1,227)	(1,136)
Net	<u>23,443</u>	<u>24,481</u>

Movement in the allowance for slow-moving and obsolescence of inventories are as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	1,136	2,685
Addition/(Reversal)	223	(241)
Written off	(132)	(1,308)
At end of year	<u>1,227</u>	<u>1,136</u>

## 19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

### (a) Trade receivables

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	363,018	298,137	4,345	4,345
Less: Accumulated impairment losses	(77,120)	(74,218)	(4,345)	(4,345)
Net	<u>285,898</u>	<u>223,919</u>	<u>-</u>	<u>-</u>

Trade receivables of the Group and the Company comprise amounts receivable for the sale of goods. The credit period granted to customers ranges from 30 to 90 days (2022: 30 to 90 days).

The Group and the Company recognise impairment losses based on ECL model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL. The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

**19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**  
(continued)

**(a) Trade receivables** (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	<b>The Group</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Gross trade receivables</b>	<b>Lifetime ECL</b>	<b>Gross trade receivables</b>	<b>Lifetime ECL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Not past due	<b>113,444</b>	<b>2,430</b>	142,795	1,665
Past due:				
1 to 30 days	<b>42,318</b>	<b>501</b>	32,616	415
31 to 60 days	<b>22,313</b>	<b>193</b>	18,711	341
More than 60 days	<b>184,943</b>	<b>73,996</b>	104,015	71,797
	<b>363,018</b>	<b>77,120</b>	298,137	74,218

	<b>The Company</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Gross trade receivables</b>	<b>Lifetime ECL</b>	<b>Gross trade receivables</b>	<b>Lifetime ECL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Past due:				
More than 60 days	<b>4,345</b>	<b>4,345</b>	4,345	4,345

Movement in the accumulated impairment losses

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>74,218</b>	71,197	<b>4,345</b>	4,345
Addition	<b>6,440</b>	6,063	-	-
Reversal	<b>(395)</b>	(1,820)	-	-
Written off	<b>(3,143)</b>	(1,222)	-	-
At end of year	<b>77,120</b>	74,218	<b>4,345</b>	4,345

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

**19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**  
(continued)

**(a) Trade receivables** (continued)

As at 31 December 2023, the Group has trade receivables due from a major related party, Lion DRI as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	<b>52,007</b>	52,007
Less: Accumulated impairment losses	<b>(52,007)</b>	(52,007)
Net	<b>-</b>	-

The Group recognised an impairment loss on trade receivables due from Lion DRI a major related party, based on the assessment disclosed in Note 4(i)(a).

As at 31 December 2023, the trade receivables of a subsidiary company of RM21,744,000 (2022: RM4,608,000) has been charged as collateral to a financial institution for the bank borrowings granted to the Group (Note 26).

**(b) Other receivables, deposits and prepaid expenses**

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	<b>178,031</b>	178,175	<b>94</b>	92
Less: Accumulated impairment losses	<b>(108,988)</b>	(108,912)	-	-
	<b>69,043</b>	69,263	<b>94</b>	92
Deposits	<b>6,872</b>	5,943	<b>38</b>	42
Prepaid expenses	<b>2,744</b>	2,075	<b>46</b>	46
	<b>78,659</b>	77,281	<b>178</b>	180

Movement in the accumulated impairment losses

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>108,912</b>	108,912	-	-
Addition	<b>76</b>	-	-	-
At end of year	<b>108,988</b>	108,912	-	-

Included in the accumulated impairment losses is RM103,730,000 due from Graimpi. The Group recognised the impairment loss based on the assessment disclosed in Note 4(i)(a).

**19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**  
(continued)

**(b) Other receivables, deposits and prepaid expenses** (continued)

The currency exposure profile of other receivables and deposits is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	75,066	74,438	132	134
United States Dollar	645	686	-	-
Chinese Renminbi	204	82	-	-
	<u>75,915</u>	<u>75,206</u>	<u>132</u>	<u>134</u>

**20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES**

**(a) Investment in money market funds**

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Fair value through profit or loss</b>				
Investment in money market funds	<u>2,362</u>	<u>2,279</u>	<u>-</u>	<u>-</u>

Investment in money market funds of the Group, denominated in Ringgit Malaysia, are managed by a licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group by given a two days' notice period.

**(b) Fixed deposits, cash and bank balances**

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks:				
Restricted	<u>26,436</u>	<u>24,757</u>	<u>-</u>	<u>-</u>
Unrestricted	<u>16,629</u>	<u>19,877</u>	<u>852</u>	<u>6,129</u>
	<u>43,065</u>	<u>44,634</u>	<u>852</u>	<u>6,129</u>
Cash and bank balances:				
Unrestricted	<u>26,320</u>	<u>36,347</u>	<u>873</u>	<u>2,433</u>
Total fixed deposits, cash and bank balances	<u>69,385</u>	<u>80,981</u>	<u>1,725</u>	<u>8,562</u>

The above restricted fixed deposits with licensed banks of the Group are held for repayment of bank borrowings and payment of interest, commission, fees and other charges to banks as disclosed in Note 26.

**20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES**  
(continued)

**(b) Fixed deposits, cash and bank balances** (continued)

Fixed deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 1.50% to 2.85% and 1.50% to 2.60% (2022: 1.05% to 2.40% and 1.05% to 1.50%) per annum and have maturity periods ranging from 1 to 109 days and 1 to 44 days (2022: 1 to 98 days and 1 to 31 days), respectively.

The currency exposure profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	39,441	51,665	1,710	8,547
Chinese Renminbi	28,342	27,549	-	-
United States Dollar	1,602	1,673	15	15
Singapore Dollar	-	94	-	-
	<b>69,385</b>	<b>80,981</b>	<b>1,725</b>	<b>8,562</b>

Fixed deposits, cash and bank balances denominated in Chinese Renminbi of a subsidiary company in the People's Republic of China ("PRC") are subject to the exchange control restrictions of the PRC. The said fixed deposits, cash and bank balances are available for use by the subsidiary company in the PRC and the exchange control restrictions are applicable only if the monies are remitted to countries outside the PRC.

**21. SHARE CAPITAL**

	The Group and The Company			
	2023		2022	
	Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Issued share capital:</b>				
Ordinary shares:				
At beginning and end of year	<b>231,572</b>	<b>920,902</b>	231,572	920,902

## 22. RESERVES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Non-distributable reserves:</b>				
Treasury shares	(2,277)	(2,277)	(2,277)	(2,277)
Translation adjustment reserve	67,053	66,979	-	-
Fair value reserve	(16,520)	(24,360)	(16,520)	(24,360)
Accumulated losses	<u>(207,029)</u>	<u>(220,582)</u>	<u>(442,470)</u>	<u>(445,476)</u>
	<u>(158,773)</u>	<u>(180,240)</u>	<u>(461,267)</u>	<u>(472,113)</u>

### Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and of its shareholders.

As at 31 December 2023, the Company held 3,745,000 (2022: 3,745,000) treasury shares at a carrying amount of RM2,276,747 (2022: RM2,276,747).

### Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary companies and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

### Fair value reserve

Fair value reserve comprises fair value changes on revaluation of quoted and unquoted investments designated at fair value through other comprehensive income.



## 23. LEASE LIABILITIES

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	3,364	2,243
Addition	6,762	2,249
Expiry and termination of lease	(1)	(21)
Lease interest	341	165
Payment of lease rental	(1,948)	(1,272)
As end of year	<u>8,518</u>	<u>3,364</u>
Breakdown:		
Non-current	6,442	2,094
Current	<u>2,076</u>	<u>1,270</u>
	<u>8,518</u>	<u>3,364</u>

The minimum lease payments for the lease liabilities are payable as follows:

The Group	Future	Lease	Present
	minimum	interest	value of
	lease		minimum
	payments		lease
	RM'000	RM'000	payments
			RM'000
<b>2023</b>			
Less than one year	2,536	(460)	2,076
Within one to two years	3,120	(629)	2,491
Within two to five years	4,262	(311)	3,951
	<u>9,918</u>	<u>(1,400)</u>	<u>8,518</u>
<b>2022</b>			
Less than one year	1,380	(110)	1,270
Within one to two years	1,299	(50)	1,249
Within two to five years	864	(19)	845
	<u>3,543</u>	<u>(179)</u>	<u>3,364</u>

Total cash outflows for leases during the current financial year (including fixed, variable and short-term lease payments) of the Group amounted to RM2,359,000 (2022: RM1,661,000).

## 23. LEASE LIABILITIES (continued)

### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	As at 1 January 2023 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
<b>The Group</b>						
Lease liabilities	3,364	6,761	(1,607)	(341)	341	8,518

	As at 1 January 2022 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
<b>The Group</b>						
Lease liabilities	2,243	2,228	(1,107)	(165)	165	3,364

## 24. HIRE-PURCHASE PAYABLES

	The Group	
	2023 RM'000	2022 RM'000
Total outstanding	-	85
Less: Interest-in-suspense	-	(8)
Principal portion	-	77
Payable as follows:		
Within the next 12 months (shown under current liabilities)	-	15
After the next 12 months	-	62
	-	77

The interest rate implicit in these hire-purchase obligations is 4.28% (2022: 4.28%) per annum.

## 24. HIRE-PURCHASE PAYABLES (continued)

### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	<b>As at 1 January 2023 RM'000</b>	<b>Financing cash flows RM'000</b>	<b>Interest paid RM'000</b>	<b>Interest expense RM'000</b>	<b>As at 31 December 2023 RM'000</b>
<b>The Group</b>					
Hire-purchase payables	<u>77</u>	<u>(77)</u>	<u>(3)</u>	<u>3</u>	<u>-</u>

	<b>As at 1 January 2022 RM'000</b>	<b>Financing cash flows RM'000</b>	<b>Interest paid RM'000</b>	<b>Interest expense RM'000</b>	<b>As at 31 December 2022 RM'000</b>
<b>The Group</b>					
Hire-purchase payables	<u>91</u>	<u>(14)</u>	<u>(4)</u>	<u>4</u>	<u>77</u>

## 25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

### (a) Trade payables

Trade payables comprise amounts outstanding for trade purchases. The credit period ranges from 30 to 90 days (2022: 30 to 90 days).

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

	<b>The Group</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Ringgit Malaysia	<b>52,704</b>	39,768
United States Dollar	<b>1,568</b>	1,329
	<u><b>54,272</b></u>	<u>41,097</u>

**25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES** (continued)

**(b) Other payables and accrued expenses**

Other payables and accrued expenses consist of:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other payables	30,433	28,463	5,108	5,108
Accrued expenses	19,376	20,190	4,901	4,922
	<b>49,809</b>	<b>48,653</b>	<b>10,009</b>	<b>10,030</b>

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

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	44,250	43,296	10,009	10,030
Chinese Renminbi	4,297	4,227	-	-
United States Dollar	1,262	1,130	-	-
	<b>49,809</b>	<b>48,653</b>	<b>10,009</b>	<b>10,030</b>

**(c) Contract liabilities**

	The Group	
	2023	2022
	RM'000	RM'000
Customer loyalty programs	<b>29,628</b>	<b>28,794</b>

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards.

A subsidiary company of the Group, accounts for the customer loyalty award credits as a separate obligation of the sales transactions in which they are granted. The consideration received in sales transactions is allocated between the loyalty award credits and the other component of the sales. The amount allocated to the loyalty award credits is determined by reference to its fair value and is deferred until the awards are redeemed or liability is extinguished.

The following table shows the significant changes to contract liabilities during the year:

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year	28,794	24,405
Provision during the year	12,408	12,227
Utilised during the year	(11,574)	(7,838)
At end of year	<b>29,628</b>	<b>28,794</b>

## 26. BANK BORROWINGS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Secured</b>				
Revolving credit	4,000	3,500	4,000	3,500
Banker's acceptance, trust receipts and bills payable	9,000	10,000	-	-
Receivables financing	21,744	4,608	-	-
	<b>34,744</b>	<b>18,108</b>	<b>4,000</b>	<b>3,500</b>
<b>Unsecured</b>				
Banker's acceptance, trust receipts and bills payable	536	526	-	-
	<b>35,280</b>	<b>18,634</b>	<b>4,000</b>	<b>3,500</b>

The secured revolving credit, banker's acceptance, trust receipts and bills payable of the Group and of the Company are secured by a charge on cash and bank balances of a subsidiary company.

The receivables financing of the Group is secured by trade receivables of a subsidiary company and the corporate guarantee by the Company.

The Company has given corporate guarantee of RM536,000 (2022: RM526,000) to a financial institution for the granting of the above unsecured credit facility to a subsidiary company.

The credit facilities of the Group and of the Company bore interest at rates ranging from 3.46% to 5.20% (2022: 2.52% to 4.43%) and 3.87% to 4.52% (2022: 2.69% to 4.43%) per annum, respectively.

### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the statements of cash flows as cash flows from/(used in) financing activities.

	As at	Financing cash flows	Interest paid	Interest expense	As at
	1 January 2023 RM'000				December 2023 RM'000
<b>The Group</b>					
Bank borrowings	<b>18,634</b>	<b>16,646</b>	<b>(1,415)</b>	<b>1,415</b>	<b>35,280</b>
	As at	Financing cash flows	Interest paid	Interest expense	As at
	1 January 2022 RM'000	RM'000	RM'000	RM'000	December 2022 RM'000
<b>The Group</b>					
Bank borrowings	16,769	1,865	(284)	284	18,634

## 26. BANK BORROWINGS (continued)

### Reconciliation of liabilities arising from financing activities (continued)

	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
<b>The Company</b>					
Bank borrowings	<u>3,500</u>	<u>500</u>	<u>(159)</u>	<u>159</u>	<u>4,000</u>
	As at 1 January 2022 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
<b>The Company</b>					
Bank borrowings	<u>3,500</u>	<u>-</u>	<u>(109)</u>	<u>109</u>	<u>3,500</u>

## 27. FINANCIAL INSTRUMENTS

### Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2022.

The capital structure of the Group and of the Company consists of debt and equity of the Group and of the Company (comprising share capital and reserves).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, the management considers the cost of capital and risk associated with each class of capital.

### Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Debt <sup>(i)</sup>	35,280	18,711	4,000	3,500
Equity <sup>(ii)</sup>	762,129	740,705	459,635	448,789
Debt to equity ratio	<u>4.6%</u>	<u>2.5%</u>	<u>0.9%</u>	<u>0.8%</u>

<sup>(i)</sup> Debt is defined as hire-purchase payables and bank borrowings as disclosed in Notes 24 and 26 respectively.

<sup>(ii)</sup> Equity includes share capital, reserves and non-controlling interests.

## 27. FINANCIAL INSTRUMENTS (continued)

### Material Accounting Policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial instruments are disclosed in Note 3.

### Categories of Financial Instruments

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial assets</b>				
Fair value through profit or loss:				
Investment in money market funds	2,362	2,279	-	-
Fair value through other comprehensive income:				
Quoted shares	15,400	7,560	15,400	7,560
Unquoted shares	906	906	3	3
Unquoted investments	380	380	-	-
Amortised cost:				
Trade receivables	285,898	223,919	-	-
Other receivables and refundable deposits	75,915	75,206	132	134
Amount owing by subsidiary companies	-	-	29,513	11,620
Amount owing by immediate holding company	70,648	72,486	-	-
Amount owing by other related companies	188,524	195,945	99,551	105,051
Fixed deposits, cash and bank balances	69,385	80,981	1,725	8,562
<b>Financial liabilities at amortised cost</b>				
Trade payables	54,272	41,097	-	-
Other payables and accrued expenses	49,809	48,653	10,009	10,030
Amount owing to other related companies	1,441	700	721	-
Amount owing to subsidiary companies	-	-	22,131	20,804
Lease liabilities	8,518	3,364	-	-
Hire-purchase payables	-	77	-	-
Bank borrowings	35,280	18,634	4,000	3,500

### Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The Group's and the Company's financial risk management principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

## 27. FINANCIAL INSTRUMENTS (continued)

### Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

### Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currency of Chinese Renminbi.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the other equity where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the other equity, the balances below would be negative.

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Other equity</b>				
Chinese Renminbi	<u>(2,425)</u>	<u>(2,340)</u>	<u>-</u>	<u>-</u>

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

The management has performed sensitivity analysis on foreign currencies denominated monetary items and concluded the financial impact to the Group's and the Company's profit before tax is insignificant.

### Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 26. The interest rates of hire-purchase payables, which are fixed at the inception of the financing arrangements, are disclosed in Note 24.

### Interest rate sensitivity analysis

The sensitivity analysis of the Group and of the Company have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit or loss before tax for the financial year ended 31 December 2023 would decrease or increase by RM176,000 and RM20,000 respectively (2022: RM94,000 and RM18,000 respectively).



## 27. FINANCIAL INSTRUMENTS (continued)

### Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

#### *Trade and other receivables and corporate guarantees*

The Group is exposed to credit risk from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Group and the Company are also exposed to credit risk from the amount owing by subsidiary companies, immediate holding company and other related companies. The Company is exposed to credit risk from corporate guarantee given to financial institution for the granting of credit facilities to the subsidiary companies. The Company's maximum exposure to credit risk resulting from the guarantee given to subsidiary companies, are disclosed in Note 31. The Group and the Company monitor on an ongoing basis the results of the subsidiary companies, immediate holding company and other related companies, and their repayments. As at the reporting date, there was no indication that these companies would default on repayment.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at 31 December 2023, is the carrying amount of these receivables as disclosed in the statements of financial position. The concentration of credit risk is limited due to the fact that the customer base is large.

The Board of Directors of the Company reviews regularly the significant amounts owing by immediate holding company and related parties which arose from sales transactions that have exceeded the credit period granted and actions have been carried out to recover the long outstanding amounts owing by immediate holding company and related parties.

#### *Fixed deposits, cash and bank balances*

Exposure to credit risk arising from fixed deposits, cash and bank balances is managed by depositing or investing the Group's and the Company's funds with licensed financial institutions. The fixed deposits, cash and bank balances that denominated in Chinese Renminbi which are held with bank and financial institution in the People's Republic of China, are rated A2 and Baa2 (2022: A2 and Baa2) respectively based on Moody's Investors Service ratings.

Fixed deposits, cash and bank balances have been assessed on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their fixed deposits, cash and bank balances have low credit risk based on their external credit ratings.

### Cash flow risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

## 27. FINANCIAL INSTRUMENTS (continued)

### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

The tables below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group 2023	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade payables	54,272	-	-	-	54,272	-
Other payables and accrued expenses	49,809	-	-	-	49,809	-
Amount owing to other related companies	1,441	-	-	-	1,441	-
	<b>105,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,522</b>	
Interest bearing:						
Lease liabilities	2,536	3,120	4,262	-	9,918	2.50 - 6.20
Bank borrowings	36,145	-	-	-	36,145	3.46 - 5.20
	<b>38,681</b>	<b>3,120</b>	<b>4,262</b>	<b>-</b>	<b>46,063</b>	
	<b>144,203</b>	<b>3,120</b>	<b>4,262</b>	<b>-</b>	<b>151,585</b>	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 2022	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade payables	41,097	-	-	-	41,097	-
Other payables and accrued expenses	48,653	-	-	-	48,653	-
Amount owing to other related companies	700	-	-	-	700	-
	90,450	-	-	-	90,450	
Interest bearing:						
Lease liabilities	1,380	1,299	864	-	3,543	2.50 - 4.62
Hire-purchase payables	18	18	49	-	85	4.28
Bank borrowings	18,917	-	-	-	18,917	2.52 - 4.43
	20,315	1,317	913	-	22,545	
	110,765	1,317	913	-	112,995	
<b>The Company 2023</b>						
<b>Financial liabilities</b>						
Non-interest bearing:						
Other payables and accrued expenses	10,009	-	-	-	10,009	-
Amount owing to other related companies	721	-	-	-	721	-
Amount owing to subsidiary companies	22,131	-	-	-	22,131	-
Financial guarantee contracts	22,280	-	-	-	22,280	-
	55,141	-	-	-	55,141	
Interest bearing:						
Bank borrowings	4,044	-	-	-	4,044	3.87 - 4.52
	59,185	-	-	-	59,185	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 2022	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
<b>Financial liabilities</b>						
Non-interest bearing:						
Other payables and accrued expenses	10,030	-	-	-	10,030	-
Amount owing to subsidiary companies	20,804	-	-	-	20,804	-
Financial guarantee contracts	5,134	-	-	-	5,134	-
	35,968	-	-	-	35,968	
Interest bearing:						
Bank borrowings	3,535	-	-	-	3,535	2.69 - 4.43
	39,503	-	-	-	39,503	

Fair Values of Financial Instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of the financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group		The Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>2023</b>				
<b>Financial assets</b>				
Quoted investments	15,400	15,400 #	15,400	15,400 #
Unquoted shares	906	906 @	3	3 @
Unquoted investments	380	380 &	-	-
Investment in money market funds	2,362	2,362 #	-	-
<b>2022</b>				
<b>Financial assets</b>				
Quoted investments	7,560	7,560 #	7,560	7,560 #
Unquoted shares	906	906 @	3	3 @
Unquoted investments	380	380 &	-	-
Investment in money market funds	2,279	2,279 #	-	-

# The quoted market prices of investments as at the end of the reporting period are used to determine the fair values of these financial assets.

@ The fair value of unquoted shares is measured using generally acceptable valuation techniques.

& The fair values of unquoted investments are based on price quotes for similar instruments based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available.

## 27. FINANCIAL INSTRUMENTS (continued)

### Fair Values of Financial Instruments (continued)

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>The Group</b>				
<b>2023</b>				
<b>Financial assets</b>				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	906	906
Unquoted investments	-	380	-	380
Investment in money market funds	2,362	-	-	2,362
<b>2022</b>				
<b>Financial assets</b>				
Quoted investments	7,560	-	-	7,560
Unquoted shares	-	-	906	906
Unquoted investments	-	380	-	380
Investment in money market funds	2,279	-	-	2,279
<b>The Company</b>				
<b>2023</b>				
<b>Financial assets</b>				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	3	3
<b>2022</b>				
<b>Financial assets</b>				
Quoted investments	7,560	-	-	7,560
Unquoted shares	-	-	3	3

There were no transfer between Levels 1, 2 and 3 during the financial year.

## 28. CAPITAL COMMITMENTS

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

	<b>The Group</b>	
	2023 RM'000	2022 RM'000
Approved and contracted for:		
Purchase of land	2,600	2,600
Approved but not contracted for:		
Land registration fee	3,197	3,058
	<b>5,797</b>	<b>5,658</b>

## 29. SEGMENT INFORMATION

### Business Segments

The Group's activities are classified into three (3) major business segments:

- trading and distribution of building materials and steel products
- manufacturing of lubricants, trading and distribution of petroleum products and automotive products
- others

Others include mainly investment holding, provision of training services, distributing and retailing of consumer products, none of which is of sufficient size to be reported separately.

The inter-segment transactions are conducted at arm's length basis under terms, conditions, and prices not materially different from transactions with non-related parties.

<b>The Group 2023</b>	<b>Building materials and steel products RM'000</b>	<b>Lubricants, petroleum products and automotive products RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
External customers	635,434	117,488	2,215	-	755,137
Inter-segment sales	-	-	36	(36)	-
Total revenue	<u>635,434</u>	<u>117,488</u>	<u>2,251</u>	<u>(36)</u>	<u>755,137</u>
<b>Results</b>					
Segment profit/(loss)	4,050	12,243	(6,744)	-	9,549
Finance costs	(1,256)	(319)	(184)	-	(1,759)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	8,586	-	-	-	8,586
Share of results of associated companies					<u>(91)</u>
<b>Profit before tax</b>					<b>16,285</b>
Tax expense					<u>(2,733)</u>
<b>Profit for the year</b>					<b><u>13,552</u></b>

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2023	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Statements of</u>					
<u>Financial Position</u>					
Segment assets	535,008	88,157	176,028	-	799,193
Investment in associated companies					29,228
Unallocated corporate assets					<u>113,017</u>
<b>Total Assets</b>					<b><u>941,438</u></b>
Segment liabilities	83,658	53,886	39,963	-	177,507
Unallocated corporate liabilities					<u>1,802</u>
<b>Total Liabilities</b>					<b><u>179,309</u></b>
<b>Other information</b>					
Capital expenditure	103	1,094	-	-	1,197
Depreciation	560	2,931	1,111	-	4,602
Interest income	1,760	278	479	-	2,517
Impairment losses on trade and other receivables	5,885	555	76	-	6,516
Reversal of impairment losses on:					
Trade receivables	(253)	(142)	-	-	(395)
Property, plant and equipment	-	-	(168)	-	(168)
Other investments in unquoted bonds	-	-	(6)	-	(6)
Other non-cash expenses/ (income)	193	(21)	88	-	260

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2022	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
External customers	725,087	111,635	2,051	-	838,773
Inter-segment sales	-	-	13	(13)	-
Total revenue	<u>725,087</u>	<u>111,635</u>	<u>2,064</u>	<u>(13)</u>	<u>838,773</u>
<b>Results</b>					
Segment profit/(loss)	5,793	8,880	(7,391)	-	7,282
Finance costs	(183)	(158)	(112)	-	(453)
Share of results of associated companies					<u>(4,148)</u>
<b>Profit before tax</b>					2,681
Tax expense					<u>(2,080)</u>
<b>Profit for the year</b>					<u>601</u>
<u>Statements of</u>					
<u>Financial Position</u>					
Segment assets	484,585	81,156	170,284	-	736,025
Investment in associated companies					25,698
Unallocated corporate assets					<u>121,725</u>
<b>Total Assets</b>					<u>883,448</u>
Segment liabilities	56,120	48,128	36,371	-	140,619
Unallocated corporate liabilities					<u>2,124</u>
<b>Total Liabilities</b>					<u>142,743</u>
<b>Other information</b>					
Capital expenditure	11,504	3,695	5	-	15,204
Depreciation	558	2,407	1,428	-	4,393
Interest income	1,795	67	428	-	2,290
Impairment losses on trade and other receivables	5,449	614	-	-	6,063
Reversal of impairment losses on trade receivables	(1,341)	(455)	(24)	-	(1,820)
Fair value loss on financial assets measured at amortised cost	-	-	5,000	-	5,000
Other non-cash income	(10)	(317)	(8)	-	(335)



## 29. SEGMENT INFORMATION (continued)

### Geographical Segments

The Group's operations are mainly in Malaysia for the current financial year:

- (i) Malaysia - trading and distribution of building materials and steel products, manufacturing of lubricants, trading and distribution of petroleum products and automotive products, provision of training services, distributing and retailing of consumer products and investment holding
- (ii) Other countries - countries which are not sizable to be reported separately

The following is an analysis of the Group's revenue, carrying amount of total assets and capital expenditures by geographical areas:

	<b>Revenue</b>			
	<b>2023</b>	<b>2022</b>		
	<b>RM'000</b>	<b>RM'000</b>		
Malaysia	<b>755,137</b>	838,677		
Other countries	-	96		
	<b>755,137</b>	<b>838,773</b>		

	<b>Total assets</b>		<b>Capital expenditures</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>764,837</b>	715,456	<b>1,197</b>	15,199
Other countries	<b>176,601</b>	167,992	-	5
	<b>941,438</b>	<b>883,448</b>	<b>1,197</b>	<b>15,204</b>

In determining the geographical segments of the Group, revenue is determined based on the country in which customers are located. Total assets and capital expenditures are determined based on where the assets are located.

### 30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks (unrestricted) (Note 20)	16,629	19,877	852	6,129
Cash and bank balances (unrestricted) (Note 20)	26,320	36,347	873	2,433
	<b>42,949</b>	<b>56,224</b>	<b>1,725</b>	<b>8,562</b>

### 31. FINANCIAL GUARANTEE CONTRACTS

	The Company	
	2023	2022
	RM'000	RM'000
Corporate guarantees given to financial institutions for the granting of credit facilities to certain subsidiary companies (Note 26)	<b>22,280</b>	<b>5,134</b>

The corporate guarantees issued were not recognised in the financial statements as the Directors regard the value of the credit enhancement provided by these guarantees is minimal and the probability of default, based on historical track records of the parties receiving in the guarantees are remote.

### 32. SIGNIFICANT EVENT

Lion Waterfront Sdn Bhd, a wholly-owned subsidiary of the Company, had on 18 May 2022 entered into a conditional development agreement with Landasan Lumayan Sdn Bhd ("Landasan Lumayan"), a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan), to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture").

In conjunction with the Proposed Unincorporated Joint Venture, the Company proposed to diversify the existing businesses of the Company and its subsidiary companies to include property development ("Proposed Diversification").

The Proposed Unincorporated Joint Venture and the Proposed Diversification shall collectively be referred to as the "Proposals".

The Shareholders of the Company had on 2 December 2022 approved the Proposals.

The Proposals are pending the approvals to be obtained from relevant regulatory authorities.

## STATEMENT BY DIRECTORS

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

We, Tan Sri Cheng Heng Jem and Cheng Hui Ya, Serena, being two of the Directors of Lion Posim Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are 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 the financial performance and of the cash flows of the Group and of the Company for the financial year then ended.

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

**TAN SRI CHENG HENG JEM**

**CHENG HUI YA, SERENA**

1 April 2024

## DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

### PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ooi Kim Lai (MIA Membership number: 9454), the officer primarily responsible for the financial management of Lion Posim Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

**Ooi Kim Lai**

Subscribed and solemnly declared by the  
abovenamed **Ooi Kim Lai** at **Kuala Lumpur** in the **Federal Territory** on  
this 1st day of April, 2024.

Before me,

**W729**  
**Mardhiyyah Abdul Wahab**  
Commissioner for Oaths

## LIST OF GROUP PROPERTIES

AS AT 31 DECEMBER 2023

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Carrying Amount (RM million)	Date of Acquisition
Lot 72 Persiaran Jubli Perak 40000 Shah Alam Selangor Darul Ehsan	Freehold	2.02 hectares	Industrial land and building	Factory (29)	10.1	30.12.1991
12 & 12/1 Jalan Nangka Tiga Taman Rumpun Bahagia 75300 Bachang Melaka	Leasehold 21.7.2084	153.3 sq metres	Land and building	2-storey shop office (38)	0.1	13.4.1998
Centre Point Business Park Unit No. B-8-1 & B-8-2 5, Jalan Tanjung Keramat 26/35, Seksyen 26 40400 Shah Alam Selangor Darul Ehsan	Freehold	252.3 sq metres	Building	Office (25)	0.2	18.3.1999
50-2 & 50-3 Jalan Wangsa 2/5 Taman Wangsa Permai 52200 Kuala Lumpur	Leasehold 28.6.2100	226.9 sq metres	Land and building	2-storey shop office (25)	0.1	17.3.1999
B2-2-39B Jalan Pinggiran 1/3 Taman Pinggiran Putra Seksyen 1 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold 13.12.2097	63.0 sq metres	Building	Office (21)	0.04	16.7.2004
Preah Net Preah District Banteay Meanchey Province Cambodia	Freehold	3,325 hectares	Land	Vacant	54.7	17.10.2013
Sangkum Thmei and Rovieng District Preah Vihear Province Cambodia	Leasehold 5.8.2071	7,406 hectares	Land	Vacant	21.9	30.3.2012

## ANALYSIS OF SHAREHOLDINGS

### Issued Shares as at 31 March 2024

Total Number of Issued Shares	:	231,571,732*
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

**Note:**

\* Inclusive of 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2024.

### Distribution of Shareholdings as at 31 March 2024

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares <sup>(a)</sup>
Less than 100	1,073	26.00	26,594	0.01
100 to 1,000	1,101	26.68	700,556	0.31
1,001 to 10,000	1,341	32.49	5,915,151	2.60
10,001 to 100,000	504	12.21	16,126,097	7.08
100,001 to less than 5% of issued shares	104	2.52	60,498,394	26.55
5% and above of issued shares	4	0.10	144,559,940	63.45
	<u>4,127</u>	<u>100.00</u>	<u>227,826,732</u>	<u>100.00</u>

### Substantial Shareholders as at 31 March 2024

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% of Shares <sup>(a)</sup>	No. of Shares	% of Shares <sup>(a)</sup>
1. Tan Sri Cheng Heng Jem	400	Negligible	170,183,129	74.70
2. Lion Industries Corporation Berhad	45,127,236	19.81	123,676,884	54.29
3. Amsteel Mills Sdn Bhd	123,632,704	54.27	44,180	0.02
4. LLB Steel Industries Sdn Bhd	–	–	123,676,884	54.29
5. Steelcorp Sdn Bhd	–	–	123,676,884	54.29

**Note:**

<sup>(a)</sup> Based on the total number of issued shares of the Company, excluding 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2024.

**Thirty Largest Registered Shareholders as at 31 March 2024**

Registered Shareholders	No. of Shares	% of Shares <sup>(a)</sup>
1. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-3	58,632,704	25.74
2. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-2	30,150,000	13.23
3. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-1	30,150,000	13.23
4. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lion Industries Corporation Berhad (LIO0157M)	25,627,236	11.25
5. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-2	6,600,000	2.90
6. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-1	6,600,000	2.90
7. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-3	5,500,000	2.41
8. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-4	4,700,000	2.06
9. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Joey Keng (E-TSA)	3,483,800	1.53
10. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	2,590,000	1.14
11. Teoh Hooi Bin	1,803,752	0.79
12. Ng Teng Song	1,787,000	0.78
13. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Exempt AN for CGS International Securities Singapore Pte. Ltd. (Retail Clients)	1,670,764	0.73
14. Wu Teng Siong	1,155,400	0.51
15. Yeoh Joey Keng	1,111,800	0.49
16. Wong Soo Chai @ Wong Chick Wai	1,057,900	0.46
17. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-4	800,000	0.35
18. CGS International Nominees Malaysia (Asing) Sdn. Bhd. Exempt AN for CGS International Securities Singapore Pte. Ltd. (Retail Clients)	775,410	0.34
19. Lion Development (Penang) Sdn Bhd	734,745	0.32
20. Kingsley Lim Fung Wang	623,100	0.27
21. Irene Lim Siew Wen	550,000	0.24
22. Tay Ying Lim @ Tay Eng Lim	548,940	0.24
23. Wong Taek Boon @ Guan Taek Boon	545,600	0.24
24. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	525,508	0.23
25. Nam Heng Oil Mill Company Sdn. Berhad	500,000	0.22
26. Tirta Enterprise Sdn Bhd	494,868	0.22
27. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Joey Keng	484,400	0.21
28. Lee Yu Yong @ Lee Yuen Ying	475,606	0.21
29. Gan Tee @ Gan Bon Hor	423,400	0.19
30. Ong Sai Hoon	415,000	0.18

**Note:**

<sup>(a)</sup> Based on the total number of issued shares of the Company, excluding 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2024.

### Directors' Interests in Shares in the Company and its Related Corporations as at 31 March 2024

The Directors' interests in shares in the Company and its related corporations as at 31 March 2024 are as follows:

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	% <sup>(a)</sup>	No. of Ordinary Shares	% <sup>(a)</sup>
<b>The Company</b>				
Tan Sri Cheng Heng Jem	400	Negligible	170,186,190	74.70
Dato' Eow Kwan Hoong	8,026	Negligible	—	—
Dr Folk Jee Yoong	105	Negligible	—	—

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%

### Related Corporations

#### Tan Sri Cheng Heng Jem

Holdsworth Investment Pte Ltd	—	—	4,500,000	100.00
Inspirasi Elit Sdn Bhd	—	—	212,500	85.00
Lion Industries Corporation Berhad ("LICB") <sup>(b)</sup>	222,785,449	32.72 <sup>(c)</sup>	12,752,369	1.87 <sup>(c)</sup>
Lion Group Management Services Sdn Bhd	—	—	5,000,000	100.00
LLB Enterprise Sdn Bhd	—	—	940,000	94.00
Soga Sdn Bhd	—	—	4,542,522	98.50
Steelcorp Sdn Bhd	—	—	99,750	99.75
Zhongsin Biotech Pte Ltd	—	—	1,000,000	100.00

Investments in the People's Republic of China	Deemed Interest	
	USD	% of Holdings
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	5,000,000	95.00
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	10,878,944	56.40

#### Notes:

<sup>(a)</sup> Based on the total number of issued shares of the Company, excluding 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2024.

<sup>(b)</sup> In addition, 117,768,907 warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held.

<sup>(c)</sup> Based on the total number of issued shares of LICB, excluding 37,105,300 shares bought back by LICB and retained as treasury shares as at 31 March 2024.

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 31 March 2024.

## OTHER INFORMATION

### (I) MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

- (1) Conditional Sale and Purchase Agreement dated 25 November 2021 between Posim Marketing Sdn Bhd, a wholly-owned subsidiary of the Company, and Bonus Essential Sdn Bhd, a company wherein a Director who is also a major shareholder of the Company has substantial interest, for the acquisition by Posim Marketing Sdn Bhd of 10.879 acres of vacant freehold industrial land located at Kuala Langat, Selangor from Bonus Essential Sdn Bhd for a cash consideration of RM26 million.
- (2) Conditional Development Agreement dated 18 May 2022 between Lion Waterfront Sdn Bhd, a wholly-owned subsidiary of the Company, and Landasan Lumayan Sdn Bhd, a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan) to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan Sdn Bhd measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture").

The Proposed Unincorporated Joint Venture was first offered to Tanahmas Impian Sdn Bhd and subsequently taken over by Lion Waterfront Sdn Bhd pursuant to an option granted by Landasan Lumayan Sdn Bhd to Y. Bhg. Tan Sri Cheng Heng Jem, the Chairman and a major shareholder of the Company, to nominate any entity to undertake the Proposed Unincorporated Joint Venture.

Lion Waterfront Sdn Bhd and Tanahmas Impian Sdn Bhd are companies wherein Tan Sri Cheng Heng Jem is deemed to have a substantial interest.

- (3) Conditional Put Option Agreement dated 18 May 2022 entered into between Tan Sri Cheng Heng Jem and the Company whereby Tan Sri Cheng Heng Jem had granted the Company a put option, exercisable at any time during the period of development under the Proposed Unincorporated Joint Venture, which allowed the Company to require him or his nominee to acquire all the shares in Lion Waterfront Sdn Bhd in accordance with the terms and conditions as contained therein.

### (II) NON-AUDIT FEES

The amount of non-audit fees paid to External Auditors for the financial year ended 31 December 2023 was RM7,500 (2022: RM7,500).



### (III) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 31 December 2023 were as follows:

Nature of Recurrent Transactions	Related parties	Amount RM'000
<b>(a) Trading and distribution</b>		
(i) Purchase of steel bars, wire rods, scrap iron, hot rolled coils, billets, building materials and other related products and services	Lion Industries Corporation Berhad Group ("LICB Group") Lion Mining Limited Group ("Lion Mining Group")	267,493 22,821 <hr/> 290,314
(ii) Sale of steel bars, wire rods, scrap iron, hot rolled coils, billets, building materials and other related products and services	LICB Group Lion Mining Group Parkson Holdings Berhad Group ("Parkson Group")	14,550 23,039 432 <hr/> 38,021
(iii) Sale of lubricants, spark plugs and other automotive products and petroleum products	LICB Group Lion Mining Group Lion Asiapac Limited Group	1,621 608 27 <hr/> 2,256
<b>(b) Others</b>		
(i) Sale of consumer products	Parkson Group	<hr/> 509
(ii) Obtaining of management services	LICB Group	<hr/> 2,942

**Notes:**

"Group" includes subsidiary and associated companies, excluding public companies.

The Related Parties are companies in which a Director and certain major shareholders of the Company have substantial interests.

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# FORM OF PROXY

CDS ACCOUNT NUMBER

			-				-												
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I/We \_\_\_\_\_

NRIC/Passport/Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a member of LION POSIM BERHAD, hereby appoint \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing whom, \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company ("41st AGM") to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at <https://sshsb.net.my/> on Tuesday, 28 May 2024 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar as Director		
4. To re-appoint Messrs Mazars PLT as Auditors		
5. Authority to Directors to Issue and Allot Shares		
6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024

No. of shares: \_\_\_\_\_

Signed: \_\_\_\_\_

### Representation at Meeting:

- (i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 May 2024 shall be eligible to participate at the Meeting.
  - (ii) A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.
  - (iii) If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.
  - (iv) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
  - (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
  - (vi) The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.
  - (vii) Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.
- The 41st AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the procedures provided in the Administrative Guide for the 41st AGM for registration, participation and remote voting via the RPV facilities.



**LION POSIM BERHAD**

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