



**LION INDUSTRIES
CORPORATION**

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

Laporan Tahunan

2023

Annual Report

CONTENTS

	Page
Notice of Meeting	1
Corporate Information	5
Directors' Profile	6
Profile of Key Senior Management	10
Corporate Governance Overview Statement	12
Statement on Risk Management and Internal Control	23
Audit Committee Report	31
Nomination Committee	37
Remuneration Committee	39
5 Years Group Financial Highlights	40
The Group's Businesses	41
Chairman's Statement:	
Bahasa Malaysia	42
English	44
Chinese	46
Management Discussion and Analysis	47
Sustainability Statement	50
Financial Statements:	
Directors' Report	66
Independent Auditors' Report	74
Statements of Profit or Loss	82
Statements of Comprehensive Income	84
Statements of Financial Position	85
Statements of Changes in Equity	87
Statements of Cash Flows	90
Notes to the Financial Statements	95
Statement by Directors	211
Declaration by the Officer	211
List of Group Properties	212
Analysis of Shareholdings	215
Other Information	220
Form of Proxy	Enclosed

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 93rd Annual General Meeting of Lion Industries Corporation Berhad (“93rd 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://sshsb.net.my/> on Thursday, 30 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 RM270,000 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 93rd AGM until the next annual general meeting of the Company. **Resolution 2**
4. To re-elect Y. M. Datuk Seri Utama Raja Nong Chik bin Dato’ Raja Zainal Abidin 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**

Ms Yap Soo Har who also retires by rotation in accordance with Clause 110 of the Company’s Constitution, has expressed her intention not to seek re-election and hence, shall retire at the conclusion of the 93rd 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 Retention of Independent Non-Executive Director
“THAT Y. M. Datuk Seri Utama Raja Nong Chik bin Dato’ Raja Zainal Abidin who has served as an independent non-executive Director of the Company for a cumulative period of more than 9 years, be and is hereby retained as an independent non-executive Director of the Company.” **Resolution 5**

- 6.2 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 6**

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.”

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

"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 30 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

Resolution 7

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
30 April 2024

Notes:

- *Proxy*
 - (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 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 93rd 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 93rd 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 93rd AGM. Members/Proxies/Corporate Representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 93rd 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 93rd 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. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin retires by rotation in accordance with Clause 110 of the Company's Constitution and being eligible, has offered himself for re-election at the 93rd AGM.

The Nomination Committee ("NC") had reviewed the performance and contribution of Datuk Seri Utama Raja Nong Chik 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 Datuk Seri Utama Raja Nong Chik who has performed his duties as an independent non-executive Director as well as the Chairman of the NC and a member of the Audit 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 Datuk Seri Utama Raja Nong Chik.

The profile of Datuk Seri Utama Raja Nong Chik is set out on page 6 of the 2023 Annual Report.

4. Resolution 5

The Board assisted by the NC, had assessed the independence of Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin who has served on the Board as an independent non-executive Director of the Company for a cumulative period of more than 9 years, and had recommended that the approval of the Shareholders be sought to retain Datuk Seri Utama Raja Nong Chik as an independent non-executive Director with consideration that he possesses the following attributes necessary in discharging his role and functions as an independent non-executive Director of the Company:

- (i) Fulfils the criteria of an independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.*
- (ii) Has served the Board for more than 9 years and therefore possesses greater insights and knowledge of the businesses, operations and growth strategies of the Group.*
- (iii) Challenges Management in an effective and constructive manner, providing a check and balance, and bringing independent voice and objective judgement to the Board and Board Committee deliberations.*
- (iv) Broad experience in accounting and as such could provide the Board and the Audit Committee with relevant accounting knowledge and advice where necessary.*
- (v) Exercises due care in all undertakings of the Group and carries out his professional duties in the interest of the Company and stakeholders.*

5. Resolution 6

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 25 May 2023 which will lapse at the conclusion of the 93rd AGM.

6. Resolution 7

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 Revenue are set out in the Circular to Shareholders dated 30 April 2024 which is made available on the websites of the Company at www.lion.com.my/licb-agm and Bursa Malaysia Berhad at www.bursamalaysia.com.

CORPORATE INFORMATION

Board of Directors	:	Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin (<i>Chairman</i>) Y. Bhg. Tan Sri Cheng Heng Jem (<i>Managing Director</i>) Y. Bhg. Dato' Nik Rahmat bin Nik Taib Ms Yap Soo Har Ms Cheng Hui Ya, Serena
Secretaries	:	Ms Wong Phooi Lin (MAICSA 7013812) SSM PC No. 202008002964 Ms Kong Siew Foon (MAICSA 7044962) SSM PC No. 202008002081
Registration No	:	192401000008 (415-D)
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my/lionind Email : licb@lion.com.my
Share Registrar	:	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 : shregistrar@lion.com.my
Auditors	:	Mazars PLT Wisma Golden Eagle Realty 11th Floor, South Block 142-A, Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan
Principal Bankers	:	Malayan Banking Berhad Affin Investment Bank Berhad Bank of China (Malaysia) Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
		<u>Ordinary Shares</u> <u>Warrants</u>
Stock Name	:	LIONIND LIONIND-WA
Bursa Securities Stock No	:	4235 4235WA
Reuters Code	:	LLBM.KL

DIRECTORS' PROFILE

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
Independent Non-Executive Chairman

Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin, a Malaysian, male, aged 71, was appointed to the Board on 29 August 2013 and has been the Chairman of the Company since 19 December 2013. He is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Company.

Datuk Seri Raja Nong Chik graduated with a Bachelor of Economics (Honours) from the University College of Wales, Aberystwyth. He is also a Fellow of the Chartered Institute of Management Accountants and an Associate member of the Institute of Chartered Secretaries and Administrators as well as a member of the Malaysian Institute of Accountants.

Datuk Seri Raja Nong Chik started his career as an accountant at FELCRA (Federal Land Consolidation and Rehabilitation Authority) in 1978 and thereafter as the Assistant Financial Controller and Manager, Corporate Planning at Kumpulan FIMA Bhd. He then joined the OYL Group as an Executive Director and was instrumental in setting a joint-venture company which pioneered a local brand of air conditioners and fridge under the brand name, ACON, which is now exported throughout the world. In 1986, he was instrumental in getting OYL Industries Bhd listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia Securities Berhad). In 1991, he left the OYL Group after disposing of a strategic stake to the Hong Leong Group to establish his own RASMA Group of Companies as an engineering based investment company which is actively involved in mechanical and electrical engineering, construction and property investment and manufacturing. Until April 2009, he was on the Board of Pharmaniaga Bhd and iCapital.biz Bhd.

Datuk Seri Raja Nong Chik also served as a committee member of the Selangor Federation of Malaysian Manufacturers for a number of years and before becoming a Minister, was the President of the Bumiputra Manufacturers and Services Industry Association, President of Persatuan Kontraktor Jentera Melayu Malaysia (PKJMM) and a member of the National Innovation Council of Malaysia. In April 2009, he was appointed a Senator and the Minister of Federal Territories and Urban Well-Being by the Prime Minister. He resigned as a Minister and Senator in May 2013.

Datuk Seri Raja Nong Chik has a direct shareholding of 100,000 ordinary shares in the Company ("LICB Shares") and a deemed interest in 100,000 LICB Shares. In addition, he has a deemed interest in LICB Shares through the holding of 100,000 warrants exercisable into 100,000 LICB Shares. He also has interest in companies which conduct similar businesses with the Group in the property development and construction sectors.

Datuk Seri Raja Nong Chik attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2023.

Tan Sri Cheng Heng Jem
Managing Director

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 81, was appointed the Managing Director of the Company on 26 May 2022.

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 of Lion Posim Berhad, a public listed company which is a subsidiary of the Company
- Chairman and Managing Director of Parkson Holdings 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 222,785,449 ordinary shares in the Company ("LICB Shares") and a deemed interest in 12,752,369 LICB Shares. In addition, he also has a deemed interest in LICB Shares through the holding of 117,768,907 warrants exercisable into 117,768,907 LICB 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 219 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, a non-independent non-executive Director of the Company. He is also the uncle of Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri Cheng attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2023.

Dato' Nik Rahmat bin Nik Taib

Independent Non-Executive Director

Y. Bhg. Dato' Nik Rahmat bin Nik Taib, a Malaysian, male, aged 66, was appointed to the Board on 28 February 2018. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Dato' Nik Rahmat graduated with a Bachelor of Analytical Economics (Honours) from University of Malaya in 1980. He further obtained a Diploma in Public Administration from the National Institute of Public Administration (INTAN) in 1982 and a Masters in Microeconomics from University of Birmingham, United Kingdom in 1995.

Dato' Nik Rahmat first joined the Malaysian public service upon his graduation in 1981 as an Assessment Officer with the Inland Revenue Board (LHDN) and spent 16 years starting from 1983 in various Ministries; 6 years with the Malaysia Export Trade Centre (MEXPO now known as MATRADE) under the Ministry of International Trade and Industry (MITI); and 5 years each with the Ministry of Finance (MOF) and the Economic Planning Unit (EPU) where, as Principal Assistant Director, he was in charge of the Malaysia Technical Assistance Programme (MTCP) which provides technical assistance to developing countries.

In 2000, Dato' Nik Rahmat joined MITI as the Principal Assistant Director of the Strategic Planning Division. During his 17 years tenure with the MITI, he held various positions including Director of the Strategic Planning Division, Senior Director of the Trade Cooperation and Practices Division, Senior Director of the Sectoral Policy Division and Deputy Secretary General (Industry), a position he held from 2011 until his retirement in January 2018.

Dato' Nik Rahmat also served on the Board of several government agencies, namely Malaysia Productivity Corporation (MPC), East Coast Economic Regional Development Council (ECERDC), Perbadanan Kemajuan Negeri Pahang (PKNP), Majlis Standard dan Akraditansi Malaysia (MSDAM), Ministry of Science, Technology and Innovation (MOSTI), and was the Chairman of Malaysia Steel Institute (MSI) from 2014 to 2017.

Dato' Nik Rahmat attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2023.

Yap Soo Har

Independent Non-Executive Director

Ms Yap Soo Har, a Malaysian, female, aged 68, was appointed to the Board on 1 December 2015. She is also the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

Ms Yap graduated with a Bachelor of Social Science majoring in Political Science from Universiti Sains Malaysia, Penang in 1978. She further obtained a Diploma in Public Administration from the National Institute of Public Administration (INTAN) in 1983 and a Masters in Public Administration cum Certificate in International Tax Program from Harvard University, the United States of America in 2001.

Ms Yap first joined the Malaysian Civil Service in 1979 as an Assistant Director of the Public Complaints Bureau, Prime Minister's Department (JPM). She then joined the Administrative and Diplomatic Service (PTD) in 1984 and served more than 36 years in various other Ministries including the Ministry of Defence, the Ministry of Public Enterprise and the Ministry of Finance until her retirement in October 2015.

During her tenure in the Ministry of Finance from 1991 until 2015, she held various positions including Assistant Director in the Government Agencies and Companies Monitoring Unit, Assistant Secretary and Principal Assistant Secretary in the Revenue and Forecasting Unit, Principal Assistant Secretary in the Direct Tax Unit - Corporate Tax, Deputy Undersecretary in the Policy Division - Incentive Unit and the Services Unit and Deputy Undersecretary in the Policy, Incentives and Sector Division.

Her tenure in the Ministry of Finance provided her with exposure to corporate affairs and performance where, under the Government Agencies and Companies Monitoring Unit, her duty was to monitor and assess performance of Government owned companies, while her 21 years of service with the Tax Division gave her knowledge and experience in areas of forecasting revenue of the Federal Government, formulating national tax policies, planning and implementation of tax incentives as well as processing of applications for various tax incentives from the private sector.

Ms Yap also served on the Board of Lembaga Perindustrian Nanas Malaysia from 2013 to 2015 and Lembaga Air Perak from 2008 to 2012.

Ms Yap attended all 5 Board Meetings of the Company held during the year ended 31 December 2023.

Cheng Hui Ya, Serena

Non-Independent Non-Executive Director

Ms Cheng Hui Ya, Serena, a Malaysian, female, aged 37, was appointed to the Board on 23 November 2017. She is also a member of the Nomination Committee and Remuneration Committee of the Company.

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 an Executive Director of Lion Posim Berhad, a public listed company which is a subsidiary 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 Managing Director and a major shareholder of the Company. She is also the cousin of Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Ms Cheng attended all 5 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

Wong Pak Yii, William

Malaysian, male, 55 years of age

Mr Wong Pak Yii, William was promoted as the Director, Commercial Division (Steel) on 1 October 2020. Prior to his promotion, he had been the General Manager - Marketing since October 2007, responsible for the marketing of the Group's steel bars and wire rods.

Mr William Wong graduated with a Bachelor of Business Administration (Honours) from the Kuala Lumpur Infrastructure University College and obtained his qualification in Corporate Administration from the Malaysian Institute of Chartered Secretaries and Administrators.

Mr Wong first joined the Lion Group in 1999 as an Assistant Manager - Sales (Bar) in the Marketing Department and has more than 25 years of experience in the marketing and distribution of building materials.

Lee Weng Lan

Malaysian, male, 67 years of age

Mr Lee Weng Lan was appointed on 22 September 2016 as the General Manager - Production of Steel Division – Long Products, responsible for the production and maintenance of the plant under Amsteel Mills Sdn Bhd. He was transferred to be in charge of the hot rolled coils under flat steel production of the Steel Division in 2021.

Mr Lee obtained a Diploma in Electrical from Institute Technology Negeri Ipoh in 1978.

Mr Lee first joined the Lion Group in 1980 as an Electronic Technician at the steel mill in Klang. From 1985 to 2012, Mr Lee held various positions within the Steel Division of the Lion Group which included Senior Engineering Executive for the Engineering Department in charge of 3 plants in Amalgamated Containers Berhad and later promoted to Assistant Manager – Press Shop Production in charge of the supply of all materials for container production, and Manager in charge of electrical project for installation and setting-up of the flat steel rolling mill. Mr Lee also participated in the Cold Rolling Mill Complex Project from carrying out feasibility study to plant set-up design.

In 1998, Mr Lee was transferred to be in charge of the Compact Strip Production Rolling Mill mechanical and electrical section in installation, testing and commissioning of the plant. In 2012, he was appointed the General Manager in charge of the Cold Rolling Mill production and co-ordination, and in 2014, the General Manager - Sourcing (Project) in the Group Purchasing Department.

Chong Won Hoong

Malaysian, male, 51 years of age

Mr Chong Won Hoong was appointed on 1 April 2016 as the Senior Manager - Process Improvement of the Steel Division - Long Products, responsible for the process improvement of the plant under Amsteel Mills Sdn Bhd.

Mr Chong obtained a Diploma in Materials Engineering from Tunku Abdul Rahman College in 1997.

Mr Chong first joined the Lion Group in 1997 as a Production Executive - Flat Product at the Steel Making Plant in Banting and assisted in the civil construction and machines installation for the Flat Product Project. In 2000, Mr Chong was appointed the Shift Superintendant and in 2003 promoted to Manager - Production in charge of production, mechanical and electrical of the Steel Making Plant. In 2013, Mr Chong was promoted as the Senior Manager - Production and from 2014 to 2016 was in charge of the Process Department - Flat Product before assuming his current position in the Long Products section.

Young Pey Feei

Malaysian, male, 64 years of age

Mr Young Pey Feei was appointed on 14 May 2012 as the Managing Director for the Property Division responsible for the Lion Group's property development in Malaysia.

Mr Young graduated with a Bachelor of Science (Hons) (Housing, Building and Planning) degree from the University of Science Malaysia and a Master of Business Administration from the University of Malaya.

Mr Young has more than 30 years of experience in property development. Prior to joining the Lion Group, he was the Senior General Manager - Property Development of Talam Corporation Bhd and the General Manager - Property Development of WCT Land Sdn Bhd.

Mr Young is a Director of Hy-Line Berhad and certain companies within the Lion Group which are involved in property development. He also has interest in certain companies which conduct similar business with the Group in the property development sector.

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 a 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/lionind. 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 Committee Report and the Sustainability Statement.

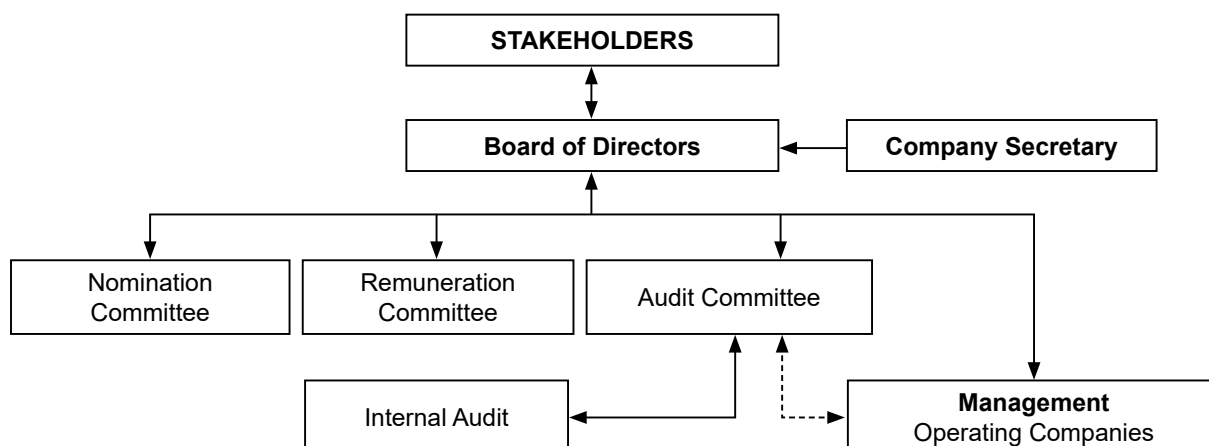
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review except for the following practices:

- Practice 1.4 : The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 5.3 : The tenure of independent director does not exceed a cumulative term limit of 9 years.
- 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 Managing Director ("MD") 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 MD with clear division of responsibilities are set out in the Company's Board Charter. The positions of Chairman and MD are held by 2 individuals.

The Board acknowledges the requirement of MCCG that the Chairman of the board should not be a member of the Audit Committee, the Nomination Committee or the Remuneration Committee in order to foster greater objectivity in the boardroom. Although the Chairman of the Board is also the Chairman of the Nomination Committee and a member of Audit Committee, the Board is of the view that with the Chairman's professional qualifications and sound knowledge in financial reporting and management accounting coupled with the experience he has accumulated for more than 40 years in various sectors, the Chairman is able to contribute his professional and accounting advice to the strategies and operations of the Company in meeting its objectives. As a senior Independent Director, he is able to bring with him the quality of impartiality, maintains his neutrality and continues to be an effective conduit for other independent Directors to voice their concerns in the Company's decision-making.

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 CA 2016 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, 5 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 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 MD, the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD may delegate aspects of his 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 the 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, the provisions of the CA 2016, and the principles of the MCGG.

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 50 to 65 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 MCCG 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. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin has served on the Board as an independent non-executive Director for more than 9 years and will be re-designated a non-independent non-executive Director upon the conclusion of the forthcoming 93rd Annual General Meeting of the Company ("93rd AGM") in line with the recommendation of the MCCG. The Nomination Committee had assessed the independence of Y. M. Datuk Seri Utama Raja Nong Chik and had recommended the Board to seek Shareholders' approval at the 93rd AGM to retain him as an independent non-executive Director with consideration that he possesses the attributes necessary in discharging his role and functions as an independent non-executive Director of the Company. The Board had concurred with the Nomination Committee's assessment and had recommended the resolution on the retention of Y. M. Datuk Seri Utama Raja Nong Chik as an independent non-executive Director of the Company, to be tabled at the 93rd AGM by way of a single-tier voting process.

Ms Yap Soo Har who retires by rotation in accordance with Clause 110 of the Company's Constitution has indicated to the Board that she does not wish to seek re-election as Director. Hence, she shall retire at the conclusion of the 93rd AGM.

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 2 women Directors.

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 with a majority of them being independent 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 37 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 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. During the financial year, an in-house briefing by Senior Management of the Steel Division on the operations and industrial related matters of the steel industry for the Directors to better understand the core business of the Company and their related risks and challenges ("In-house Briefing").

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 In-house Briefing, 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; and fraud and cyber security risks:

Name of Directors	Programme
Datuk Seri Utama Raja Nong Chik bin Dato’ Raja Zainal Abidin	<ul style="list-style-type: none"> • Thannees Tax Consulting Services – Virtual Tax Conference 2023 - Tackling Practical Problems faced by Taxpayers • Bursa Malaysia – Public Listed Companies Transformation Programme - #digital4ESG Forum: Exploring the Intersection of Digitalisation and ESG • Bursa Malaysia – COI and Governance of COI • Bursa Malaysia – Advocacy Session for Directors and CEOs of Main Market Listed Issuers • Bursa Malaysia and Ernst & Young – Management of Cyber Risk
Tan Sri Cheng Heng Jem	<ul style="list-style-type: none"> • Bursa Malaysia – Advocacy Session for Directors and CEOs of Main Market Listed Issuers
Dato’ Nik Rahmat bin Nik Taib	<ul style="list-style-type: none"> • Bursa Malaysia and Ernst & Young – Management of Cyber Risk
Yap Soo Har	<ul style="list-style-type: none"> • Bursa Malaysia – Public Listed Companies Transformation Programme - #digital4ESG Forum: Exploring the Intersection of Digitalisation and ESG • Bursa Malaysia – COI and Governance of COI • Bursa Malaysia and Ernst & Young – Management of Cyber Risk
Cheng Hui Ya, Serena	<ul style="list-style-type: none"> • CeDR Corporate Consulting Sdn Bhd – Managing Across Generations in the Workplace • Bursa Malaysia and Ernst & Young – Management of Cyber Risk

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 requirements, 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 MD to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 39 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

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses* RM'000	Benefits- In-kind RM'000	Total RM'000
Executive Director					
Tan Sri Cheng Heng Jem	60	9	2,400	151	2,620
Non-executive Directors					
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	85	10	–	–	95
Dato' Nik Rahmat bin Nik Taib	55	9	–	–	64
Yap Soo Har	60	10	–	–	70
Cheng Hui Ya, Serena	55	10	109	31	205
	<u>315</u>	<u>48</u>	<u>2,509</u>	<u>182</u>	<u>3,054</u>

The Company

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses* RM'000	Benefits- In-kind RM'000	Total RM'000
Executive Director					
Tan Sri Cheng Heng Jem	35	5	960	–	1,000
Non-executive Directors					
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	85	10	–	–	95
Dato' Nik Rahmat bin Nik Taib	55	9	–	–	64
Yap Soo Har	60	10	–	–	70
Cheng Hui Ya, Serena	35	6	–	–	41
	<u>270</u>	<u>40</u>	<u>960</u>	<u>–</u>	<u>1,270</u>

Note:

- * The salaries are inclusive of employer's provident fund.

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Effective and Independent Audit 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 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 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 Committee comprises 3 members, all of whom are independent Directors and financially literate. The Chairman of the Audit 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 Committee for the financial year under review are set out in the Audit Committee Report on pages 31 to 36 of this Annual Report.

The Board has established a formal and transparent relationship with the External Auditors through the Audit Committee. The Audit 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 Committee had also considered information presented in the Audit Quality Commitment Report published by the External Auditors. The Audit 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 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 23 to 30 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 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 Committee. The CIA had resigned on his own accord during the financial year. The Internal Auditors attend all meetings of the Audit Committee. The Audit 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 Committee Report on pages 35 and 36 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on pages 25 and 26 in the Statement on Risk Management and Internal Control and pages 35 and 36 in the Audit 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/lionind which is linked to the announcements published on the website of Bursa Malaysia at 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 MD.

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 of the Meeting 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 Committee (“AC”). The AC 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 AC thereafter briefed the Board members on the proceedings of the AC meetings including highlighting any material matters on internal control or risk management that warranted the Board’s attention. Minutes of the AC 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 ABC 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/lionind.

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 toward 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 Managing Director (“MD”), the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD may delegate aspects of his authority and powers but remains accountable to the Board for the Company’s performance 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 MD 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 Committee
 - Nomination Committee
 - Remuneration Committee
- The Management of each operating company is responsible and accountable to the Senior Management, MD, 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.

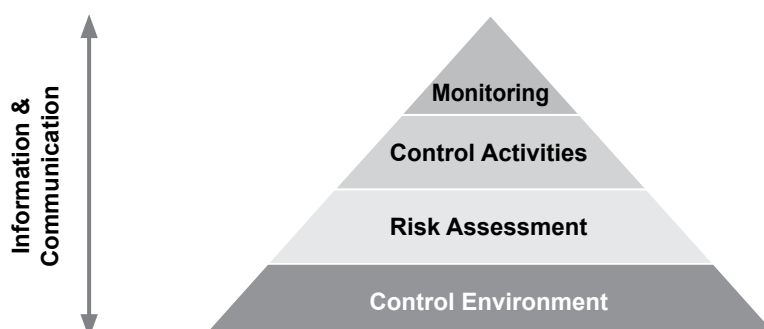
5. Planning, Monitoring and Reporting

- 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 AC.

6. Internal Audit

- Internal Audit Charter that is approved by the AC 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 AC 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 AC 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.

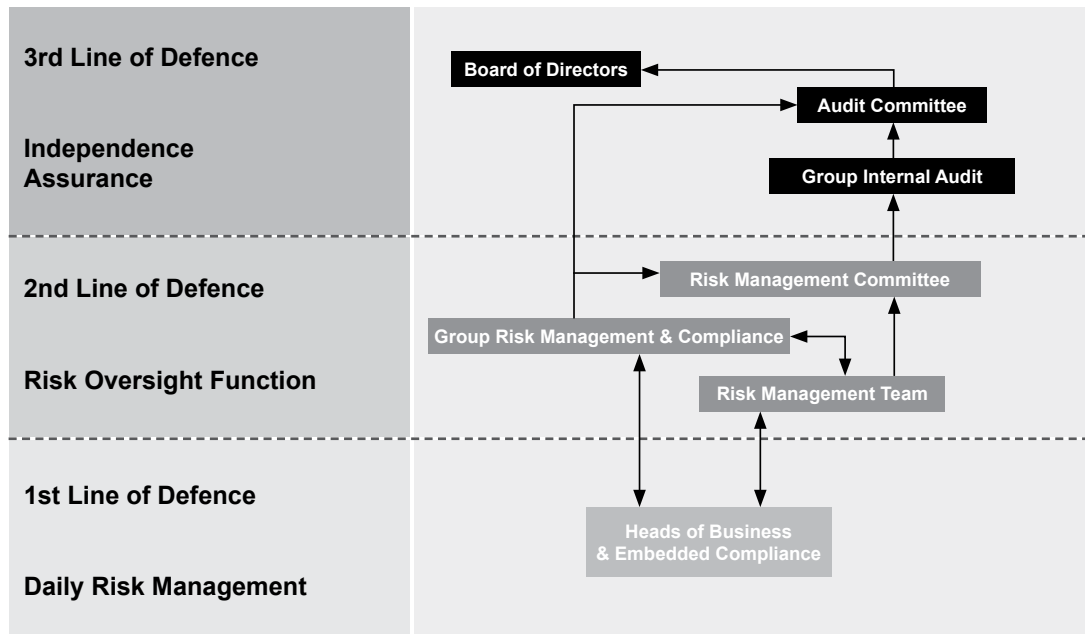
- The GIA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The following 5 inter-related COSO components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

- LICB Group has a Safety, Health and Environment (“SHE”) Management System which is an integrated approach where all the 3 SHE factors are effectively managed to protect the safety and health of employees and the public as well as the environment from hazards associated with the workplace.
- Workplace safety and health involves implementing procedures for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances. It also includes training personnel in accident prevention, accident response, emergency preparedness, and use of protective clothing and equipment.
- The environmental aspect involves complying with environmental regulations, such as managing waste or air emissions and reducing the company’s carbon footprint.
- Under SHE, the Group’s steel manufacturing operations have a Work Scope Control Procedure detailing all the Standard Operating Procedures (“SOPs”) for each and every identified task deemed as hazardous or potentially hazardous. It also includes an Emergency Management Plan to minimize the impact of any emergency event on employees, the community, and the environment by responding immediately and efficiently to protect lives and assets, and to ensure disaster recovery and business continuity.
- Regulatory requirements such as the Occupational Safety and Health Act (OSHA) play an important role in SHE management and require the company to implement and comply with all the necessary measures.
- 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 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 is 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 AC 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 AC 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 AC and Board for their deliberation and decision making. The AC 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 MD 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's 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 COMMITTEE REPORT

The Audit Committee of Lion Industries Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2023.

COMPOSITION

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

- **Members**

Ms Yap Soo Har
(Chairman, Independent Non-Executive Director)

Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
(Independent Non-Executive Director)

Y. Bhg. Dato' Nik Rahmat bin Nik Taib
(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 Industries Corporation Berhad, Ms Wong Phooi Lin and Ms Kong Siew Foon, are also Secretaries of the Audit Committee.

MEMBERSHIP

The Audit 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 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 Committee shall fulfill the requirements as prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

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

MEETINGS AND MINUTES

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

TERMS OF REFERENCE

The Terms of Reference of the Audit 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/lionind.

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

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, 4 Audit Committee Meetings were held at which, full attendance was recorded for all the 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 Committee Meetings, representing the Internal Audit Function.

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

The main works undertaken by the Audit 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 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 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 23 to 30 of this Annual Report.

The Audit 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 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 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 Committee.

The Audit 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 once to discuss matters in relation to their audit planning. The External Auditors had informed that they did not have any matters to report to the Audit Committee in relation to their review of the financial results in the absence of executive Board members and Management.

- **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 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 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 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 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 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 Committee on a quarterly basis.

The Management had given assurance to the Audit 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.

- **Material Transaction**

Reviewed material transaction entered into by the Group and ensured that the transaction undertaken was in the best interest of the Group, and recommended the same for approval of the Board.

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 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 Committee. The Audit 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 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 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 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 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 RM388,415.

NOMINATION COMMITTEE

- Chairman** : Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
(*Independent Non-Executive Director*)
- Members** : Ms Yap Soo Har
(*Independent Non-Executive Director*)

Ms Cheng Hui Ya, Serena
(*Non-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 Committee and each of its members to determine whether the Audit 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 non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin 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 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 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 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.

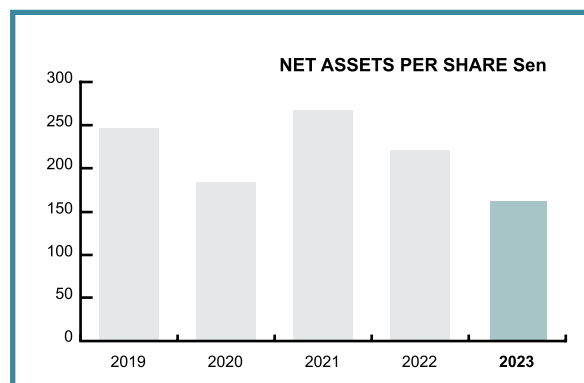
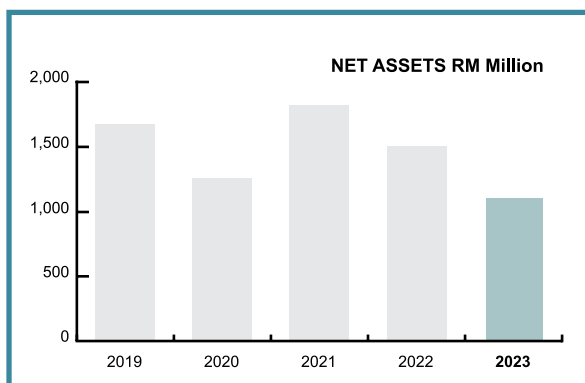
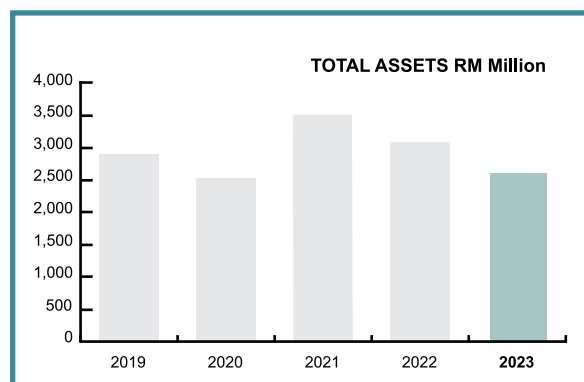
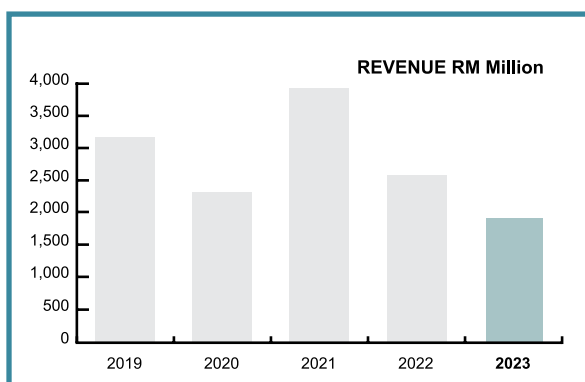
- (iii) Reviewed the term of office and performance of the Audit Committee as a whole and each of its members including an assessment of their financial literacy, and assessed and evaluated the effectiveness of the Audit Committee in conducting its activities in accordance with its Terms of Reference, and was satisfied that the Audit 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 Committee including financial reporting process.
- (iv) Reviewed the retirement by rotation of Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin, 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 93rd Annual General Meeting of the Company ("93rd AGM").
- (v) Discussed the vacancies arising from the impending retirement of Ms Yap Soo Har at the conclusion of the 93rd AGM and the appointment of a new independent Director in due course.
- (vi) Reviewed the retention of Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin whose tenure of service as an independent Director has exceeded a cumulative period of 9 years, for Board's recommendation to Shareholders for their approval at the 93rd AGM by way of a single-tier voting process based on the attributes necessary in discharging his role and functions as an independent Director.
- (vii) Reviewed the training needs of the Directors and was satisfied that the Directors having attended the relevant training programmes, 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.
- (viii) 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

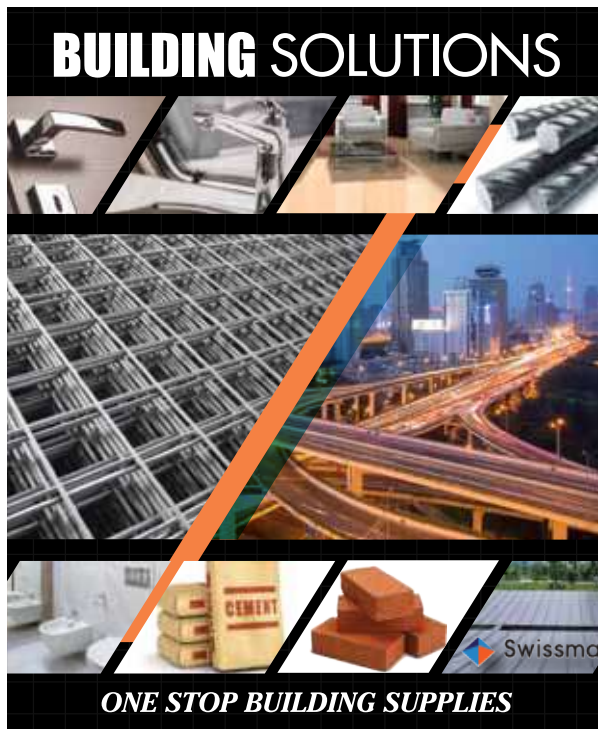
Chairman	:	Y. Bhg. Dato' Nik Rahmat bin Nik Taib <i>(Independent Non-Executive Director)</i>
Members	:	Ms Yap Soo Har <i>(Independent Non-Executive Director)</i> Ms Cheng Hui Ya, Serena <i>(Non-Independent Non-Executive Director)</i>
Terms of Reference	:	<ul style="list-style-type: none"> • To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary. • To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years/period		12 months ended 30 June		18 months ended 31 December	12 months ended 31 December	
		2019	2020	2021	2022	2023
Revenue	(RM'000)	3,163,774	2,318,470	3,937,446	2,579,174	1,914,817
Profit/(Loss) before tax	(RM'000)	(128,045)	(377,024)	570,284	(319,269)	(334,371)
Profit/(Loss) after tax	(RM'000)	(156,101)	(383,170)	539,241	(309,841)	(402,414)
Net Profit/(Loss) attributable to owners of the Company	(RM'000)	(157,253)	(390,533)	494,990	(309,024)	(401,296)
Total assets	(RM'000)	2,891,976	2,515,969	3,512,778	3,085,897	2,601,127
Net assets	(RM'000)	1,673,901	1,251,585	1,813,558	1,497,364	1,100,812
Total borrowings	(RM'000)	163,233	163,605	182,211	155,836	160,239
Earnings/(Loss) per share	(Sen)	(23.1)	(57.4)	72.7	(45.4)	(58.9)
Net assets per share	(Sen)	246	184	266	220	162



THE GROUP'S BUSINESSES



- 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.*



- Amsteel Mills Sdn Bhd produces steel products namely, bars, wire rods and billets for construction and manufacturing requirements.
- *Amsteel Mills Sdn Bhd menghasilkan produk besi iaitu bar, rod wayar dan bilet untuk kegunaan sektor pembinaan dan pembuatan.*



- 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.*

PENYATA Pengerusi

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

PRESTASI KEWANGAN

Perniagaan kita dalam pelbagai sektor ekonomi kini berdepan cabaran akibat perubahan pada landskap industri, di tengah-tengah ketegangan geopolitik, pertumbuhan ekonomi global yang lebih perlahan berbanding jangkaan dan tekanan inflasi yang semakin meningkat di seluruh dunia. Industri keluli tempatan khususnya, berdepan dengan cabaran getir disebabkan permintaan yang rendah, kemerosotan harga dan kenaikan kos pengeluaran keluli terutamanya tenaga atau bahan api.

Berikutan persekitaran ekonomi yang mencabar ini, Kumpulan melaporkan perolehan yang lebih rendah sebanyak RM1,915 juta dan kerugian sebelum cukai sebanyak RM334.4 juta bagi tahun dalam kajian berpunca terutamanya daripada kerugian Bahagian Keluli. Keputusan kewangan pada tahun ini juga mengambil kira kerugian rosot nilai atas muhibah Bahagian Keluli yang berjumlah RM130.4 juta. Namun begitu, kita akan meneruskan operasi walaupun pada skala yang kecil bagi memastikan bekalan keluli yang konsisten kepada pelanggan kita di samping mengekalkan kehadiran dalam pasaran.

Pada 31 Disember 2023, aset bersih Kumpulan berjumlah RM1,101 juta mewakili aset bersih sesaham sebanyak RM1.62, iaitu penurunan sebanyak 58 sen dari tahun kewangan yang lepas.

PERKEMBANGAN KETARA DALAM KORPORAT

(i) Pada 1 September 2023:

- (a) Amsteel Mills Sdn Bhd (“AMSB”), subsidiari 99% milik Syarikat, telah memeterai perjanjian jual beli bersyarat dengan Unichamp Mineral Sdn Bhd (“Unichamp Mineral”) bagi cadangan melupuskan sebidang tanah pegangan bebas berkeluasan 19.781 ekar atau kira-kira 861,660 kaki persegi berdasarkan geran GRN 297957, Lot 19322, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor untuk pertimbangan tunai sebanyak RM67.96 juta; dan

- (b) Gelora Berkat Sdn Bhd, subsidiari milik penuh Syarikat, telah memeterai perjanjian jual beli bersyarat dengan Unichamp Mineral bagi cadangan melupuskan sebahagian daripada tanah pegangan bebas iaitu H.S.(D) 26819, PT 17217, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor berkeluasan 7.006 ekar atau kira-kira 305,181 kaki persegi untuk pertimbangan tunai sebanyak RM24.07 juta.

Cadangan pelupusan di atas tertakluk kepada syarat-syarat yang ditetapkan terdahulu dipenuhi.

- (ii) Pada 23 Februari 2024, AMSB telah memeterai perjanjian jual beli bersyarat dengan RHB Trustees Berhad, yang bertindak sebagai pemegang amanah kepada Axis Real Estate Investment Trust bagi melupuskan sebidang tanah berstatus pajakan yang dipegang di bawah H.S(D) 24277, PT 3501 di Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan dengan keluasan kira-kira 3.23 hektar berserta bangunan yang didirikan di atasnya, untuk pertimbangan jualan sebanyak RM49.00 juta (“Pelupusan”).

Pelupusan tersebut masih belum dimuktamadkan.

PROSPEK

Melangkah ke hadapan, pasaran keluli tempatan dijangka terus mencabar terutamanya disebabkan penggunaan kapasiti sebenar yang lebih rendah dan peningkatan kos operasi.

Namun begitu, Kumpulan akan terus berwaspada dan bertindak secara proaktif terhadap sebarang perubahan dalam pasaran serta menumpukan kepada usaha mengoptimalkan kecekapan operasi dan mengawal kos.

Bagi mendepani cabaran yang mendatang, Kumpulan kini mempergiatkan usaha untuk mengembangkan kegiatan dalam bidang pertumbuhan baharu dan meluaskan rangkaian produk. Inisiatif-inisiatif ini bertujuan untuk mencapai keputusan yang lebih baik bagi tahun-tahun kewangan yang akan datang dan memupuk pertumbuhan mampan jangka panjang sambil meningkatkan nilai bagi pihak berkepentingan.

LEMBAGA PENGARAH

Cik Yap Soo Har yang akan bersara mengikut giliran selaras dengan Perlembagaan Syarikat telah menyatakan hasrat untuk menarik diri daripada dilantik semula dan persaraan beliau berkuat kuasa menjelang berakhirnya Mesyuarat Agung Tahunan akan datang ini.

Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan kepada Cik Yap atas dedikasi dan sumbangan beliau kepada Kumpulan. Cik Yap merupakan Pengarah Bebas Bukan Eksekutif Syarikat dan pengerusi Jawatankuasa Audit, serta ahli Jawatankuasa Pencalonan dan Jawatankuasa Ganjaran.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih dan merakamkan penghargaan tulus ikhlas kepada semua pemegang saham, pelanggan, pembiaya kewangan, sekutu perniagaan dan pihak berkuasa Kerajaan atas sokongan dan keyakinan mereka yang berterusan kepada Kumpulan sepanjang tempoh yang mencabar ini.

Saya juga ingin menzahirkan penghargaan tulus ikhlas kepada rakan-rakan Pengarah atas bimbingan, sokongan dan sumbangan yang tidak ternilai sepanjang tahun kewangan ini.

Akhir kata, saya ingin mengucapkan ribuan terima kasih kepada pihak pengurusan dan warga kerja kerana dedikasi dan komitmen mereka kepada Kumpulan.

DATUK SERI UTAMA RAJA NONG CHIK BIN
DATO' RAJA ZAINAL ABIDIN
Pengerusi

CHAIRMAN'S STATEMENT

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

FINANCIAL PERFORMANCE

Our businesses in the various sectors are coping with the many challenges resulting from changes in the industries' landscape, amidst a backdrop of geopolitical tensions, the slower than expected global economic growth and escalating inflationary pressures worldwide. In particular, the domestic steel industry faced formidable challenges, attributed to the low demand for steel, subdued steel prices and hike in production costs particularly energy costs.

Due to the challenging economic environment, the Group reported a lower revenue of RM1,915 million and a loss before tax of RM334.4 million for the year under review, with the majority of the losses stemming from the Steel Division. This year's results included an impairment loss on goodwill amounting to RM130.4 million from the Steel Division. Nevertheless, we continue to operate although scaling back on our steel operations to ensure consistent supply to our customers and retain market presence.

As at 31 December 2023, the Group's net assets amounted to RM1,101 million and translating into a net assets per share of RM1.62, representing a decrease of 58 sen from that of the last financial year.

SIGNIFICANT CORPORATE DEVELOPMENTS

(i) On 1 September 2023:

- (a) Amsteel Mills Sdn Bhd ("AMSB"), a 99%-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Unichamp Mineral Sdn Bhd ("Unichamp Mineral") for the proposed disposal of a portion of a piece of freehold land held under GRN 297957, Lot 19322, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor measuring 19.781 acres or approximately 861,660 sq ft for a cash consideration of RM67.96 million; and

- (b) Gelora Berkat Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Unichamp Mineral for the proposed disposal of a portion of a piece of freehold land held under H.S.(D) 26819, PT 17217, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor measuring 7.006 acres or approximately 305,181 sq ft for a cash consideration of RM24.07 million.

The above proposed disposals are pending fulfillment of conditions precedent.

- (ii) AMSB had on 23 February 2024 entered into a conditional sale and purchase agreement with RHB Trustees Berhad, who acted as the trustee for Axis Real Estate Investment Trust for the disposal of a piece of leasehold land held under H.S(D) 24277, PT 3501 in Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan measuring approximately 3.23 hectares together with the buildings erected thereon, for a disposal consideration of RM49.00 million ("Disposal").

The Disposal is pending completion.

PROSPECTS

Moving forward, the local steel market is expected to remain challenging due primarily to capacity under-utilisation and rising operational costs.

Nevertheless, the Group will remain vigilant and respond proactively to prevailing market conditions and focus on optimising operational efficiencies and containing costs.

To respond to and pre-empt further challenges, the Group is intensifying its efforts to expand into new growth areas and broadening its product range. These initiatives are geared towards realising improved results in the upcoming financial years and fostering sustainable long-term growth while enhancing value for stakeholders.

BOARD OF DIRECTORS

Ms Yap Soo Har who is due to retire by rotation pursuant to the Constitution of the Company has indicated that she will not seek re-election and shall therefore retire at the conclusion of the forthcoming Annual General Meeting.

On behalf of the Board, I would like to extend our sincere appreciation to Ms Yap for her dedication and contributions to the Group. Ms Yap, an Independent Non-Executive Director of the Company, is also the chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee.

APPRECIATION

On behalf of the Board, I wish to express my heartfelt and sincere thanks to all our valued shareholders, customers, financiers, business associates and the various governmental and regulatory authorities for their continuing support and confidence in the Group throughout these challenging times.

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

Last but not least, I would like to place on record my appreciation to the management and staff for their dedication and commitment to the Group.

DATUK SERI UTAMA RAJA NONG CHIK BIN
DATO' RAJA ZAINAL ABIDIN
Chairman

主席报告

我谨代表董事部，提呈金狮工业机构有限公司截至2013年12月31日财政年度的年度报告及经审核财务报表。

财务表现

在地缘政治紧张，全球经济增长比预期缓慢以及全球通货膨胀压力加速的背景下，我们各行各业的业务都面对着行业格局变化带来的诸多挑战。特别是，国内钢铁行业面临着巨大的挑战，主要归因于对钢铁的需求低迷、钢铁价格疲弱以及生产成本尤其是能源成本的上涨。

由于经济环境充满挑战，集团本年度营业收入减少至19亿1,500万令吉，税前亏损为3亿3,440万令吉，其中大部分亏损来自钢铁部门。今年的业绩包括钢铁部门的商誉减值损失1亿3,040万令吉。即便我们的钢铁业务规模已经缩减，我们仍继续运营，以确保向客户提供稳定供应并保持市场份额。

截至2023年12月31日，本集团的净资产为11亿100万令吉，每股净资产1.62令吉，较上一个财政年度减少58仙。

重大企业发展

(i) 于2023年9月1日

(a) 本公司拥有99%股权的子公司 Amsteel Mills Sdn Bhd (“AMSB”)，和 Unichamp Mineral Sdn Bhd (“Unichamp Mineral”) 达成一项有条件买卖协议，拟议以6,796万令吉的价格出售位于雪兰莪州瓜拉冷岳县 GRN 297957, Lot 19322, Mukim Tanjong Duabelas 的一片永久地契土地的一部份，面积为19.781英亩(约861,660平方英尺)；

(b) 本公司独资子公司 Gelora Berkhat Sdn Bhd 和 Unichamp Mineral 达成有条件买卖协议，拟议以2,407万令吉的价格出售位于雪兰莪州瓜拉冷岳县 H.S.(D) 26819, PT 17217, Mukim Tanjong Duabelas 的一片永久地契土地的一部份，面积为7.006英亩(约305,181平方英尺)。

上述拟议的出售有待履行先决条件。

(ii) AMSB于2024年2月23日与 RHB Trustees Berhad 签订了有条件的买卖协议。RHB Trustees Berhad 担任 Axis Real Estate Investment Trust (“买方”)的受托人，该协议涉及以4,900万令吉的价格出售位于雪兰莪州巴生县 Mukim Kapar, H.S.(D) 24277, PT 3501 的一块面积约3.23公顷的租赁土地，连同其上竖立的建筑物。

上述拟议的出售有待履行先决条件。

展望

展望未来，由于产能利用率不足以及运营成本上涨，预料本地钢铁市场将继续充满挑战。

尽管如此，本集团将保持警惕，积极应对当前的市场状况，并专注于优化运营效率和控制成本。

为了应对和预防进一步的挑战，本集团正在加紧努力拓展新的增长领域和扩大产品范围。这些举措旨在实现未来财政年度的业绩能有所改善，促进可持续的长期增长，同时为利益相关者增加价值。

董事部

Ms Yap Soo Har 根据公司章程将轮值退任。她将不寻求连任，因此将在即将召开的常年大会后卸任。

我谨代表董事会衷心感谢 Ms Yap 对本集团的奉献和贡献。Ms Yap 为本公司独立非执行董事，亦为审核委员会主席、提名委员会及薪酬委员会成员。

鸣谢

我谨代表董事会衷心感谢所有尊贵的股东、客户、金融机构、业务伙伴以及各政府和监管机构，感谢他们在这段充满挑战的时期对本集团的持续支持和信心。

我要感谢董事们这一年来提供宝贵的指导、支持与贡献。

最后，我也要感谢管理层和职员对本集团的奉献。

主席

**DATUK SERI UTAMA RAJA NONG CHIK BIN
DATO' RAJA ZAINAL ABIDIN**

MANAGEMENT DISCUSSION AND ANALYSIS

	2023 RM'000	2022 RM'000	Change
Consolidated Statement of Profit or Loss			
Revenue	1,914,817	2,579,174	-26%
Loss from operations	(208,145)	(343,743)	39%
Loss before tax	(334,371)	(319,269)	-5%
Loss after tax	(402,414)	(309,841)	-30%
Consolidated Statement of Financial Position			
Total assets	2,601,127	3,085,897	-16%
Deposits, cash and bank balances	114,558	208,253	-45%
Total liabilities	1,277,658	1,363,962	-6%
Loans and borrowings	160,239	155,836	3%
Net assets	1,100,812	1,497,364	-26%

The Group posted a 26% lower revenue of RM1,915 million for the financial year 2023 compared with RM2,579 million in the preceding year. This was primarily due to the lower revenue registered by our Steel Division.

The Group shared a significantly lower loss of RM4.4 million from the associated companies and a joint venture, compared with RM38.7 million loss in the preceding year. This was largely attributable to the improved performance from retail businesses following the lifting of COVID-19 related prevention and control measures in China.

The Group recorded a higher loss before tax of RM334.4 million compared with RM319.3 million a year ago mainly attributable to the impairment loss on goodwill of RM130.4 million made by the Steel Division.

Overall, the Group's loss after tax was 30% higher at RM402.4 million with the reversal of deferred tax assets by the Steel Division for the year under review.

As at 31 December 2023, the Group's total assets decreased by 16% to RM2,601 million from RM3,086 million a year ago while the Group's total liabilities decreased by 6% from RM1,364 million to RM1,278 million. The Group borrowings has increased by 3% to RM160.2 million. Consequently, the Group's net assets reduced by 26% to RM1,101 million, resulting in net assets per share decreasing by 58 sen to RM1.62 from RM2.20 in the preceding year.

REVIEW OF OPERATIONS

Note: "Profit or loss before interests, share of associates and taxation" is hereinafter referred to as "profit" or "loss".

STEEL		
	2023 RM Million	2022 RM Million
Revenue	1,431	2,137
Segment loss	(195.2)	(359.2)

Long Steel Products (Billets, Steel Bars & Wire Rods)

Our long steel products business is spearheaded by Amsteel Mills Sdn Bhd, which operates two steel plants situated in Bukit Raja in Klang and Banting.

Throughout 2023, the steel industry faced persistent challenges both globally and domestically. Globally, steel demand remained weak, driven by low demand from manufacturing and construction in developed economies, the slower than expected recovery in China's property sector, and geopolitical conflicts and tensions. This environment led to a downward trend in global steel prices.

Domestically, adding to the woes of declining steel prices and escalating production and energy costs, the industry struggled with issues of overcapacity and underutilisation. Demand for steel remained low as lack of new mega infrastructure projects.

In the face of these adversities, the long steel products business registered a 30% lower revenue of RM1.4 billion compared with RM2.0 billion a year ago, and recorded a loss of RM122.3 million for the year under review.

Despite these challenges, our commitment to the long-term sustainability of our business remains unwavering. We will focus on implementing strategic initiatives aimed at enhancing operational efficiency to ensure a reliable supply to our customers and maintaining a strong market presence. Furthermore, we are actively exploring opportunities in niche markets with premium price products, while remaining dedicated to driving sustainable growth in the future.

Flat Steel Product ("Hot Rolled Coil")

In view of the extremely challenging steel market conditions locally and globally, the Group has suspended the commercial production of the flat steel plant located in Banting.

BUILDING MATERIALS		
	2023 RM Million	2022 RM Million
Revenue	635.4	725.1
Segment profit	2.3	4.0

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 price of building materials posed a challenge to the industry. As a result, the Division registered a lower revenue of RM635 million for FY2023 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.

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.

LUBRICANTS, PETROLEUM PRODUCTS AND AUTOMOTIVE PRODUCTS		
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	2023	2022
	RM Million	RM Million
Revenue	117.5	111.6
Segment profit	12.2	8.9

The Division remains vigilant to the continuing economic impact on its business operating environment. 2023 saw 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.

SUSTAINABILITY STATEMENT

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

The Company is involved in the manufacturing of long steel products by Amsteel Mills Sdn Bhd (“Amsteel”) in Klang and Banting, Selangor. Amsteel’s plant in Klang produces billets for rolling into steel bars and wire rods while its plant in Banting produces special grade billets for rolling into specialty bars and wire rods for automotive parts, mattress and mechanical springs, turning parts, wire rods, wire ropes and other stringent applications. The steel bars and wire rods produced by the Company are used in the construction, fabrication and manufacturing industries.

In the property development sector, the Company is involved in property management and residential development. Some of its projects are Taman Malim Jaya in Melaka, Taman Soga in Batu Pahat and Pelangi Promenade in Klang.

The Company through its listed subsidiary, Lion Posim Berhad, is also involved in the trading and distribution of building materials including finishing products under the Simwares (sanitary wares), Simtec (tap fittings), Simcera (tiles) and SimLoc (ironmongery) brand names, as well as steel products; and petroleum-based products including automotive and industrial lubricants under the HI-REV, torQue and T-trax brands, and automotive components.

BASIS OF SCOPE

This Sustainability Statement covers the Group’s operations in the long steel products namely billets, bars and wire rods in Klang and Banting, and its property development project in Taman Malim Jaya in Melaka.

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 Requirement”) with reference to its Sustainability Reporting Guidelines. The standard disclosures are also aligned with the United Nations Sustainable Development Goals (“UNSDGs”).

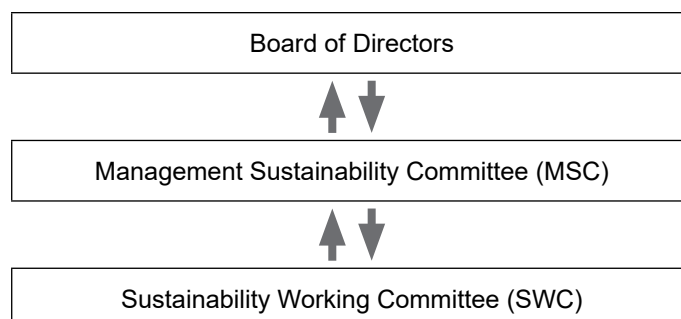
The Group is working to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) with effect from FY2025. We will continue to improve our disclosures to align with best practice reporting standards.

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 the 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 on pages 12 to 30 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"> • Health, safety and well-being • Learning and development • Respect and recognition • Job satisfaction • Pay and benefits 	<ul style="list-style-type: none"> • Meetings • Training programmes • Internal newsletter • New employee induction programme • Staff gatherings and other engagement channels




STAKEHOLDERS ENGAGEMENT (continued)

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

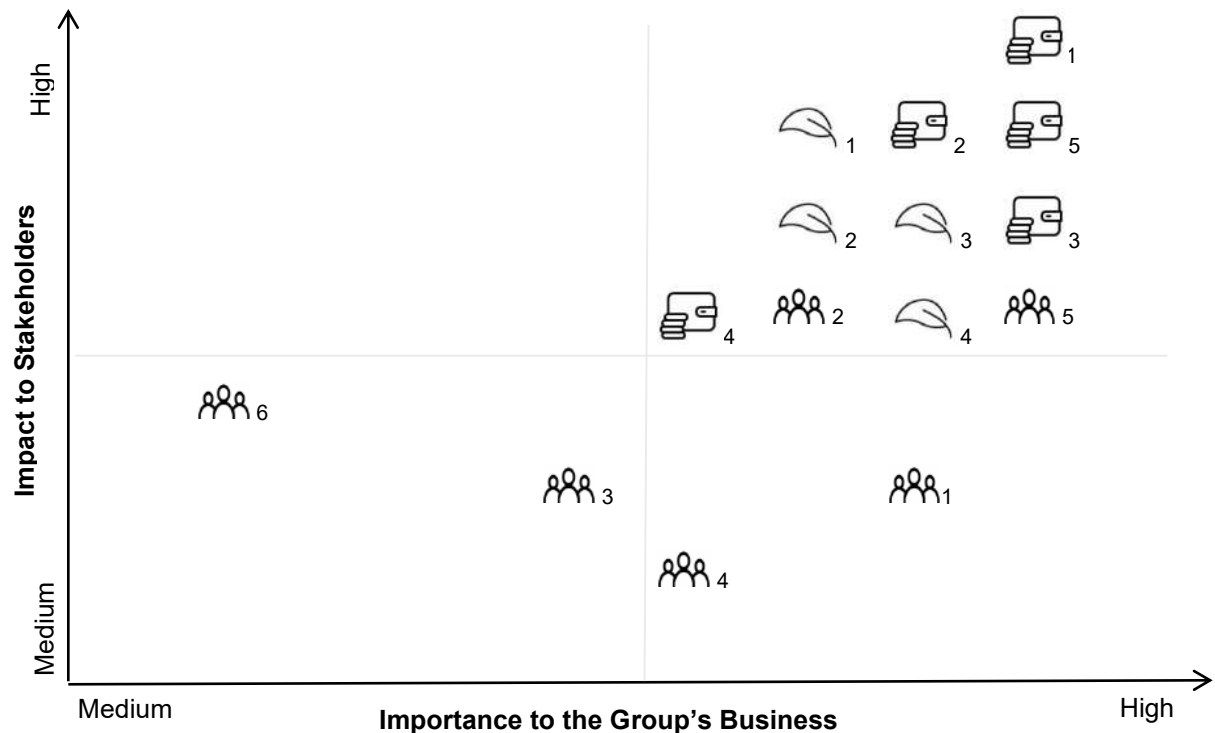
MATERIAL MATTERS

Our materiality matters are validated by our various divisions, combined into a consolidated matrix of issues relating to the activities of the Company. In identifying matters material to the Company, 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.





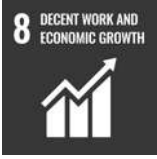
 Economic	 Environmental	 Social
<ol style="list-style-type: none"> 1. Economic Performance 2. Anti-Corruption 3. Cyber Security/Data Protection 4. Supply Chain Management 5. Products Quality & Safety 	<ol style="list-style-type: none"> 1. Energy Efficiency 2. Water Management 3. Emissions/Air Quality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

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"> • Provide financial aid for medical treatment to the most vulnerable segments of society • Collaborate with other bodies and Non-Governmental Organisations to extend our reach and ensure help is targeted to those most in need
 <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"> • 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 • Promote healthy lifestyles and work-life balance by organising programmes that focus on our employees’ physical and mental well-being
 <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"> • Provide scholarships to undergraduates pursuing their first degree locally • Promote employee development programme
 <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"> • Acknowledge women’s contribution in the industry and committed to promoting the advancement of women, especially in fields related to steel manufacturing, engineering and construction • Ensure women’s effective representation and equal opportunities for leadership at all levels of decision-making across business activities
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<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"> • Provide competitive remuneration packages to our employees, and training opportunities for career growth and development • Promote a safe and secure working environment for all workers, including contractors and foreign labour • Stand firm against any form of forced labour, modern slavery and child labour

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

UNSDGs	Description	Our Approach
	<p>Goal 12: Responsible Production and Consumption Substantially reduce waste generation</p>	<ul style="list-style-type: none"> • Encourage 3R (reduce, reuse, recycle) activities to reduce waste generation • Leverage on recycling of steel
	<p>Goal 13: Climate Action Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> • Compliance with all applicable statutory and regulatory requirements
	<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"> • Support fair and equitable workplace • Ensure a strong ethics and compliance culture • Zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy
	<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"> • Collaborate with regulators, industry players and community development programme partners

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.

	RM’000
<i>Revenue</i>	1,914,817
<i>Loss after tax</i>	(402,414)
<i>Net loss attributed to owners of the Company</i>	(401,296)

Note : Further information on Economic Performance can be found in Financial Statements section of the 2023 Annual Report from pages 66 to 211.

- **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.

ZERO	Substantiated Complaints Concerning Breaches In Customer Privacy Or Data Loss
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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 94.15%, was spent on local suppliers.

94.15%	Spending on Local Suppliers
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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

In 2023, 100% of employees in our Property Development division have completed the necessary training, compared to 13.42% from the Steel Manufacturing division. 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 our operations, with 42.42% of them undergoing the evaluation.

Corruption Incidents

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

Executive 24.22% Non-executive 14.29%	Corruption Related Training	42.42%	Operations Assessed for Corruption - related Risks	ZERO	Corruption Incidents
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- **Products Quality & Safety**

Delivering quality is important in maintaining credibility and customer trust, which are necessary in a highly competitive industry. 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 steel products are used mainly in the construction and infrastructure sectors, and are manufactured to the highest standards, and have received certification from SIRIM Malaysia, UK Certification Authority, Australian Certification Authority and TUV Nord Germany, among others.

- **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 with various customer feedback channels to further improve on our customer service and achieving customer satisfaction. Our customers can submit a formal complaint to us via email or through messaging application to our marketing/sales representatives.

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**

Our steel manufacturing plants have been certified under ISO14001 Environmental Management System since 2012 which is testament of our commitment to prevention of pollution, continual improvement in overall environmental performance, and compliance with all applicable statutory and regulatory requirements.

Complying with the Energy Commission Act 2001 (Energy Management System) since 2010, active implementation of Research & Development and CIP (Continuous Improvement Plan) measures in our plants have been fruitful over time in reducing energy consumption significantly both in the form of electricity and natural gas.

For FY2023, the total energy consumption recorded by our Property Development and Steel Manufacturing divisions was 659.93 megawatts. A significant portion of this consumption, approximately 86.39%, was attributed to the Steel Manufacturing side.

659.93 Megawatts	Total Energy Consumption
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- **Water Management**

We recognise water as a scarce resource, and we carefully manage our water usage by promoting the 3R concept i.e. Reduce, Reuse and Recycle via continuous process improvement and in-house water treatment plants. For FY2023, the Group consumed 960.05 megalitres of water, with approximately 98% attributed to the steel manufacturing operations.

960.05 Megalitres	Water Consumed
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- **Emissions/Air Quality**

We have air quality monitoring programmes in place in our steel mills to ensure compliance with the emission limits as required by the ISO14001 Environmental Management System audit, and to minimise the impact of our manufacturing activities on the ambient air quality.

Regular preventive maintenance and cleaning are conducted on chimneys and dust-collecting systems to prevent potential pollutants build-up. The Total Suspended Particulates (TSP) for the chimney units in our steel mills is monitored quarterly with readings ranging between 1 to 25 mg/m^3 , which is below 50 mg/m^3 as specified in the Environmental Quality (Clean Air) Regulations 2014, whilst the TSP for ambient air monitoring is monitored yearly with the data recorded ranging from 103 to 213 $\mu g/m^3$, below the 260 $\mu g/m^3$ stated in Malaysia Recommended Air Quality Guidelines.

We are committed to enhancing our technological capabilities to boost the energy-saving efficiency of our operations, thereby further mitigating our environmental impact. As part of this endeavour, we are planning to install induction furnaces ("IF") in our steel mills. This strategic move is projected to yield significant reductions in the consumption of raw materials such as natural gas and oxygen. By minimising raw material usage, we are able to contribute to the preservation of these valuable resources. Additionally, the implementation of IF technology in our steel manufacturing operations will enable us to reduce carbon monoxide (CO) emissions, aligning with our sustainability goals and fostering a greener, more eco-conscious approach to our business practices.

Leveraging on the fact that steel is 100% recyclable, maximising the utilisation of steel scrap represents a pivotal measure in the pursuit of carbon neutrality. This strategic approach leads to a substantial reduction in carbon dioxide (CO₂) emissions throughout the steelmaking process. By prioritising the recycling of steel, the Company not only embraces a sustainable and environmentally responsible business model but also actively contributes to mitigating the carbon footprint associated with steel production. This commitment aligns with global efforts to address climate change and underscores the Company's dedication to environmentally conscious practices within the steel industry.

- **Waste and Hazardous Materials Management**

We minimise the generation of wastes wherever possible. At our plants, we practise the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable wastes in accordance with the Solid Waste and Public Cleansing Management Act 2007. We also generate scheduled wastes which are managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Scheduled wastes generated are properly stored, labelled and disposed when they reach a certain quantity or duration. Non-scheduled wastes are collected by a certified contractor for disposal at legal landfill sites.

Amsteel uses recycled steel scraps as its main source of raw materials in the steel making process, whereby the recycling business model is imperative for environmental sustainability.

We ensure that occurrences such as chemical spills and leakages do not take place at our plants. We comply with the legal requirements of Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemical) Regulations 2013, as well as the implementation of best management practices to mitigate pollution.

We will continue to train and remind our employees, service providers and contractors to ensure they are aware of the proper practices and guidelines with regard to chemical and hazardous materials management. 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 wastes in each operational process.

Given our commitment and adherence to our waste and hazardous materials management practices, we met full compliance with zero compound for FY2023.

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 Company 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.

ZERO	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.

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.

Our plant employees and visitors to the plant are equipped with the necessary safety and protective wear. Employees who are exposed to noise are provided with personal hearing protectors and required to undergo an audiometric test annually to ensure their well-being.

We have established the Emergency Response Team (“ERT”) in our plants to prepare for and respond to any emergency incident, such as occupational incidents, natural disasters or interruption of business operations. 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 644 participants were given various training on health and safety standards.

644	Employees Trained On Health And Safety Standards
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Among the training were:

- Emergency Drill
- Safety Management Manual & Ergonomics at Workplace
- Conference of Occupational Safety & Health 2023
- Safe Handling of Forklift
- Authorised Gas Tester & Entry Supervisor for Confined Space
- Seminar of Guidelines on Medical Surveillance Program at the Workplace
- Working at Heights Awareness
- Chemical Hazard Management & Spillage Handling Control
- MICOSH 2023 : OSH Principle of Mental Health at Workplace

Work Related Injuries

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

Steel Manufacturing Operations	2023	
	Employee	Contractor
Total Hours Worked	2,496,000	948,800
Number of Fatalities	0	0
Number of Lost Time Injuries	29	6
Lost Time Incident Rate	0.00116%	0.0006%

• **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	7,340	HOURS
Non-executive	5,010	

Among the training and development programmes conducted both physically and/or online are as follows:

- Understanding of ISO14001:2015 EMS Requirements
- ESG Awareness Briefing
- Seminar on Import Policy & Procedures for Iron & Steel Products
- Pemacu Penglibatan Pekerja
- Refresher Training for Online QC
- Pernerjasama & Pematuhan Akta Kualiti Alam Sekeliling 1974
- Leading and Communicating With Your Team
- MIA Conference 2023 – Future Fit Profession Charting A Better Tomorrow
- Visitor Management System
- Effective Supervisory Programme
- Productivity Improvement
- 2023 SEAISI/MISIF Seminar
- Effective MRO Spares Inventory Management
- Employee Engagement Workshop – “Building Good Working Relationship”
- Managing Absenteeism
- Kursus Amalan Persekitaran Berkualiti (QE/5S)
- Water Treatment Plant Start-up
- ESG For Sustainable Future – Integrating Environmental, Social & Governance Principle
- EQ and Leadership Skills For Results
- Compliance on Sales Tax Exemptions & Scrap/Waste Disposal Procedure
- ISO 14001 Risk Assessment
- Smart Energy Saving Solution
- Bangun (Bangkit Kita Transform)

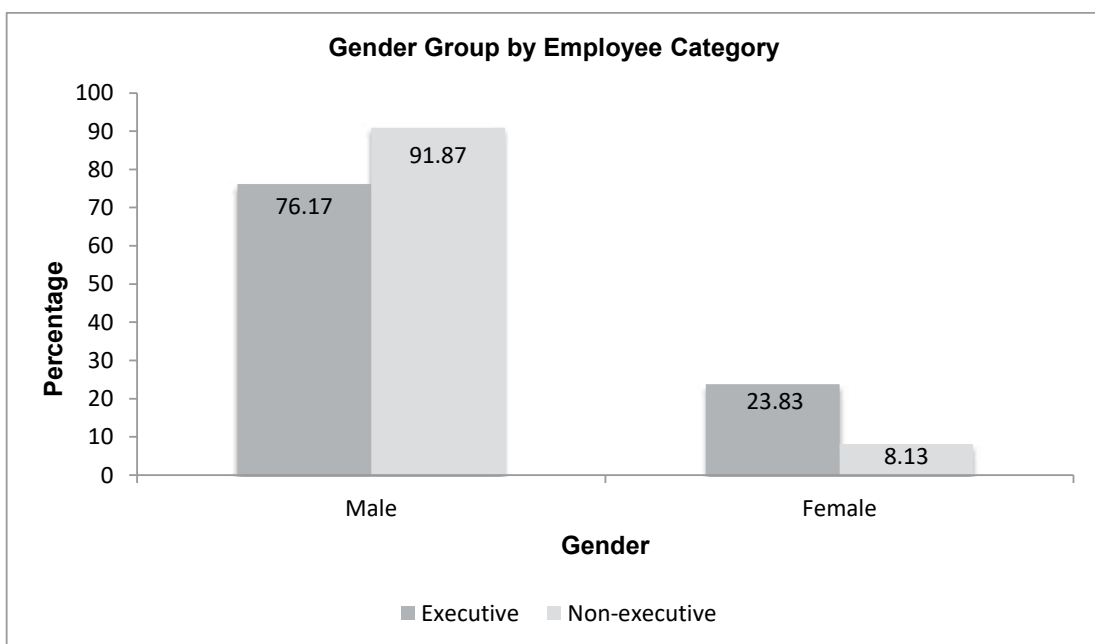
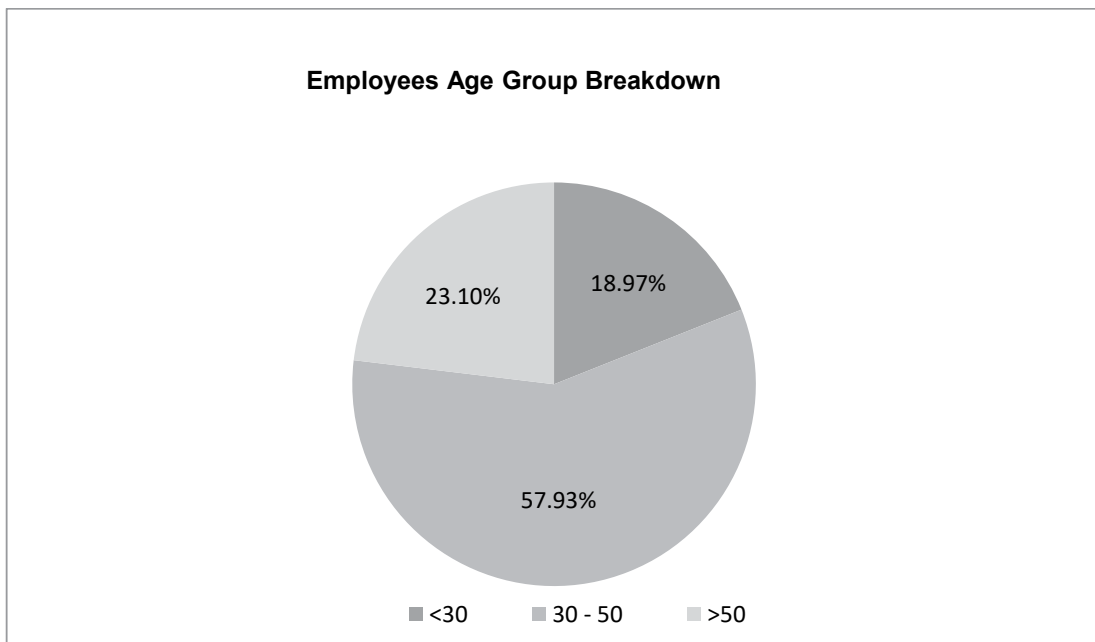
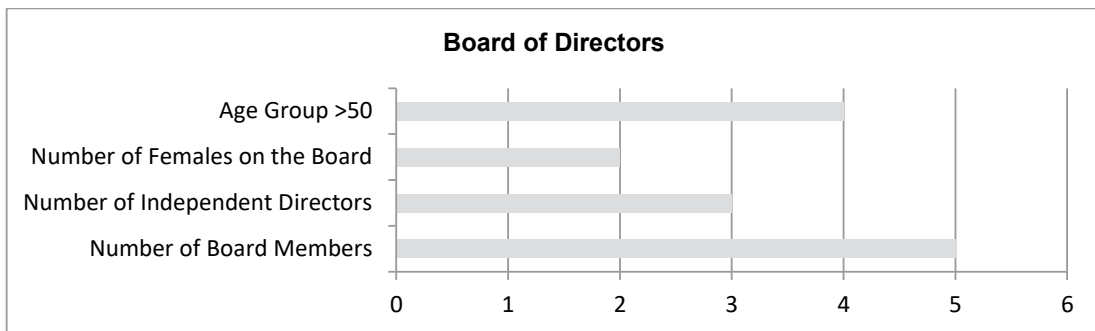
• **Diversity & Equal Opportunities**

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 40% 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, 11.89% of our employees are female and 88.11% are male, which is a reflection of the physically demanding nature of our core business in the steel manufacturing industry, particularly at the steel manufacturing plants. We have a well-balanced team, with 57.93% falling in the middle 30-50 years old age group, of which 22.85% are in executive positions. 80.48% of our staff hold permanent positions with the Group.

For FY2023, the turnover rates were 21.87% and 34.97% for executive staff and non-executive staff respectively. Although the figures indicate a relatively high turnover, they also provide valuable insights into areas where we can enhance our retention strategies and employee satisfaction. Our commitment remains steadfast in fostering a supportive environment where all employees feel valued and motivated to contribute to the organisation’s success.



Age Group by Employee Category (%)			
	<30	30 – 50	>50
Executive	11.86	55.73	32.41
Non-executive	23.72	56.73	19.55

Total Turnover by Employee Category	
Executive	56
Non-executive	284

- **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.

Amsteel Mills Klang contributed RM500 and RM1,500 to CSR programmes organised by Dang Wangi Police District and Gabungan Persatuan Penduduk Klang respectively.

SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	24.22
Non-Executive	Percentage	14.29
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	42.42
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	662,030.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	158
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Under 30	Percentage	11.86
Executive Between 30-50	Percentage	55.73
Executive Above 50	Percentage	32.41
Non-executive Under 30	Percentage	23.72
Non-executive Between 30-50	Percentage	56.73
Non-executive Above 50	Percentage	19.55
Gender Group by Employee Category		
Executive Male	Percentage	76.17
Executive Female	Percentage	23.83
Non-executive Male	Percentage	91.87
Non-executive Female	Percentage	8.13
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Under 30	Percentage	0.00
Between 30-50	Percentage	20.00
Above 50	Percentage	80.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	659.93
Bursa (Health and safety)		
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	644
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Executive	Hours	7,340
Non-executive	Hours	5,010
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	19.52
Bursa C6(c) Total number of employee turnover by employee category		
Executive	Number	56
Non-executive	Number	284
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	94.16
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	960.050000

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 Committee and approved by the Board.

Subject Matters covered are provided below:

Material Matters	Subject Matter
Anti-corruption	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Total amount invested in the community where the target beneficiaries are external to the Company
Diversity	<ul style="list-style-type: none"> • Percentage of employees by gender and age group, for each employee category • Percentage of directors by gender and age group
Energy Management	<ul style="list-style-type: none"> • Total energy consumption
Health and Safety	<ul style="list-style-type: none"> • Number of work-related fatalities • Lost time incident rate • Number of employees trained on health and safety standards
Labour Practices and Standards	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Proportion of spending on local suppliers
Data Privacy and Security	<ul style="list-style-type: none"> • Number of substantiated complaints concerning breaches of customer privacy and loss of customer data
Water	<ul style="list-style-type: none"> • Total volume of water used

FINANCIAL STATEMENTS

2023

For The Financial Year Ended 31 December 2023

DIRECTORS' REPORT

The Directors of **LION INDUSTRIES CORPORATION BERHAD** hereby submit 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 and property development.

The principal activities of the subsidiary companies are manufacture and marketing of steel bars, wire rods, and steel related products; trading and distribution of building materials and other steel products; manufacture and trading of lubricants, automotive products and petroleum products; property development and investment holding.

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 43 to the financial statements.

RESULTS

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

	The Group RM'000	The Company RM'000
Loss for the year	(402,414)	(82,528)
Loss attributable to:		
Owners of the Company	(401,296)	(82,528)
Non-controlling interests	(1,118)	-
	<u>(402,414)</u>	<u>(82,528)</u>

In the opinion of the Directors, the results 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 impairment loss on goodwill of RM130,443,000.

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.

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 of 31 December 2023, the Company held 37,105,300 treasury shares at a carrying amount of RM13,192,722.

WARRANTS

The Company had on 14 December 2022 issued 340,400,686 warrants by way of bonus issue on the basis of 1 warrant for every 2 existing ordinary shares held in the Company.

Salient features of the warrants are as follows:

- (a) Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or before the maturity date, 12 December 2025, falling 3 years from the date of issuance of the warrants. Unexercised warrants after the exercise period will thereafter lapse and cease to be valid;
- (b) The exercise price of the warrants is fixed at RM0.43 per warrant;
- (c) The new ordinary shares to be issued upon the exercise of the warrants shall rank *pari passu* in all respects with the existing ordinary shares of the Company; and
- (d) The warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2022.

As at 31 December 2023, 340,400,686 warrants remained unexercised.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, 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 their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; 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 which would render any amount stated in the financial statements of the Group and of the Company 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 in respect of the Group or 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 as and 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 up to the date of this report are:

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
Tan Sri Cheng Heng Jem
Dato' Nik Rahmat bin Nik Taib
Yap Soo Har
Cheng Hui Ya, Serena

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:

Chai Voon Choy	Koo Chuan Hong
Chen Xian Ping	Lee Boon Liang
Cheng Hui Ya, Serena	Lee Khian Lai
Cheng Hui Yen, Natalie	Lee Whay Keong
Cheng Theng How	Liu Cheng Ku
Cheng Yong Liang	Ong Kek Seng
Chuah Say Chin	Ooi Kim Lai
Dato' Eow Kwan Hoong	Poon Sow Har
Dato' Teoh Teik Jin	Sun Li Zhong
Dr Folk Jee Yoong	Tan Sri Cheng Heng Jem
Goh Kok Beng	Tan Sri Cheng Yong Kim
Hu Li Ke	Tan Sri Abd Karim bin Shaikh Munisar
Hu Qing Guo	Teoh Lean Keat
Jiang Hong Xin	Wong Pak Yii
Juliana Cheng San San	Yeo Keng Leong
Koh Yong Heng	
Lee Wee Leng (Appointed on 20 November 2023 and resigned with effect from 25 March 2024)	
Wang Wing Ying (Resigned with effect from 18 March 2024)	

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial year are as follows:

	Number of Ordinary Shares			As at 31.12.2023
	As at 1.1.2023	Additions	Disposals	
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin				
Direct interest	100,000	-	-	100,000
Deemed interest	100,000	-	-	100,000
Tan Sri Cheng Heng Jem				
Direct interest	222,785,449	-	-	222,785,449
Deemed interest	12,752,369	-	-	12,752,369

In addition to the above, the following Directors are also deemed to have an interest in shares in the Company by virtue of the warrants issued by the Company with a right to subscribe for ordinary shares in the Company on the basis of 1 new ordinary share for every 1 warrant held:

	Number of Warrants			As at 31.12.2023
	As at 1.1.2023	Additions	Disposals	
Direct Interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	50,000	-	-	50,000
Tan Sri Cheng Heng Jem	111,392,723	-	-	111,392,723
Deemed Interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	50,000	-	-	50,000
Tan Sri Cheng Heng Jem	6,376,184	-	-	6,376,184

DIRECTORS' INTERESTS (continued)

The shareholdings in the related corporations during and at the end of the financial year of those who were Directors in office at the end of the financial year are as follows:

		Number of Ordinary Shares			As at 31.12.2023
		As at 1.1.2023	Additions	Disposals	
Tan Sri Cheng Heng Jem					
Direct interest					
Lion Posim Berhad		400	-	-	400
Deemed interest					
Holdsworth Investment Pte Ltd		4,500,000	-	-	4,500,000
Inspirasi Elit Sdn Bhd		212,500	-	-	212,500
Lion Group Management Services Sdn Bhd		5,000,000	-	-	5,000,000
Lion Posim Berhad		170,186,190	-	-	170,186,190
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
Investments in the People's Republic of China					
	Currency	As at 1.1.2023	Additions	Disposals	As at 31.12.2023
Deemed interest					
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

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 remunerations received or due and receivable by the Directors 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 classified into executive and non-executive Directors during the financial year are as follows:

	The Group	The Company
	RM'000	RM'000
Executive Director:		
Fee	60	35
Salary and other emoluments	2,560	965
	2,620	1,000
Non-executive Directors:		
Fees	255	235
Salary and other emoluments	167	35
Defined contribution plans	12	-
	434	270
Total	3,054	1,270

Included in other emoluments is estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM182,000 and RM Nil respectively.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable Directors to 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.

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 RM956,000 and RM127,000 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 party 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
8 April 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION INDUSTRIES CORPORATION BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Industries Corporation Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 82 to 210.

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.

(a) Recoverable amount of property, plant and equipment at Banting and Klang

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on property, plant and equipment are disclosed in Note 3, Note 4(ii)(e) and Note 12 to the financial statements.

The risk:

As at 31 December 2023, the carrying amount of the property, plant and equipment of the Group amounted to RM851 million, representing 57% and 33% of the Group's total non-current assets and total assets respectively. Included in the property, plant and equipment of the Group are property, plant and equipment related to steel making plants of subsidiaries located at Banting ("Banting Plants") and Klang ("Klang Plants") amounting to RM678 million and RM96 million respectively.

The Banting Plants have temporarily stopped its production activities and the Klang Plants incurred loss during the year. The Directors of the Company deem this as an indicator for impairment and accordingly carried out impairment assessment in accordance with MFRS 136 Impairment of Assets, on the Banting Plants and Klang Plants.

The recoverable amount of the Banting Plants and Klang Plants 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 Banting Plants and Klang Plants for impairment assessment, we identified the recoverable amount of Banting Plants and Klang Plants 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 the Group's policies and procedures to identify indications of impairment of assets;
- Performed physical inspection of Banting Plants and Klang Plants to ensure the physical existence and their conditions;
- Obtained independent valuation reports for the land, buildings, plant and machinery;
- Assessed the competency, capabilities and objectivity of the independent valuers engaged by the Group to determine the market value of Banting Plants and Klang Plants on the determination of the recoverable amounts of these plants;
- Discussed with the valuers to understand the methodologies adopted in determining the market value of Banting Plants and Klang Plants;
- Assessed the reasonableness of the key assumptions and inputs used in the valuation;
- Assessed the appropriateness of the adjustments made to the observable prices in the active market or recent market transactions in determining the market value of Banting Plants and Klang Plants; and
- Tested the mathematical accuracy of recoverable amount calculation.

(b) Recoverable amount 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 13 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 8% and 5% 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 13 to the financial statements, and management's plans on its realisation, we identified the recoverable amount 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.

(c) Recoverable amount of investment in an associated company, Parkson Holdings Berhad

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment in associated companies are disclosed in Note 3, Note 4(ii)(a) and Note 18 to the financial statements.

The risk:

As at 31 December 2023, the carrying amount of the investment in associated companies of the Group amounted to RM398 million, representing 27% and 15% of the Group's total non-current assets and total assets respectively. Included in the investment in associated companies of the Group is investment in Parkson Holdings Berhad amounting to RM360 million.

As at the reporting date, the market value of investment in Parkson Holdings Berhad is below the Group's carrying amount of investment in the associated company. The Directors had performed an impairment assessment based on the value-in-use ("VIU") method to determine its recoverable amount.

The use of VIU involved significant estimates of the future financial results of the business, in particular, the key assumptions on revenue growth rate, gross profit margin, operating expenses and pre-tax discount rate used in the future cash flows forecasts. 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 VIU of its investment in Parkson Holdings Berhad, we identified the recoverable amount of investment in Parkson Holdings Berhad 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 the relevant processes and internal controls over the impairment assessment process;
- Reviewed the discounted cash flows prepared by management;
- Assessed the reasonableness of key assumptions, including discount rates, forecast growth rates and methodology used in deriving the present value of the cash flows;
- Corroborated the key assumptions with industry analysts' views and available market information and compared to historical results and cash flows of Parkson Holdings Berhad; and
- Tested the mathematical accuracy of recoverable amount calculation.

We have determined that there are no key audit matters in the audit of the 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 43 to the financial statements.

Other Matters

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

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

FRANCIS XAVIER JOSEPH
02997/06/2024 J
Chartered Accountant

Kuala Lumpur
8 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 (Restated)	2023 RM'000	2022 RM'000
Revenue	5	1,914,817	2,579,174	-	-
Other income		60,858	36,989	190	313
Net changes in inventories		(76,624)	(2,186)	-	-
Raw materials and consumables used		(1,358,465)	(2,201,699)	-	-
Purchase of trading merchandise		(380,947)	(312,597)	-	-
Staff costs	6	(141,220)	(158,708)	(1,242)	(991)
Directors' remuneration	7	(3,054)	(2,833)	(1,270)	(1,694)
Investment income	8	3,863	6,242	234	381
Finance costs	9	(15,402)	(12,367)	(640)	(664)
Depreciation and amortisation:					
- Property, plant and equipment	12	(44,690)	(45,404)	(97)	(125)
- Investment properties	13	(473)	(475)	-	-
- Prepaid land lease payment	14	(1,564)	(3,433)	-	-
- Right-of-use assets	15	(16,014)	(6,231)	(42)	(51)
Net fair value loss on financial assets/liabilities measured at amortised cost		-	-	(78,261)	-
Impairment losses net of reversals on:					
- Property, plant and equipment	12	(7,224)	-	-	-
- Trade and other receivables	24	(4,795)	(19,038)	6	-
- Amount owing by subsidiary companies	25	-	-	(162)	166
- Investment in associated companies	18	-	-	-	116
- Long-term investments	20	130	-	-	-
Other operating expenses		(137,341)	(201,177)	(1,343)	(1,344)
Loss from operations	6	(208,145)	(343,743)	(82,627)	(3,893)

(Forward)

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
Share of results of:					
- Associated companies	18	(4,396)	(38,737)	-	-
- Joint venture	19	27	19	-	-
Gain on disposal of investment in a subsidiary company	17	-	63,192	-	-
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	17	8,586	-	-	-
Impairment loss on goodwill	22	(130,443)	-	-	-
Loss before tax		(334,371)	(319,269)	(82,627)	(3,893)
Tax (expense)/credit	10	(68,043)	9,428	99	(250)
Loss for the year		(402,414)	(309,841)	(82,528)	(4,143)
Loss attributable to:					
Owners of the Company		(401,296)	(309,024)	(82,528)	(4,143)
Non-controlling interests		(1,118)	(817)	-	-
		(402,414)	(309,841)	(82,528)	(4,143)
Loss per share (sen):					
Basic and diluted	11	(58.94)	(45.39)		

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 (Restated)	2023 RM'000	2022 RM'000
Loss for the year	(402,414)	(309,841)	(82,528)	(4,143)
Other comprehensive income/(loss)				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations	9,798	34,744	-	-
Share of other comprehensive income/(loss) of associated companies	3,510	(26,871)	-	-
Reclassification to profit or loss upon dissolution of a subsidiary company	(8,586)	-	-	-
Other comprehensive income for the year, net of tax	4,722	7,873	-	-
Total comprehensive loss for the year	(397,692)	(301,968)	(82,528)	(4,143)
Total comprehensive (loss)/ income attributable to:				
Owners of the Company	(396,552)	(302,185)	(82,528)	(4,143)
Non-controlling interests	(1,140)	217	-	-
	(397,692)	(301,968)	(82,528)	(4,143)

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 (Restated)	2023 RM'000	2022 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	850,746	902,550	65	162
Investment properties	13	118,564	113,877	-	-
Prepaid land lease payments	14	36,945	36,625	-	-
Right-of-use assets	15	29,382	22,314	-	42
Land held for property development	16(a)	51,626	51,849	26	26
Investment in subsidiary companies	17	-	-	788,304	743,333
Investment in associated companies	18	398,320	395,678	64,394	64,394
Investment in joint venture	19	117	90	-	-
Long term investments	20	599	599	216	216
Amount owing by subsidiary companies	25	-	-	460,924	-
Deferred tax assets	21	9,937	9,484	-	-
Goodwill	22	-	130,443	-	-
Total Non-Current Assets		1,496,236	1,663,509	1,313,929	808,173
Current Assets					
Property development costs	16(b)	4,736	-	-	-
Inventories	23	308,134	380,330	43	43
Trade receivables	24(a)	312,003	301,192	-	-
Other receivables, deposits and prepayments	24(b)	340,635	509,621	8,657	4,005
Amount owing by subsidiary companies	25	-	-	2	619,054
Current tax assets		9,738	14,028	50	-
Investment in money market funds	26(a)	2,362	2,279	-	-
Deposits, cash and bank balances	26(b)	114,558	208,253	5,347	7,332
		1,092,166	1,415,703	14,099	630,434
Non-current assets classified as held for sale	27	12,725	6,685	-	-
Total Current Assets		1,104,891	1,422,388	14,099	630,434
Total Assets		2,601,127	3,085,897	1,328,028	1,438,607

(Forward)

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	28	1,250,536	1,250,536	1,250,536	1,250,536
Reserves	30	(149,724)	246,828	(75,343)	7,185
Equity attributable to owners of the Company		1,100,812	1,497,364	1,175,193	1,257,721
Non-controlling interests		222,657	224,571	-	-
Total Equity		1,323,469	1,721,935	1,175,193	1,257,721
Non-Current and Deferred Liabilities					
Loan and borrowings	31	22,200	833	-	-
Lease liabilities	32	14,618	16,723	-	-
Amount owing to subsidiary companies	25	-	-	143,240	-
Deferred payables	34	120,622	243,725	-	-
Deferred tax liabilities	21	68,535	4,277	-	-
Total Non-Current and Deferred Liabilities		225,975	265,558	143,240	-
Current Liabilities					
Trade payables	33(a)	416,080	470,902	339	282
Other payables, deposits and accrued expenses	33(b)	288,425	327,430	881	1,257
Contract liabilities	33(c)	76,097	56,848	-	-
Loan and borrowings	31	138,039	155,003	8,375	8,445
Lease liabilities	32	9,461	6,474	-	44
Amount owing to subsidiary companies	25	-	-	-	170,824
Deferred payables	34	123,103	80,000	-	-
Current tax liabilities		478	1,747	-	34
Total Current Liabilities		1,051,683	1,098,404	9,595	180,886
Total Liabilities		1,277,658	1,363,962	152,835	180,886
Total Equity and Liabilities		2,601,127	3,085,897	1,328,028	1,438,607

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 ----- >						Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Translation adjustment reserve RM'000	Capital reserve RM'000	Distributable reserve - Retained earnings RM'000				
At 1 January 2022 as previously reported	1,250,536	(13,193)	38,306	(41,854)	579,763	1,813,558	225,147	2,038,705	
Effect of adoption of Amendments to MFRS 112 (Note 2)	-	-	-	-	(14,009)	(14,009)	(793)	(14,802)	
At 1 January 2022, restated	1,250,536	(13,193)	38,306	(41,854)	565,754	1,799,549	224,354	2,023,903	
Loss for the year	-	-	-	-	(309,024)	(309,024)	(817)	(309,841)	
Other comprehensive income/ (loss) for the year	-	-	33,710	(26,871)	-	6,839	1,034	7,873	
Total comprehensive income/ (loss) for the year	-	-	33,710	(26,871)	(309,024)	(302,185)	217	(301,968)	
At 31 December 2022, restated	1,250,536	(13,193)	72,016	(68,725)	256,730	1,497,364	224,571	1,721,935	

(Forward)

The Group	<----- Non-distributable reserves ----->							
	Share capital RM'000	Treasury shares RM'000	Translation adjustment reserve RM'000	Capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2023 as previously reported	1,250,536	(13,193)	72,016	(68,725)	268,164	1,508,798	225,218	1,734,016
Effect of adoption of Amendments to MFRS 112 (Note 2)	-	-	-	-	(11,434)	(11,434)	(647)	(12,081)
At 1 January 2023, restated	1,250,536	(13,193)	72,016	(68,725)	256,730	1,497,364	224,571	1,721,935
Loss for the year	-	-	-	-	(401,296)	(401,296)	(1,118)	(402,414)
Other comprehensive income/ (loss) for the year	-	-	1,234	3,510	-	4,744	(22)	4,722
Total comprehensive income/ (loss) for the year	-	-	1,234	3,510	(401,296)	(396,552)	(1,140)	(397,692)
Acquisition of non-controlling interests	-	-	-	-	-	-	(24)	(24)
Dividend paid to non-controlling interest of a subsidiary company	-	-	-	-	-	-	(750)	(750)
At 31 December 2023	1,250,536	(13,193)	73,250	(65,215)	(144,566)	1,100,812	222,657	1,323,469

(Forward)

The Company	< Non-distributable reserves >				Retained earnings/ accumulated losses) RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000			
At 1 January 2022	1,250,536	(13,193)	5,419	19,102	1,261,864	
Loss for the year	-	-	-	(4,143)	(4,143)	
Other comprehensive income for the year	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	(4,143)	(4,143)	
At 31 December 2022	1,250,536	(13,193)	5,419	14,959	1,257,721	
At 1 January 2023	1,250,536	(13,193)	5,419	14,959	1,257,721	
Loss for the year	-	-	-	(82,528)	(82,528)	
Other comprehensive income for the year	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	(82,528)	(82,528)	
At 31 December 2023	1,250,536	(13,193)	5,419	(67,569)	1,175,193	

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group	
		2023 RM'000	2022 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(334,371)	(319,269)
Adjustments for:			
Depreciation of property, plant and equipment	12	44,690	45,404
Finance costs	9	15,402	12,367
Allowance for/(Reversal of) obsolescence of inventories	23	225	(241)
Inventories written (back)/down	23	(1,291)	97,430
Inventories written off	23	656	92
Unrealised gain on foreign exchange	6	(1,980)	(1,229)
Impairment losses net of reversals on:			
Property, plant and equipment	12	7,224	-
Trade and other receivables	24	4,795	19,038
Impairment loss on goodwill	22	130,443	-
Reversal of impairment losses on long term investments	20	(130)	-
Amortisation of prepaid land lease payments	14	1,564	3,433
Depreciation of right-of-use assets	15	16,014	6,231
Property, plant and equipment written off	12	118	13
Depreciation of investment properties	13	473	475
Share of results of:			
Associated companies	18	4,396	38,737
Joint venture	19	(27)	(19)
Investment income		(4,054)	(6,401)
Gain on disposal of property, plant and equipment	6	(12,845)	(1,543)
Gain on disposal of non-current assets classified as held for sale (Note A)	27	(25,315)	-
Gain on disposal of investment in a subsidiary company	17	-	(63,192)
Gain on expiry and termination of lease	15	(262)	(3)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	17	(8,586)	-
Operating Loss Before Working Capital Changes		(162,861)	(168,677)

(Forward)

	Note	The Group	
		2023 RM'000	2022 RM'000 (Restated)
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		120,072	(147,970)
Trade and other receivables, deposits and prepayments		124,318	(104,246)
Property development costs		(4,586)	-
(Decrease)/Increase in:			
Trade and other payables, deposits, accrued expenses and contract liabilities		(162,082)	39,916
Cash Used In Operations		(85,139)	(380,977)
Interest received		4,054	6,401
Interest paid		(2,494)	(2,414)
Net income tax paid		(1,217)	(7,820)
Net Cash Used In Operating Activities		(84,796)	(384,810)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associated companies and joint venture		98	10,656
(Increase)/Decrease in investment in money market funds		(83)	138
Proceeds from disposal/redemption of:			
Property, plant and equipment		29,885	10,222
Investment in a subsidiary company	17	-	134,454
Non-current assets classified as held for sale (Note A)		13,520	-
Long-term investments		130	-
Deposit received from non-current assets classified as held for sale	33(b)	46,470	-
Payments of deferred payables	34	(80,000)	(70,000)
Additions of property, plant and equipment (Note B)		(27,424)	(159,245)
Additions of prepaid land lease payment	14	(1,884)	-
Deposit paid for acquisition of land	41(a)	-	(23,000)
Refund of deposit paid for acquisition of land	41(a)	23,000	-
Decrease in land held for property development		73	6,285
Acquisition of non-controlling interests		(24)	-
Increase in cash and cash equivalents - restricted	26(b)	(1,625)	(257)
Net Cash From/(Used In) Investing Activities		2,136	(90,747)

(Forward)

	Note	The Group	
		2023 RM'000	2022 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to non-controlling interest of a subsidiary company		(750)	-
Net drawdown/(Repayment) of:			
Short-term borrowings	31(b)	41,476	(14,109)
Obligation under lease arrangements	31(b)	(47,250)	(11,352)
Lease liabilities	32	(5,656)	(5,640)
Hire purchase obligations	31(b)	(336)	(233)
Interest paid		(11,269)	(9,953)
Net Cash Used In Financing Activities		(23,785)	(41,287)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(106,445)	(516,844)
Effect of foreign exchange differences		612	44
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		176,519	693,319
CASH AND CASH EQUIVALENTS AT END OF YEAR	35	70,686	176,519
Note A:			
Proceeds from disposal of non-current assets classified as held for sale		13,520	-
Deposit received in previous year		18,480	-
Total consideration	27(a)	32,000	-
Less: carrying amount of non-current assets classified as held for sale		(6,685)	-
Gain on disposal of non-current assets classified as held for sale		25,315	-
Note B:			
Property, plant and equipment were acquired by the following means:			
Cash purchase		27,424	159,245
Deposit paid in previous year		2,544	-
Hire purchase payables	31(b)	-	585
Total addition of property, plant and equipment	12	29,968	159,830

(Forward)

	Note	The Company	
		2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(82,627)	(3,893)
Adjustments for:			
Impairment losses no longer required for:			
Trade and other receivables	24	(6)	-
Amount owing by subsidiary companies	25	-	(295)
Investment in associated companies	18	-	(116)
Finance costs	9	640	664
Depreciation of:			
Property, plant and equipment	12	97	125
Right-of-use assets	15	42	51
Impairment losses on amount owing by subsidiary companies	25	162	129
Unrealised gain on foreign exchange	6	(122)	(120)
Loss on derecognition of investment in an associated company		-	25
Net fair value loss on financial assets/liabilities measured at amortised cost		78,261	-
Interest income		(270)	(414)
Operating Loss Before Working Capital Changes		(3,823)	(3,844)
Movements in working capital:			
Increase in trade and other receivables, deposits and prepayments		(4,646)	(296)
(Decrease)/Increase in trade and other payables, deposits and accrued expenses		(319)	352
Cash Used In operations		(8,788)	(3,788)
Interest received		270	414
Interest paid		(262)	(316)
Net income tax refunded/(paid)		15	(82)
Net Cash Used In Operating Activities		(8,765)	(3,772)

(Forward)

		The Company	
	Note	2023	2022
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from derecognition of investment in an associated company		-	91
(Increase)/Decrease in amount owing by subsidiary companies		(432)	2,794
Increase in cash and cash equivalents - restricted	26(b)	(57)	(37)
Net Cash (Used In)/From Investing Activities		(489)	2,848
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of:			
Short-term borrowings	31(b)	(90)	(1)
Lease liabilities	32	(44)	(49)
Interest paid		(378)	(348)
Increase in amount owing to subsidiary companies	25	7,704	1,652
Net Cash From Financing Activities		7,192	1,254
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,062)	330
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		466	136
CASH AND CASH EQUIVALENTS AT END OF YEAR	35	(1,596)	466

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 Industries Corporation 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’s principal activities are investment holding 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 43.

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

The principal place of business of the Company is located at Level 2-4, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 8 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 (“MFRSs”), 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 MFRSs, Amendments to MFRSs

In the current financial year, the Group and the Company adopted all the new and amendments to MFRSs issued by the 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 Reform - Pillar Two Model Rules

The adoption of these new and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company, except for the following:

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption of deferred tax in MFRS 112 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in MFRS 112.

Prior to the application of the amendments, an associated company of the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the associated company recognised deferred tax liabilities in relation to its right-of-use assets as at 1 January 2022 and only recognised deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The impact of the retrospective adjustments in respect of the above changes on the items and amounts in the Group's financial statements for the comparative period, is as follows:

	As previously reported RM'000	Effects RM'000	Restated RM'000
Statements of profit or loss			
<u>For the financial year ended</u>			
<u>31 December 2022</u>			
Share of results of associated companies	(41,458)	2,721	(38,737)
Loss for the year	(312,562)	2,721	(309,841)
Loss attributable to:			
Owners of the Company	(311,599)	2,575	(309,024)
Non-controlling interests	(963)	146	(817)
	<u> </u>	<u> </u>	<u> </u>
Statements of other comprehensive income			
<u>For the financial year ended</u>			
<u>31 December 2022</u>			
Total comprehensive loss for the year	(304,689)	2,721	(301,968)
Total comprehensive loss attributable to:			
Owners of the Company	(304,760)	2,575	(302,185)
Non-controlling interests	71	146	217
	<u> </u>	<u> </u>	<u> </u>
Statements of financial position			
<u>As at 1 January 2022</u>			
Investment in associated companies	485,826	(14,802)	471,024
Retained earnings	579,763	(14,009)	565,754
Non-controlling interests	225,147	(793)	224,354
	<u> </u>	<u> </u>	<u> </u>
<u>As at 31 December 2022</u>			
Investment in associated companies	407,759	(12,081)	395,678
Retained earnings	268,164	(11,434)	256,730
Non-controlling interests	225,218	(647)	224,571
	<u> </u>	<u> </u>	<u> </u>

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Amendments to Standards issued 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 ¹
Amendments to MFRS 101	Classification of Liability as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 121	Lack of Exchangeability ²
Amendments to MFRS 10 and MFRS 128	Sale of contribution of Assets between an Investor and Its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024.

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

³ 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 convention 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 assets.

Fair value measurement

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 takes 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 consolidated 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*.

3. MATERIAL ACCOUNTING POLICIES (continued)

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 profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

3. MATERIAL ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

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 directly to retained earnings as specified 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 associated company 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

3. MATERIAL ACCOUNTING POLICIES (continued)

Business Combinations (continued)

- 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 re-measured 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 of the acquisition date that, if known, would have affected the amounts recognised at that date.

3. MATERIAL ACCOUNTING POLICIES (continued)

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 and Joint Venture

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associated companies and joint venture 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, an investment in an associated company or a joint venture is initially recognised in the statements 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 company or joint venture. When the Group's share of losses of an associated company or a joint venture exceeds the Group's interest in that associated company or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company or joint venture), 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 or joint venture.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the investee becomes an associated company or a joint venture. On acquisition of the investment in an associated company or a joint venture, 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 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company or a joint venture. 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment in Associated Companies and Joint Venture (continued)

The Group discontinues the use of the equity method from the date when investment ceases to be an associated company or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company or joint venture 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 or joint venture 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 or joint venture is included in the determination of the gain or loss on disposal of the associated company or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company or joint venture on the same basis as would be required if that associated company or joint venture 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 or joint venture 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.

The Group continues to use the equity method when an investment in an associated company becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associated company. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associated company or a joint venture 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 or a joint venture of the Group, profit or losses resulting from the transactions with the associated company and joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company or joint venture 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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.

The revenue recognition policies of the Group and of the Company are as follows:

(i) Steel Division

Revenue from the sales of goods is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

(ii) Property Development Division

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Revenue from sales of land under development and completed property units are recognised when the performance obligation in the contract with customer is satisfied (when the control of the land under development and completed property units has been transferred to the buyer).

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

(ii) Property Development Division (continued)

Rental income is recognised over the tenure of the rental period of properties.

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

(iii) Building Material Division

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.

(iv) Other Divisions

Revenue from sales of goods in the course of ordinary activities is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of discounts and returns.

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

Revenue from management fee is recognised upon performance of services are completed, net of taxes and discounts.

Revenue from Other Sources

(i) Dividend income

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

(ii) Interest income

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign Currency

(i) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in Ringgit Malaysia, United States Dollar, Chinese Renminbi or Singapore Dollar, the currency of the primary economic environment in which the entities operate (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.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period 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.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rate prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. 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 period in which the foreign operation is disposed of.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee Benefits (continued)

(ii) Defined Contribution Plans

The Company, its subsidiary companies incorporated in Malaysia and their eligible employees are required by law to make monthly contributions to the Employees Provident Fund, a local statutory defined contribution plans, at certain prescribed rates based on the employees' salaries. The Group's foreign incorporated subsidiary companies and their eligible employees also make 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 years 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, is recognised in profit or loss in the financial year in which it becomes receivable.

Income Tax

Income tax expense on profit or loss for the year comprises current and deferred 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 is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

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 each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the assets to be recovered.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realised, based on the 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, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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 intends to settle its current tax assets and liabilities on a net basis.

The tax effects of the unused reinvestment allowances are recognised only upon actual realisation.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

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

Freehold land has unlimited useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use. All other property, plant and equipment are depreciated on a straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Freehold buildings	2% - 4%
Other buildings	2% - 18%
Plant, machinery and equipment	2% - 25%
Prime movers and trailers	15%
Motor vehicles	8% - 25%
Furniture and office equipment	5% - 25%
Infrastructure	7%
Renovations	2% - 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

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

Property, Plant and Equipment under Hire-Purchase Arrangement

Property, plant and equipment acquired under hire-purchase arrangement 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 obligations.

Prepaid Land Lease Payments

Leasehold land that has an indefinite economic life and title that is not expected to pass to the Group by the end of the lease period is classified as right-of-use assets. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as right-of-use assets under MFRS 16 and are subsequently measured at cost less accumulated amortisation and impairment losses.

Prepaid land lease payments are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the prepaid land lease reflects that the Group expects to exercise a purchase option, the related prepaid land lease payments are amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease. The prepaid land lease payments are amortised on a straight-line basis over the remaining lease terms, ranging from to 63 to 69 years (2022: 64 to 70 years).

3. MATERIAL ACCOUNTING POLICIES (continued)

Capitalisation of Borrowing Cost

Borrowing cost incurred on the construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing cost will cease when the assets are ready for their intended use and is suspended during extended period in which active development is interrupted.

Investment Properties

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concession (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 concession within investment properties are not depreciated. Leasehold land is depreciated over the shorter period of the lease term and the useful life of the land at an annual rate of 2%.

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

Leases

As Lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- the amount expected to be payable by the lessee under residual value guarantees; and
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

As Lessee (continued)

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease term and the estimated remaining useful lives of the right-of-use assets are as follows:

Leasehold land and buildings	1 - 35 years (2022: 2 - 36 years)
Plant and equipment	2 - 4 years (2022: 3 - 5 years)

The right-of-use assets are presented as a separate line in the statements of financial position. The Group has recognised right-of-use assets in relation to the rental of leasehold land, buildings, premises, plant and equipment, which had previously been classified as operating leases.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

As Lessor

Lessors classify all leases as either operating leases or finance leases and account for them differently. 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.

When the Group and the Company are an intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and of the Company's net investment in the leases. Finance lease income is allocated to financial periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Property, Plant and Equipment under Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included at the end of the reporting period as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Land held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities are expected to be completed within the Group's normal operating cycle.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. 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.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property Development Cost

Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Contract Costs

The 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.

Inventories

Trading merchandise, finished goods, raw materials and other products are valued at the lower of cost and net realisable value. Cost is determined principally on the 'weighted average' method. The costs of raw materials comprise the original purchase price plus the incidental cost incurred in bringing the inventories to their present locations and conditions. The cost of finished goods comprise the cost of raw materials, direct labour, direct charges and an appropriate proportion of production overheads.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the 'specific identification' method.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Non-Current Assets Classified As Held For Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable, where management is committed to the sale which is expected to complete within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Provisions

Provisions are recognised when the Group or the Company has 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 will be required to settle the obligations.

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 Assets and Contract Liabilities

A contract assets is the right to consideration for goods or services transferred to the customers. Contract assets is the excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers.

A contract liability is 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.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses 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 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

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 fair values. Subsequently, they are measured at higher of:

- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15.

Financial Instruments

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes 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 determines the classification of its 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. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

(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 its contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle 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 asset is derecognised, modified or impaired.

Financial asset 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.

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 or 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 (other than in subsidiary companies, associated companies and joint venture) which are not held for trading, and the Group irrevocably elects 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 accumulate in other comprehensive income are not reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

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 recognises loss allowance for expected credit losses on financial assets measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group measures 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 considers 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 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 end of the reporting period. 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 considers 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 assesses 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 determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets (continued)

For financial guarantee contracts, the date that the Group becomes 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 considers 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 instrument. 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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

The Group's other financial liabilities include trade payables, other payables 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.

Loans and 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 has 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.

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

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 for the following:

(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 due 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.

	The Group	
	2023	2022
	RM'000	RM'000
Trade receivables - Lion DRI (Note 24(a))	113,402	113,402
Other receivables - Lion DRI and Graimpi (Note 24(b))	111,215	111,215
	224,617	224,617
Less: Accumulated impairment losses	(224,617)	(224,617)
	-	-

In view that Lion DRI ceased operations in previous financial years and the ability to generate adequate cash flows for repaying its debts to the Group is uncertain and Graimpi being in the liquidation, the Directors are of the opinion that full impairment losses need to be recognised for these outstanding amounts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

(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 valuation carried out by an independent firm 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 for the following:

(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:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Long-term investments	68,248	68,378	-	-
Investment in associated companies	12,655	12,655	15,323	15,323
Investment in subsidiary companies	-	-	336,853	229,656
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 the recoverable amounts involves a number of 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 and the Company make estimates and assumptions that require significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and performance.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(b) Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the VIU of the cash-generating units to which goodwill has been allocated. The VIU calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows. Consequently, the goodwill associated with the Group's steel operations, totaling RM130,443,000, is fully impaired during the current financial year, given that the recoverable amount is lower than its carrying amount. Details of the cash-generating unit calculation are disclosed in Note 22.

(c) Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances 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. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits. The total carrying value of deferred tax assets recognised by the Group amounts to RM9,937,000 (2022: RM9,484,000).

(d) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment except for freehold land and construction work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. The Group reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures the patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(e) Impairment of Property, Plant and Equipment

During the current financial year, the Directors have made impairment assessments on the steel making plants of two subsidiary companies located in Banting ("Banting Plants") and in Klang ("Klang Plants"). Banting Plants have temporarily stopped production, while the Klang Plants are in operation. The two subsidiary companies have incurred losses for the year. The recoverable amounts of the Banting Plants and Klang Plants, which consist of land, buildings, plant and machinery, are determined based on fair value less cost to sell, by a reference to the latest valuation carried out by an independent firm of professional valuers in March 2024. The basis of fair value less cost to sell for the said assets is determined as follows:

- (i) Land - Comparison Method (Level 3), being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, market condition, size, shape and terrain of land, tenurial interest and restriction if any, availability of infrastructure, vacant possession and developmental approval and other relevant characteristics.
- (ii) Building, plant and machinery - Depreciated Replacement Cost Method (Level 3), where the asset value is taken to be equal to the cost of replacing the asset in its existing condition. This is determined by taking the current replacement cost of the asset as new and allowing for depreciation of physical, functional and economic obsolescence.

The Directors believe that the chosen valuation method is appropriate in determining the recoverable amounts of these plants.

The Directors are of the opinion that the carrying amounts of the Banting Plants and Klang Plants of RM678,381,000 and RM96,452,000 (2022: RM695,771,000 and RM104,952,000) respectively, net of accumulated impairment losses of RM183,173,000 and RM3,647,000 (2022: RM185,772,000 and RM Nil) respectively are recoverable.

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

The Group uses 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 ECL model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as of 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	1,890,291	2,564,232	-	-
Sales of completed property units	1,320	198	-	-
Services rendered	23,176	14,721	-	-
	1,914,787	2,579,151	-	-
Revenue from other source:				
Interest income	30	23	-	-
	1,914,817	2,579,174	-	-
Timing of revenue recognition:				
At a point in time	1,892,075	2,564,430	-	-
Over time	22,712	14,721	-	-
Revenue from contracts with customers	1,914,787	2,579,151	-	-
Other revenue	30	23	-	-
	1,914,817	2,579,174	-	-

The transactions price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property development activities:				
- within 1 year	50,165	-	-	-
- 1 year to 5 years	5,541	-	-	-
	55,706	-	-	-

6. LOSS FROM OPERATIONS

Loss from operations is arrived at after crediting/(charging) the following income/(expenses):

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment written off (Note 12)	(118)	(13)	-	-
(Allowance for)/Reversal of obsolescence of inventories (Note 23)	(225)	241	-	-
Gain on disposal of:				
- property, plant and equipment	12,845	1,543	-	-
- non-current assets classified as held for sale	25,315	-	-	-
Loss on derecognition of investment in an associated company	-	-	-	(25)
Government grant (Note (a))	10	53	-	-
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company:				
- current year	(882)	(857)	(127)	(137)
- prior year	(35)	(41)	10	(52)
Other auditors:				
- current year	(74)	(85)	-	-
- prior year	-	(1)	-	-
Bad debts recovered	94	156	-	-
Rental income	3,268	1,924	24	20
Gain on foreign exchange (net):				
- Realised	604	527	-	-
- Unrealised	1,980	1,229	122	120
Interest income from Housing Development Accounts	191	159	36	33

Note (a)

During the financial year, the Group received government subsidies of RM10,000 (2022: RM53,000) in relation to the Wage Subsidy Programme under National Economic Recovery Plan initiated by the Government of Malaysia.

Analysis of staff costs is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other emoluments	128,508	142,370	1,203	963
Defined contribution plans	12,712	16,338	39	28
	141,220	158,708	1,242	991

6. LOSS FROM OPERATIONS (continued)

Included in staff costs are the remuneration of members of key management, other than the Directors of the Group and of the Company as disclosed in Note 7, as follows:

	The Group	
	2023 RM'000	2022 RM'000
Salaries and other emoluments	2,541	2,855
Defined contribution plans	220	286
	2,761	3,141

Included in other emoluments is the estimated monetary value of benefits-in-kind received and receivable by the key management personnel, other than the Directors of the Group and of the Company as disclosed in Note 7, otherwise than in cash from the Group amounted to RM58,000 (2022: RM53,000).

7. DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company classified into executive and non-executive Directors are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors:				
Fee	60	50	35	35
Salaries and other emoluments	2,560	2,285	965	1,325
Defined contribution plans	-	41	-	41
	2,620	2,376	1,000	1,401
Non-executive Directors:				
Fees	255	255	235	235
Salaries and other emoluments	167	190	35	58
Defined contribution plans	12	12	-	-
	434	457	270	293
Total	3,054	2,833	1,270	1,694

Including in other emoluments is estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM182,000 and RM Nil respectively (2022: RM182,000 and RM56,000 respectively).

8. INVESTMENT INCOME

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income from:				
Fixed deposits	1,905	4,820	81	61
Subsidiary company	-	-	-	320
Others	1,875	1,213	153	-
	3,780	6,033	234	381
Dividend income from:				
Investment in money market funds	83	209	-	-
	3,863	6,242	234	381

9. FINANCE COSTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
Term loans	4,975	3,119	377	343
Security deposits received from customer (Note 33(b))	2,090	2,100	-	-
Deposits received from non-current assets classified as held for sale (Note 33(b))	1,400	-	-	-
Bills payable	4,911	3,347	-	-
Bank overdrafts	403	312	261	314
Obligations under hire purchase and lease arrangements	333	2,285	-	-
Lease liabilities (Note 32)	1,289	1,202	1	5
Others	1	2	1	2
	15,402	12,367	640	664

10. TAX (EXPENSE)/CREDIT

Tax (expense)/credit for the Group and the Company consists of:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Estimated tax payable:				
Current year	(4,630)	(5,981)	-	(99)
Over/(Under) provision in prior year	392	14,867	99	(151)
	(4,238)	8,886	99	(250)
Deferred tax (Note 21):				
Current year	(63,431)	172	-	-
(Under)/Over provision in prior year	(374)	370	-	-
	(63,805)	542	-	-
Total tax (expense)/credit	(68,043)	9,428	99	(250)

The tax (expense)/credit varied from the amount of tax expense determined by applying the applicable income tax rate to loss before tax as a result of the following differences:

	The Group		The Company	
	2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
Loss before tax	(334,371)	(319,269)	(82,627)	(3,893)
Tax credit at statutory tax rate of 24% (2022: 24%)	80,249	76,625	19,830	934
Tax effects of:				
Non-taxable income	18,049	17,455	29	155
Non-deductible expenses	(65,512)	(22,788)	(19,859)	(1,195)
Tax effect on share of results of associated companies and joint venture	(1,049)	(9,292)	-	-
Deferred tax assets not recognised	(40,512)	(67,816)	-	-
Reversal of deferred tax assets previously recognised	(59,286)	-	-	-
Utilisation of deferred tax assets not recognised previously	-	7	-	7
Over/(Under) provision in prior years:				
- Income tax	392	14,867	99	(151)
- Deferred tax	(374)	370	-	-
	(68,043)	9,428	99	(250)

10. TAX (EXPENSE)/CREDIT (continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Temporary differences arising from:				
Property, plant and equipment	7,514	1,185	-	-
Right-of-use assets	-	259	-	-
Trade and other receivables	10,789	8,333	-	-
Others	13,461	7,614	-	-
Unused tax losses and				
unabsorbed capital allowances	1,781,822	1,380,341	14,891	14,891
Unused reinvestment allowances	61,379	61,409	-	-
	1,874,965	1,459,141	14,891	14,891

The availability of the unused tax losses, unabsorbed capital allowances and unused reinvestment allowances for offsetting future taxable profits of the Company and of the subsidiary companies are subject to the agreement with the tax authority.

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.

The expiry of the unused tax losses is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unused tax losses:				
Expire by 31 December 2028	715,379	539,714	12,175	12,175
Expire by 31 December 2029	107,452	100,260	-	-
Expire by 31 December 2030	252,960	276,162	-	-
Expire by 31 December 2031	22,444	22,339	-	-
Expire by 31 December 2032	232,553	278,131	-	-
Expire by 31 December 2033	180,820	-	-	-
	1,511,608	1,216,606	12,175	12,175

11. LOSS PER SHARE

(a) Basic

Basic loss per share of the Group is calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:

	The Group	
	2023	2022
		(Restated)
Loss attributable to owners of the Company ("RM'000)	<u>(401,296)</u>	<u>(309,024)</u>
Weighted average number of ordinary shares in issue ('000)	<u>680,804</u>	<u>680,804</u>
Loss per share (Sen)	<u>(58.94)</u>	<u>(45.39)</u>

(b) Diluted

The calculation of diluted loss per share was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The diluted loss per ordinary share was not applicable as the unexercised warrants were anti-dilutive in nature, this was due to the average market share price of the Company being below the exercise price of the warrants.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	COST									
	As at 1 January 2023 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Non-current assets classified as held for sale (Note 27) RM'000	Reclassification RM'000	Exchange difference RM'000	As at 31 December 2023 RM'000		
Freehold land	296,635	-	-	-	(12,725)	-	-	283,910		
Freehold buildings	383,099	869	-	-	-	260	-	384,228		
Buildings under long lease	48,058	-	-	-	-	-	-	48,058		
Buildings under short lease	466	-	-	-	-	-	-	466		
Plant, machinery and equipment	1,598,565	16,848	(75,019)	(8,914)	-	2,545	391	1,534,416		
Motor vehicles	14,448	-	(811)	-	-	-	24	13,661		
Furniture and office equipment	49,281	1,439	(480)	(105)	-	3	3	50,141		
Infrastructure	110,400	4,196	-	-	-	-	-	114,596		
Renovations	1,852	22	-	-	-	-	-	1,874		
Construction work-in-progress	169,783	6,594	(208)	-	-	(2,808)	-	173,361		
Total	2,672,587	29,968	(76,518)	(9,019)	(12,725)	-	418	2,604,711		

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

ACCUMULATED DEPRECIATION

	As at 1 January 2023 RM'000	Charge for the year RM'000	Disposals RM'000	Write-offs RM'000	Non-current assets classified as held for sale (Note 27)		Exchange difference RM'000	As at 31 December 2023 RM'000
					RM'000	Reclassification RM'000		
Freehold land	-	-	-	-	-	-	-	-
Freehold buildings	268,864	7,149	-	-	-	-	-	276,013
Buildings under long lease	40,110	955	-	-	-	-	-	41,065
Buildings under short lease	466	-	-	-	-	-	-	466
Plant, machinery and equipment	1,104,361	33,297	(58,368)	(6,305)	-	-	368	1,073,353
Motor vehicles	11,407	546	(745)	-	-	-	24	11,232
Furniture and office equipment	38,874	2,341	(365)	(105)	-	-	1	40,746
Infrastructure	50,072	325	-	-	-	-	-	50,397
Renovations	1,495	77	-	-	-	-	-	1,572
Construction work-in-progress	-	-	-	-	-	-	-	-
Total	1,515,649	44,690	(59,478)	(6,410)	-	-	393	1,494,844

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED IMPAIRMENT LOSSES					CARRYING AMOUNT As at 31 December 2023 RM'000
	As at 1 January 2023 RM'000	Charge for the year RM'000	Reversal RM'000	Write-offs RM'000	As at 31 December 2023 RM'000	
Freehold land	1,754	-	(1,754)	-	-	283,910
Freehold buildings	28,299	1,004	(1,849)	-	27,454	80,761
Buildings under long lease	-	3,467	-	-	3,467	3,526
Buildings under short lease	-	-	-	-	-	-
Plant, machinery and equipment	59,654	-	(168)	(2,491)	56,995	404,068
Motor vehicles	-	-	-	-	-	2,429
Furniture and office equipment	28	-	-	-	28	9,367
Infrastructure	57,120	-	-	-	57,120	7,079
Renovations	-	-	-	-	-	302
Construction work-in-progress	107,533	6,524	-	-	114,057	59,304
Total	254,388	10,995	(3,771)	(2,491)	259,121	850,746

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	COST							As at 31 December 2022 RM'000	
	As at 1 January 2022 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Disposal of a subsidiary company (Note 17) RM'000	Non-current assets classified as held for sale (Note 27) RM'000	Reclassi- fication RM'000		Exchange difference RM'000
Freehold land	295,267	1,368	-	-	-	-	-	-	296,635
Freehold buildings	376,838	3,780	-	-	-	-	2,481	-	383,099
Buildings under long lease	111,277	-	-	-	(63,219)	-	-	-	48,058
Buildings under short lease	466	-	-	-	-	-	-	-	466
Plant, machinery and equipment	1,867,829	107,248	(9,821)	(15)	(318,890)	(60,839)	12,611	442	1,598,565
Prime movers and trailers	2,294	-	-	(2,294)	-	-	-	-	-
Motor vehicles	14,543	1,198	(635)	(488)	(195)	-	-	25	14,448
Furniture and office equipment	71,912	12,086	(78)	(1,737)	(33,037)	-	133	2	49,281
Infrastructure	107,100	3,300	-	-	-	-	-	-	110,400
Renovations	2,215	49	-	(412)	-	-	-	-	1,852
Construction work-in-progress	142,409	30,801	-	-	(1,202)	-	(2,225)	-	169,783
Total	2,992,150	159,830	(10,534)	(4,946)	(416,543)	(60,839)	13,000	469	2,672,587

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED DEPRECIATION							As at 31 December 2022 RM'000	
	As at 1 January 2022 RM'000	Charge for the year RM'000	Disposals RM'000	Write-offs RM'000	Disposal of a subsidiary company (Note 17) RM'000	Non-current assets classified as held for sale (Note 27) RM'000	Reclassi- fication RM'000		Exchange difference RM'000
Freehold land	-	-	-	-	-	-	-	-	
Freehold buildings	260,879	7,985	-	-	-	-	-	268,864	
Buildings under long lease	99,655	2,015	-	-	(61,560)	-	-	40,110	
Buildings under short lease	466	-	-	-	-	-	-	466	
Plant, machinery and equipment	1,354,799	32,916	(1,174)	(15)	(228,381)	(54,154)	-	1,104,361	
Prime movers and trailers	2,294	-	-	(2,294)	-	-	-	-	
Motor vehicles	12,163	507	(605)	(488)	(195)	-	-	11,407	
Furniture and office equipment	67,323	1,800	(76)	(1,724)	(28,451)	-	-	38,874	
Infrastructure	49,980	92	-	-	-	-	-	50,072	
Renovations	1,818	89	-	(412)	-	-	-	1,495	
Construction work-in-progress	-	-	-	-	-	-	-	-	
Total	1,849,377	45,404	(1,855)	(4,933)	(318,587)	(54,154)	-	397	1,515,649

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED IMPAIRMENT LOSSES			CARRYING AMOUNT
	As at 1 January 2022 RM'000	Charge for the year RM'000	Disposal of a subsidiary company (Note 17) RM'000	
Freehold land	1,754	-	-	294,881
Freehold buildings	28,299	-	-	85,936
Buildings under long lease	1,515	-	(1,515)	7,948
Buildings under short lease	-	-	-	-
Plant, machinery and equipment	98,091	-	(38,437)	434,550
Prime movers and trailers	-	-	-	-
Motor vehicles	-	-	-	3,041
Furniture and office equipment	28	-	-	10,379
Infrastructure	57,120	-	-	3,208
Renovations	-	-	-	357
Construction work-in-progress	107,533	-	-	62,250
Total	294,340	-	(39,952)	902,550

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	COST			
	As at 1 January 2023 RM'000	Addition RM'000	Disposal RM'000	As at 31 December 2023 RM'000
Motor vehicles	75	-	-	75
Furniture and office equipment	5,043	-	-	5,043
Renovations	1,007	-	-	1,007
Total	6,125	-	-	6,125

	ACCUMULATED DEPRECIATION			CARRYING AMOUNT	
	As at 1 January 2023 RM'000	Charge for the year RM'000	Disposal RM'000	As at 31 December 2023 RM'000	As at 31 December 2023 RM'000
Motor vehicles	73	-	-	73	2
Furniture and office equipment	4,893	87	-	4,980	63
Renovations	997	10	-	1,007	-
Total	5,963	97	-	6,060	65

	COST			
	As at 1 January 2022 RM'000	Addition RM'000	Disposal RM'000	As at 31 December 2022 RM'000
Motor vehicles	75	-	-	75
Furniture and office equipment	5,100	-	(57)	5,043
Renovations	1,007	-	-	1,007
Total	6,182	-	(57)	6,125

	ACCUMULATED DEPRECIATION			CARRYING AMOUNT	
	As at 1 January 2022 RM'000	Charge for the year RM'000	Disposal RM'000	As at 31 December 2022 RM'000	As at 31 December 2022 RM'000
Motor vehicles	73	-	-	73	2
Furniture and office equipment	4,849	101	(57)	4,893	150
Renovations	973	24	-	997	10
Total	5,895	125	(57)	5,963	162

12. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Included in property, plant and equipment of the Group are assets acquired under lease and hire-purchase arrangements with carrying amount of RM547,000 (2022: RM1,059,000).
- (b) The deferred payables of the Group (Note 34) are secured by the property, plant and equipment of certain subsidiary companies with carrying amount totalling RM583,949,000 (2022: RM592,401,000).

13. 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
Cost:					
As at 1 January 2022	49,576	462	23,148	37,731	110,917
Disposal of a subsidiary company (Note 17)	-	-	(2,055)	-	(2,055)
Exchange differences	2,700	-	1,125	2,054	5,879
As at 31 December 2022/ 1 January 2023	52,276	462	22,218	39,785	114,741
Exchange differences	2,378	-	991	1,810	5,179
As at 31 December 2023	54,654	462	23,209	41,595	119,920
Accumulated depreciation:					
As at 1 January 2022	-	212	586	-	798
Charge for the year	-	9	466	-	475
Disposal of a subsidiary company (Note 17)	-	-	(409)	-	(409)
As at 31 December 2022/ 1 January 2023	-	221	643	-	864
Charge for the year	-	9	464	-	473
Exchange differences	-	-	19	-	19
As at 31 December 2023	-	230	1,126	-	1,356
Carrying amount:					
As at 31 December 2022	52,276	241	21,575	39,785	113,877
As at 31 December 2023	54,654	232	22,083	41,595	118,564
Fair value:					
As at 31 December 2022	74,284	410	36,342	Note a	
As at 31 December 2023	78,124	410	38,052	Note a	

13. INVESTMENT PROPERTIES (continued)

Note a

Work-in-progress comprises mainly economic land concession (“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.

The rental income earned by the Group from its investment properties amounted to RM514,000 (2022: RM218,000). Direct operating expenses pertaining to the investment properties of the Group that generated rental income during the financial year amounted to RM5,000 (2022: RM5,000).

Direct operating expenses incurred by the Group 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 firms of professional valuers. The valuations conform 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.

14. PREPAID LAND LEASE PAYMENTS

	The Group	
	2023	2022
	RM'000	RM'000
Cost:		
At beginning of year	71,250	108,769
Addition	1,884	-
Disposal of a subsidiary company (Note 17)	-	(37,519)
	<u>73,134</u>	<u>71,250</u>
At end of year		
Accumulated amortisation:		
At beginning of year	34,625	56,550
Amortisation for the year	1,564	3,433
Disposal of a subsidiary company (Note 17)	-	(25,358)
	<u>36,189</u>	<u>34,625</u>
At end of year		
Accumulated impairment losses:		
At beginning of year	-	514
Disposal of a subsidiary company (Note 17)	-	(514)
	<u>-</u>	<u>-</u>
At end of year		
Carrying amount	<u><u>36,945</u></u>	<u><u>36,625</u></u>

14. PREPAID LAND LEASE PAYMENTS (continued)

The Group's leases consist of leasehold land (2022: leasehold land and buildings). The lease will expire between the years 2085 and 2091 (2022: 2085 and 2091).

In the previous financial year, certain leasehold land and buildings located in the Mukim of Bukit Raja, Klang, Selangor, had the purchase option in the lease term. Purchase option was, when possible, to provide the Group with greater flexibility to align its need for access to the leasehold land and building with the fulfilment of the Group's business strategy. The purchase option held was exercisable only by the Group and not by the lessor. In cases in which the Group is not reasonably certain to exercise the purchase option, the exercise price of purchase options is not included within the obligations under leases arrangement.

On 29 July 2022, Amsteel Mills Sdn Bhd, a 99%-owned subsidiary company of the Company, in exercising its purchase option, entered into a conditional sale and purchase agreement with the lessor to acquire the leasehold land and buildings for a purchase consideration of RM47.13 million. The acquisition was completed on 17 February 2023.

15. RIGHT-OF-USE ASSETS

The Group

	Leasehold land and buildings RM'000	Plant and equipment RM'000	Total RM'000
Cost:			
As at 1 January 2022	26,936	806	27,742
Addition	9,714	-	9,714
Expiry and termination of lease term	(255)	-	(255)
	36,395	806	37,201
As at 31 December 2022 / 1 January 2023			
Additions	7,681	23,023	30,704
Expiry and termination of lease term	(9,513)	-	(9,513)
	34,563	23,829	58,392
Accumulated depreciation:			
As at 1 January 2022	8,489	403	8,892
Charge for the year	6,070	161	6,231
Expiry and termination of lease term	(236)	-	(236)
	14,323	564	14,887
As at 31 December 2022 / 1 January 2023			
Charge for the year	6,260	9,754	16,014
Expiry and termination of lease term	(1,891)	-	(1,891)
	18,692	10,318	29,010
Carrying amount:			
As at 31 December 2022	22,072	242	22,314
As at 31 December 2023	15,871	13,511	29,382

15. RIGHT-OF-USE ASSETS (continued)

The Company

	Buildings RM'000
Cost:	
As at 1 January 2022 / 31 December 2022 / 1 January 2023	250
Expiry of lease term	(250)
As at 31 December 2023	-
Accumulated depreciation:	
As at 1 January 2022	157
Charge for the year	51
As at 31 December 2022 / 1 January 2023	208
Charge for the year	42
Expiry of lease term	(250)
As at 31 December 2023	-
Carrying amount:	
As at 31 December 2022	42
As at 31 December 2023	-

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

	The Group RM'000	The Company RM'000
2023		
Depreciation on right-of-use assets	16,014	42
Interest expense on lease liabilities	1,289	1
Expenses relating to short term lease	866	-
Gain on expiry and termination of lease	(262)	-
2022		
Depreciation on right-of-use assets	6,231	51
Interest expense on lease liabilities	1,202	5
Expenses relating to short term lease	3,991	-
Gain on expiry and termination of lease	(3)	-

Total cash outflows for leases during the current financial year (including fixed, variable and short-term lease payments) of the Group and of the Company amounted to RM7,572,000 (2022: RM10,833,000) and RM45,000 (2022: RM54,000), respectively.

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year:				
Land costs	28,390	27,457	18	18
Development costs	23,459	23,507	8	8
	51,849	50,964	26	26
Costs incurred:				
Development costs	297	648	-	-
Reversal of development costs	-	(15,336)	-	-
Transfer (to)/from property development costs (Note 16(b)):				
Land costs	-	933	-	-
Development costs	(150)	14,640	-	-
	(150)	15,573	-	-
Costs recognised as expenses in profit or loss:				
Land costs	(20)	-	-	-
Development costs	(350)	-	-	-
	(370)	-	-	-
At end of year:				
Land costs	28,370	28,390	18	18
Development costs	23,256	23,459	8	8
	51,626	51,849	26	26

**16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS
(continued)**

(b) Property Development Costs

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year:		
Land costs	62,745	63,678
Development costs	180,767	195,407
	243,512	259,085
Costs incurred:		
Land costs	1,671	-
Development costs	2,915	-
	4,586	-
Transfer from/(to) land held for property development (Note 16(a)):		
Land costs	-	(933)
Development costs	150	(14,640)
	150	(15,573)
At end of year:		
Land costs	64,416	62,745
Development costs	183,832	180,767
	248,248	243,512
Costs recognised as expenses in profit or loss:		
Previous years	(243,512)	(243,512)
Current year	-	-
	(243,512)	(243,512)
Net	4,736	-

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2023 RM'000	2022 RM'000
Quoted shares in Malaysia, at cost	42,232	42,232
Unquoted shares in Malaysia, at cost	921,297	921,297
Share options granted to employees of subsidiary companies	9,460	9,460
Equity contributions	152,168	-
	1,082,925	930,757
Accumulated impairment losses	(336,853)	(229,656)
	746,072	701,101
Total	788,304	743,333
Market value of quoted shares	19,405	21,887

Movements in the accumulated impairment losses are as follows:

	The Company	
	2023 RM'000	2022 RM'000
At beginning of year	229,656	245,496
Reclassified from amount owing by subsidiary companies (Note 25)	107,197	-
Write off	-	(15,840)
At end of year	336,853	229,656

During the current financial year, the Directors reviewed the Company's investment in subsidiary companies for indication of impairment and concluded that accumulated impairment losses of RM336,853,000 (2022: RM229,656,000) is deemed adequate in respect of investment in subsidiary companies.

The equity contributions are for the capital expenditures and working capital purposes of subsidiary companies, which are treated as quasi-equity. The equity contributions have no fixed term of repayment and are repayable at the discretion of the subsidiary companies.

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

Details of the Group's subsidiary companies are disclosed in Note 43.

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		Number of non wholly-owned subsidiary companies	
		2023	2022	2023	2022
Manufacture, sale and distribution of steel products	Malaysia	11	11	5	5
Building materials	Malaysia	-	-	1	1
Property development	Malaysia	7	7	2	2
Others	Malaysia	18	19	16	16
	Other countries	-	-	20	21
		36	37	44	45

Certain investments in subsidiary companies of the Company have been pledged as collateral to financial institutions for banking facilities as disclosed in Note 31.

Non-Controlling Interests in Subsidiary Companies

The Group's subsidiary company that has material non-controlling interests ("NCI") is Lion Posim Berhad ("LPB").

	Percentage of ownership interests held by NCI	Profit/(Loss) allocated to NCI RM'000	Accumulated NCI RM'000
2023			
LPB	26%	3,514	197,591
Other individually immaterial subsidiary companies with NCI		(4,632)	25,066
		(1,118)	222,657
2022 - restated			
LPB	26%	171	192,025
Other individually immaterial subsidiary companies with NCI		(988)	32,546
		(817)	224,571

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Summarised financial information in respect of each of the Group's subsidiary company that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	LPB	
	2023 RM'000	2022 RM'000
Non-current assets	319,597	305,644
Current assets	621,841	577,804
Non-current liabilities	(6,799)	(2,332)
Current liabilities	(172,510)	(140,411)
Total equity	<u>762,129</u>	<u>740,705</u>
Equity attributable to owners of LPB	<u>762,129</u>	<u>740,662</u>
Revenue	755,137	838,773
Profit for the year	<u>13,552</u>	<u>601</u>
Profit/(Loss) attributable to:		
Owners of LPB	13,553	659
Non-controlling interests	(1)	(58)
	<u>13,552</u>	<u>601</u>
Other comprehensive income/(loss) attributable to:		
Owners of LPB	7,914	907
Non-controlling interests	(42)	-
	<u>7,872</u>	<u>907</u>
Total comprehensive income/(loss) attributable to:		
Owners of LPB	21,467	1,566
Non-controlling interests	(43)	(58)
	<u>21,424</u>	<u>1,508</u>
Net cash (outflow)/inflow from:		
Operating activities	(31,530)	(63,511)
Investing activities	3,698	(4,848)
Financing activities	13,944	(875)
Net cash outflow	<u>(13,888)</u>	<u>(69,234)</u>

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

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 translation adjustment reserve from the dissolution of a foreign subsidiary company.

Disposal of a subsidiary company in previous financial year

Amsteel Mills Sdn Bhd, a 99%-owned subsidiary company of the Company, had completed the disposal of its entire 100% equity interest in Eden Flame Sdn Bhd ("Eden Flame") on 27 May 2022. Consequent thereupon, Eden Flame ceased to be a subsidiary company of the Group with effect from 27 May 2022.

The identified assets and liabilities in relation to the above disposal are as follows:

	The Group 2022 RM'000
Property, plant and equipment (Note 12)	58,004
Investment properties (Note 13)	1,646
Prepaid land lease payments (Note 14)	11,647
Other receivables	178
Cash and cash balances	96
Trade and other payables	(213)
	<hr/>
Net assets disposed of	71,358
Gain on disposal of a subsidiary company	63,192
	<hr/>
Proceeds from disposal	134,550
Cash and cash equivalents	(96)
	<hr/>
Net cash inflow from disposal	<u>134,454</u>
	<hr/> <hr/>
Gain attributable to:	
Owners of the Company	62,566
Non-controlling interests	626
	<hr/>
	<u>63,192</u>
	<hr/> <hr/>

18. INVESTMENT IN ASSOCIATED COMPANIES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
At cost:				
Quoted investments	239,501	239,501	64,394	64,394
Unquoted investments	104,833	104,833	15,323	15,323
	344,334	344,334	79,717	79,717
Share of post-acquisition results and reserves less dividend received	66,641	63,999	-	-
Accumulated impairment losses	(12,655)	(12,655)	(15,323)	(15,323)
	398,320	395,678	64,394	64,394
Market value of quoted investments	113,159	72,290	19,420	9,533

Movements in the accumulated impairment losses are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	12,655	12,655	15,323	15,439
Reversal	-	-	-	(116)
At end of year	12,655	12,655	15,323	15,323

Details of the associated companies are disclosed in Note 44.

A certain portion of the investment in an associated company of the Group and of the Company has been pledged as collateral to financial institutions for banking facilities as disclosed in Note 31.

Management exercises its judgement in estimating the recoverable amounts of the investment. 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 the recoverable amounts involves a number of methodologies. Judgements made by management in the process of applying the Group's accounting policies in respect of investment in associated companies are as follows:

- The Group does not consider prolonged shortfall between market value and carrying amount as an indication of impairment as management believes that the quoted market price of the most recent transactions of the associated company does not reflect the recoverable amount of the investment of the associated company.
- The Group considers the investment in associated companies as a long-term strategic investment which will be realised upon the disposal of the investment in associated companies.

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

As at 31 December 2023, the market value of shares in Parkson Holdings Berhad ("Parkson") held by the Group was below its carrying amount. Accordingly, the Group had undertaken an impairment test on the carrying amount of the investment in the associated company. The recoverable amount of the investment in the associated company was estimated using cash flow projections covering a five-year period. Cash flows beyond that five-year period had been extrapolated using a terminal growth rate of 2% (2022: 2%) per annum. A discount rate of 10% (2022: 10%) per annum was applied to the cash flow projections. All the above key assumptions were based on management knowledge in the respective industries and historical information.

Summarised financial information in respect of the Group's material associated company, Parkson and reconciliation of the information of the carrying amount to the Group's interest in the associated companies, are set out below. The summarised financial information presented below represents the amounts in the financial statements of the associated companies and not the Group's shares of those amounts.

2023	Parkson RM'000	Other individually immaterial associated companies RM'000	Total RM'000
Summarised financial information			
Proportion of the Group's effective ownership interest	25%		
Assets and liabilities			
Current assets	2,519,357	249,381	2,768,738
Non-current assets	6,006,590	28,925	6,035,515
Current liabilities	(2,508,573)	(37,514)	(2,546,087)
Non-current liabilities	(3,599,850)	(21,642)	(3,621,492)
Non-controlling interests	(982,170)	(4,141)	(986,311)
Net assets	<u>1,435,354</u>	<u>215,009</u>	<u>1,650,363</u>
Results			
Revenue	3,477,487	107,035	3,584,522
Loss for the year	(20,507)	(9,239)	(29,746)
Other comprehensive income for the year	26,662	-	26,662
Total comprehensive income for the year	6,155	-	6,155
Group's share of (loss)/profit of associated companies	(5,138)	742	(4,396)
Foreign currency translation differences and Group's share of other comprehensive income of associated companies	3,510	3,626	7,136
Dividend received from an associated company	-	98	98
Reconciliation of net assets to carrying amount			
Group's share of net assets	<u>359,700</u>	<u>38,620</u>	<u>398,320</u>
Carrying amount in the Group's statements of financial position	<u>359,700</u>	<u>38,620</u>	<u>398,320</u>

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

2022	Parkson RM'000 (Restated)	Other individually immaterial associated companies RM'000	Total RM'000 (Restated)
Summarised financial information			
Proportion of the Group's effective ownership interest	25%		
Assets and liabilities			
Current assets	2,416,897	212,485	2,629,382
Non-current assets	6,472,542	25,598	6,498,140
Current liabilities	(2,537,386)	(13,474)	(2,550,860)
Non-current liabilities	(3,902,348)	(20,830)	(3,923,178)
Non-controlling interests	(967,170)	-	(967,170)
Net assets	<u>1,482,535</u>	<u>203,779</u>	<u>1,686,314</u>
Results			
Revenue	3,246,885	108,053	3,354,938
Loss for the year	(221,176)	(8,667)	(229,843)
Other comprehensive loss for the year	(186,432)	-	(186,432)
Total comprehensive loss for the year	(407,608)	(8,667)	(416,275)
Group's share of loss of associated companies	(35,637)	(3,100)	(38,737)
Foreign currency translation differences and Group's share of other comprehensive income of associated companies	(26,387)	(484)	(26,871)
Dividend received from associated companies	-	9,739	9,739
Reconciliation of net assets to carrying amount			
Group's share of net assets	<u>361,693</u>	<u>33,985</u>	<u>395,678</u>
Carrying amount in the Group's statements of financial position	<u>361,693</u>	<u>33,985</u>	<u>395,678</u>

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

	The Group	
	2023 RM'000	2022 RM'000 (Restated)
Share of net assets (excluding goodwill)	117,859	99,413
Share of goodwill of associated companies	280,461	296,265
	<u>398,320</u>	<u>395,678</u>

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

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

19. INVESTMENT IN JOINT VENTURE

	The Group	
	2023 RM'000	2022 RM'000
Unquoted shares:		
At cost	125	125
Share in post-acquisition results less dividend received	(8)	(35)
	<u>117</u>	<u>90</u>

Details of the joint venture are as follows:

Name of joint venture	Financial year end	Principal place of business and place of incorporation	Effective percentage ownership		Principal activity
			2023 %	2022 %	
Mergexcel Property Development Sdn Bhd (In voluntary liquidation)	31 March	Malaysia	49	49	Property development

The joint venture is audited by a firm of auditors other than the auditors of the Company.

19. INVESTMENT IN JOINT VENTURE (continued)

The summarised unaudited financial information in respect of the joint venture of the Group is set out below:

	The Group	
	2023	2022
	RM'000	RM'000
Assets and Liabilities		
Current assets	306	2,257
Current liabilities	(14)	(15)
Net assets	292	2,242
Results		
Revenue	-	-
Interest income	61	50
Profit for the year	41	34
Group's share of profit of joint venture	27	19
Reconciliation of net assets to carrying amount		
Group's share of net assets	129	1,240
Other adjustments	(12)	(1,150)
Carrying amount in the Group's statements of financial position	117	90

As at 31 December 2023 and 31 December 2022, there are no contingent liabilities and capital commitments relating to the Group's interest in the joint venture.

20. LONG-TERM INVESTMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fair value through other comprehensive income				
Unquoted investments in Malaysia	599	599	216	216
At amortised cost				
Unquoted bonds, adjusted for accretion of interest	68,248	68,378	-	-
Less: Accumulated impairment losses	(68,248)	(68,378)	-	-
	-	-	-	-
Total	599	599	216	216

Movements in the accumulated impairment losses are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	68,378	68,378	-	-
Reversal	(130)	-	-	-
At end of year	68,248	68,378	-	-

During the current financial year, the Directors reviewed the Group's and the Company's long-term investments measured at amortised cost for indication of impairment and concluded that the carrying amounts at the end of the reporting period are equivalent to their recoverable amounts.

The investment in unquoted bonds of the Group bears yield to maturity of 4.75% (2022: 4.75%) per annum.

21. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets/liabilities of the Group and of the Company are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	5,207	4,665	-	-
Transfer to/(from) profit or loss (Note 10):				
Property, plant and equipment	(437)	(56,374)	1	-
Inventories	(22)	(410)	-	-
Others	(3,805)	919	-	-
Unused tax losses and unabsorbed capital allowance	(59,541)	56,407	(1)	-
	(63,805)	542	-	-
At end of year	(58,598)	5,207	-	-

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 the statements of financial position purposes:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	9,937	9,484	-	-
Deferred tax liabilities	(68,535)	(4,277)	-	-
	(58,598)	5,207	-	-

21. DEFERRED TAX ASSETS/LIABILITIES (continued)

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets				
Temporary differences arising from:				
Inventories	235	257	-	-
Others	9,262	9,618	-	-
Unused tax losses and unabsorbed capital allowances	739	60,280	-	1
	10,236	70,155	-	1
Offsetting	(299)	(60,671)	-	(1)
Deferred tax assets (after offsetting)	9,937	9,484	-	-
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	61,998	61,561	-	1
Others	6,836	3,387	-	-
	68,834	64,948	-	1
Offsetting	(299)	(60,671)	-	(1)
Deferred tax liabilities (after offsetting)	68,535	4,277	-	-

22. GOODWILL

	The Group	
	2023 RM'000	2022 RM'000
Goodwill on consolidation:		
At beginning and end of year	131,644	131,644
Accumulated impairment losses	(131,644)	(1,201)
	<u>-</u>	<u>130,443</u>

Movements in the accumulated impairment losses are as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	1,201	1,201
Addition	130,443	-
At end of year	<u>131,644</u>	<u>1,201</u>

Goodwill acquired in business combinations is allocated, at acquisition date, to cash-generating-units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the steel operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from a value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets for next financial year and extrapolates cash flows for the following 4 financial years based on an estimated growth rate of 5% (2022: 5%) per annum. The pre-tax discount rate used is 10% (2022: 8%) per annum.

Upon conducting an impairment test, it is revealed that the recoverable amount of goodwill associated with the Group's steel operations is lower than its carrying amount. Consequently, the goodwill amounting to RM131,644,000 is fully impaired during the financial year, and no analysis of the sensitivity of the impairment test to changes in key assumptions is performed.

23. INVENTORIES

Inventories consist of the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property:				
Completed units for sale	126	1,652	43	43
Leasehold land	46,911	-	-	-
Raw materials	75,580	99,540	-	-
Finished goods	54,486	131,110	-	-
General and consumables stores	125,164	144,519	-	-
Trading merchandise	17,218	17,480	-	-
	272,448	392,649	-	-
Less: Allowance for obsolescence of inventories	(11,351)	(13,971)	-	-
	261,097	378,678	-	-
Net	308,134	380,330	43	43

Movement in the allowances for obsolescence of inventories are as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	13,971	15,520
Allowance for/(Reversal of) obsolescence of inventories (Note 6)	225	(241)
Write off	(2,845)	(1,308)
At end of year	11,351	13,971

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

	The Group	
	2023 RM'000	2022 RM'000
Inventories written back/(down)	1,291	(97,430)
Inventories written off	(656)	(92)

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group	
	2023 RM'000	2022 RM'000
Trade receivables	486,086	468,136
Less: Accumulated impairment losses	(174,083)	(166,944)
Net	<u>312,003</u>	<u>301,192</u>

Trade receivables of the Group comprise amounts receivable for the sale of goods and services rendered.

The credit period granted to customers ranges from 30 to 90 days (2022: 30 to 90 days).

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.

	The Group			
	2023		2022	
	Gross trade receivables RM'000	Lifetime ECL RM'000	Gross trade receivables RM'000	Lifetime ECL RM'000
Not past due	133,594	2,722	215,794	1,787
Past due:				
1 - 30 days	44,409	816	35,278	655
31 - 60 days	22,974	436	18,954	418
More than 60 days	285,109	170,109	198,110	164,084
	<u>486,086</u>	<u>174,083</u>	<u>468,136</u>	<u>166,944</u>

Movement in the accumulated impairment losses are as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	166,944	164,623
Addition	10,283	6,063
Reversal	-	(2,473)
Write off	(3,144)	(1,269)
At end of year	<u>174,083</u>	<u>166,944</u>

**24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS
(continued)**

(a) Trade receivables (continued)

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.

As at 31 December 2023, the Group has trade receivables owing by a major related party, Lion DRI (2022: Lion DRI) which has been fully impaired in the previous years:

	The Group	
	2023	2022
	RM'000	RM'000
Lion DRI	113,402	113,402
Less: Accumulated impairment losses	(113,402)	(113,402)
Net	<u><u>-</u></u>	<u><u>-</u></u>

The Group recognised impairment loss on trade receivables owing by this major related party based on an assessment of the recoverability of the receivables, as disclosed in Note 4(i)(a).

The currency profile of trade receivables is as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Ringgit Malaysia	311,945	300,595
United States Dollar	58	597
	<u><u>312,003</u></u>	<u><u>301,192</u></u>

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 31).

**24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS
(continued)**

(b) Other receivables, deposits and prepayments

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	438,444	518,927	4,291	4,670
Less: Accumulated impairment losses	(155,871)	(161,401)	(1,304)	(1,310)
Net	282,573	357,526	2,987	3,360
Advance payments to suppliers	23,031	102,185	-	-
Deposits	15,493	21,932	226	252
Deposit paid for acquisition of land (Note 41(a))	-	23,000	-	-
Prepayments	19,538	4,978	5,444	393
	340,635	509,621	8,657	4,005

Movement in the accumulated impairment losses are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	161,401	145,953	1,310	1,310
Addition	941	15,452	-	-
Reversal	(6,429)	(4)	(6)	-
Write off	(42)	-	-	-
At end of year	155,871	161,401	1,304	1,310

**24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS
(continued)**

(b) Other receivables, deposits and prepayments (continued)

As at 31 December 2023, the Group has other receivables due from the following two major related parties, Lion DRI and Graimpi:

	The Group	
	2023	2022
	RM'000	RM'000
Other receivables		
Graimpi	103,730	103,730
Lion DRI	7,485	7,485
	111,215	111,215
Less: Accumulated impairment losses	(111,215)	(111,215)
	-	-

The amounts owing by Graimpi and Lion DRI, totaling RM111,215,000 (2022: RM111,215,000), have been impaired based on the assessment as disclosed in Note 4(i)(a).

In determining the recoverability of other receivables, the Group considers any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

The currency 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	294,130	368,156	3,213	3,612
United States Dollar	2,675	27,459	-	-
Chinese Renminbi	204	380	-	-
Others	1,057	6,463	-	-
	298,066	402,458	3,213	3,612

25. RELATED COMPANIES TRANSACTIONS

Amount owing by subsidiary companies included under non-current assets

	The Company	
	2023 RM'000	2022 RM'000
Amount owing by subsidiary companies	476,688	-
Less: Accumulated impairment losses	(15,764)	-
	460,924	-

Amount owing by subsidiary companies included under non-current assets which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, which are unsecured, interest-free and not expected to be settled in cash within next 12 months.

Amount owing by subsidiary companies included under current assets

	The Company	
	2023 RM'000	2022 RM'000
Amount owing by subsidiary companies	2	741,853
Less: Accumulated impairment losses	-	(122,799)
	2	619,054

Amount owing by subsidiary companies included under current assets which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, which are interest-free, receivable on demand and expected to be settled in cash, except for in year 2022, unsecured advances of RM5.71 million bore interest at 5% per annum.

Movement in the accumulated impairment losses is as follows:

	The Company	
	2023 RM'000	2022 RM'000
At beginning of year	122,799	122,965
Addition	162	129
Reversal	-	(295)
Reclassified to investment in subsidiary companies (Note 17)	(107,197)	-
At end of year	15,764	122,799

The amount owing by subsidiary companies is denominated in Ringgit Malaysia.

25. RELATED COMPANIES TRANSACTIONS (continued)

Amount owing to subsidiary companies included under non-current liabilities

	The Company	
	2023	2022
	RM'000	RM'000
Amount owing to subsidiary companies	143,240	-

Amount owing to subsidiary companies under non-current liabilities which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is unsecured, interest-free and not expected to be settled in cash within 12 months.

Amount owing to subsidiary companies included under current liabilities

	The Company	
	2023	2022
	RM'000	RM'000
Amount owing to subsidiary companies	-	170,824

Amount owing to subsidiary companies under current liabilities which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is unsecured, interest-free, repayable on demand and expected to be settled in cash.

The currency profile of amount owing to subsidiary companies is as follows:

	The Company	
	2023	2022
	RM'000	RM'000
Ringgit Malaysia	136,150	161,988
Chinese Renminbi	7,090	8,836
	143,240	170,824

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

	The Company	
	2023	2022
	RM'000	RM'000
With subsidiary companies:		
Advances from	7,776	7,245
Repayment to	(72)	(5,593)

25. RELATED COMPANIES TRANSACTIONS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in 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 Company's statement of cash flows as cash flows from/(used in) financial activities.

	As at 1 January 2023 RM'000	Non cash flows RM'000	Financing cash flows RM'000	As at 31 December 2023 RM'000
The Company				
Amount owing to subsidiary companies	170,824	(35,288)	7,704	143,240
	As at 1 January 2022 RM'000	Non cash flows RM'000	Financing cash flows RM'000	As at 31 December 2022 RM'000
The Company				
Amount owing to subsidiary companies	169,172	-	1,652	170,824

26. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES

(a) Investment in money market funds

	The Group	
	2023	2022
	RM'000	RM'000
Fair value through profit or loss:		
Investment in money market funds	<u>2,362</u>	<u>2,279</u>

The Group's investment in money market funds, denominated in Ringgit Malaysia, is managed by a licensed fund management company. The amounts deposited can be withdrawn at the discretion of the Group by given a two-day notice period.

(b) Deposits, cash and bank balances

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with financial institutions:				
Restricted	29,801	28,175	3,365	3,307
Unrestricted (Note 35)	33,815	40,334	1,911	350
	63,616	68,509	5,276	3,657
Housing Development Accounts (Note 35)	6,639	18,030	-	3,590
Cash and bank balances:				
Restricted	23	24	23	24
Unrestricted (Note 35)	44,280	121,690	48	61
	114,558	208,253	5,347	7,332

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the Company and certain subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled.

Included in deposits with financial institutions and cash and bank balances are the amount totalling RM29.8 million (2022: RM28.2 million) and RM3.4 million (2022: RM3.3 million) of the Group and of the Company, respectively, which have been pledged or earmarked for the repayment of the borrowings in Note 31 and pledged as collateral for bank guarantees granted.

**26. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES
(continued)**

(b) Deposits, cash and bank balances (continued)

The effective interest rates during the financial year are ranged as follows:

	The Group		The Company	
	2023	2022	2023	2022
Deposits with financial institutions (per annum)	1.05% to 2.80%	1.05% to 2.80%	2.05% to 2.75%	1.75% to 2.10%

Deposits of the Group and of the Company have maturity periods ranging from 1 to 365 days (2022: 1 to 365 days) and 1 to 365 days (2022: 1 to 365 days) respectively.

The currency profile of deposits, cash and bank balances is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	84,609	179,026	5,347	7,332
Chinese Renminbi	28,345	27,552	-	-
United States Dollar	1,602	1,673	-	-
Singapore Dollar	2	2	-	-
	114,558	208,253	5,347	7,332

The deposits, cash and bank balances denominated in Chinese Renminbi of subsidiary companies in the People's Republic of China ("PRC") are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiary companies in the PRC and the exchange control restrictions are applicable only if the monies are to be remitted to countries outside the PRC.

27. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2023 RM'000	2022 RM'000
Freehold land ((Note 12) and (Note 41(b)))	12,725	-
Barges (Note (a))	-	4,618
Tug boats (Note (a))	-	2,067
	12,725	6,685

- (a) On 1 December 2022, Lion Waterway Logistics Sdn Bhd, an indirect subsidiary company of the Company, entered into a sale and purchase agreement to dispose of its barges and tug boats for a total consideration of RM32,000,000. The disposal was completed during the financial year.

28. SHARE CAPITAL

Share capital of the Group and of the Company is presented by:

	The Group and The Company			
	2023		2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued share capital:				
Ordinary shares:				
At beginning and end of year	717,909	1,250,536	717,909	1,250,536

29. WARRANTS

The Company had on 14 December 2022 issued 340,400,686 warrants by way of bonus issue on the basis of 1 warrant for every 2 existing ordinary shares held in the Company.

Salient features of the warrants are as follows:

- (a) Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or before the maturity date, 12 December 2025, falling 3 years from the date of issuance of the warrants. Unexercised warrants after the exercise period will thereafter lapse and cease to be valid;
- (b) The exercise price of the warrants is fixed at RM0.43 per warrant;
- (c) The new ordinary shares to be issued upon the exercise of the warrants shall rank *pari passu* in all respects with the existing ordinary shares of the Company; and
- (d) The warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2022.

As at 31 December 2023, 340,400,686 (2022: 340,400,686) warrants remained unexercised.

30. RESERVES

	The Group		The Company	
	2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
Non-distributable reserves:				
Treasury shares	(13,193)	(13,193)	(13,193)	(13,193)
Capital reserve	(65,215)	(68,725)	5,419	5,419
Translation adjustment reserve	73,250	72,016	-	-
	(5,158)	(9,902)	(7,774)	(7,774)
(Accumulated losses)/				
Retained earnings	(144,566)	256,730	(67,569)	14,959
	(149,724)	246,828	(75,343)	7,185

Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors 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 of 31 December 2023, the Company held 37,105,300 (2022: 37,105,300) treasury shares at a carrying amount of RM13,192,722 (2022: RM13,192,722).

Capital reserve

Capital reserve, which arose from share options lapsed, reclassified from equity compensation reserve and share of other reserves in subsidiary and associated companies.

Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

31. LOANS AND BORROWINGS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
<u>Secured</u>				
Term loans from financial institutions	21,680	-	-	-
<u>Unsecured</u>				
Obligations under hire-purchase arrangements (Note 31(d))	520	833	-	-
	22,200	833	-	-
Current				
<u>Secured</u>				
Obligations under lease arrangement (Note 31(c))	-	47,250	-	-
Term loans from financial institutions	23,060	22,910	4,820	4,910
Bank overdrafts (Note 35)	14,048	3,535	3,555	3,535
Bills payable	78,400	75,900	-	-
Receivables financing	21,744	4,608	-	-
<u>Unsecured</u>				
Obligations under hire-purchase arrangements (Note 31(d))	251	274	-	-
Bills payable	536	526	-	-
	138,039	155,003	8,375	8,445
	160,239	155,836	8,375	8,445

The currency profile of loans and borrowings of the Group and of the Company are denominated in Ringgit Malaysia.

31. LOANS AND BORROWINGS (continued)

(a) Terms and repayment schedule

The Group

	Carrying amount RM'000	Within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000
2023				
<u>Secured</u>				
Term loans from financial institutions	44,740	23,060	21,680	-
Bank overdrafts	14,048	14,048	-	-
Bills payable	78,400	78,400	-	-
Receivables financing	21,744	21,744	-	-
<u>Unsecured</u>				
Obligations under hire-purchase arrangements (Note 31(d))	771	251	481	39
Bills payable	536	536	-	-
	160,239	138,039	22,161	39
2022				
<u>Secured</u>				
Obligations under lease arrangements (Note 31(c))	47,250	47,250	-	-
Term loans from financial institutions	22,910	22,910	-	-
Bank overdrafts	3,535	3,535	-	-
Bills payable	75,900	75,900	-	-
Receivables financing	4,608	4,608	-	-
<u>Unsecured</u>				
Obligations under hire-purchase arrangements (Note 31(d))	1,107	274	702	131
Bills payable	526	526	-	-
	155,836	155,003	702	131

31. LOANS AND BORROWINGS (continued)

(a) Terms and repayment schedule (continued)

The Company

	Carrying amount RM'000	Within 1 year RM'000	2 to 5 years RM'000
2023			
<u>Secured</u>			
Term loan from financial institution	4,820	4,820	-
Bank overdraft	3,555	3,555	-
	8,375	8,375	-
2022			
<u>Secured</u>			
Term loan from financial institution	4,910	4,910	-
Bank overdraft	3,535	3,535	-
	8,445	8,445	-

The receivables financing of the Group is secured by trade receivables of an indirect subsidiary company and corporate guarantee of a subsidiary company.

The short-term borrowings pertaining to certain subsidiary companies are secured by charges on the deposits with financial institutions (Note 26(b)), certain investment in an associated company (Note 18) and corporate guarantee from the Company (Note 38).

The short-term borrowings of the Company are secured by charges on certain investment in an associated company (Note 18) and certain investment in subsidiary companies (Note 17).

The borrowings and hire-purchase obligations of the Group and of the Company bear interest at rates ranging from 3.67% to 10.00% (2022: 2.52% to 10.00%) and 6.35% to 10.00% (2022: 6.35% to 7.85%) per annum, respectively.

31. LOANS AND BORROWINGS (continued)

(b) Reconciliation of liabilities arising from financing activities

	As at 1 January 2023 RM'000	Other non-cash financing RM'000	(Repayments)/ Drawdown RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
The Group						
Obligations under lease arrangements	47,250	-	(47,250)	(301)	301	-
Obligations under hire purchase arrangements	1,107	-	(336)	(32)	32	771
Other borrowings (other than bank overdrafts)	103,944	-	41,476	(9,886)	9,886	145,420
	<u>152,301</u>	<u>-</u>	<u>(6,110)</u>	<u>(10,219)</u>	<u>10,219</u>	<u>146,191</u>
The Company						
Other borrowings (other than bank overdrafts)	4,910	-	(90)	(377)	377	4,820

31. LOANS AND BORROWINGS (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)						
	As at 1 January 2022 RM'000	Other non-cash financing RM'000	Repayments RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
The Group						
Obligations under lease arrangements	58,602	-	(11,352)	(2,250)	2,250	47,250
Obligations under hire purchase arrangements	755	585	(233)	(35)	35	1,107
Other borrowings (other than bank overdrafts)	118,053	-	(14,109)	(6,466)	6,466	103,944
	177,410	585	(25,694)	(8,751)	8,751	152,301
The Company						
Other borrowings (other than bank overdraft)	4,911	-	(1)	(343)	343	4,910

31. LOANS AND BORROWINGS (continued)

(c) Obligations under lease arrangements

Obligations under lease arrangements are as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Amount payable under finance lease:		
Within 1 year	-	47,438
Less: Finance charges	-	(188)
	<u>-</u>	<u>47,250</u>
Present value of lease payables	<u>-</u>	<u>47,250</u>

The obligations under lease arrangements are repayable as follows:

Within 1 year	<u>-</u>	<u>47,250</u>
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The obligations under lease arrangements, denominated in Ringgit Malaysia, bore interest at rates ranging from 9.25% to 10.30% (2022: 9.25% to 10.30%) per annum and had been fully settled during the financial year.

(d) Obligations under hire-purchase arrangements

	The Group	
	2023	2022
	RM'000	RM'000
Minimum hire-purchase payments:		
- Within 1 year	272	305
- More than 1 year but not exceeding 2 years	224	392
- More than 2 years but not exceeding 5 years	313	381
- More than 5 years	44	148
	<u>853</u>	<u>1,226</u>
Future finance charges on hire-purchase liabilities:		
- Within 1 year	(21)	(31)
- More than 1 year but not exceeding 2 years	(16)	(26)
- More than 2 years but not exceeding 5 years	(40)	(45)
- More than 5 years	(5)	(17)
	<u>(82)</u>	<u>(119)</u>
Principal amount relating to hire-purchase liabilities	<u>771</u>	<u>1,107</u>

32. LEASE LIABILITIES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	23,197	19,145	44	93
Addition	14,183	9,714	-	-
Expiry and termination of lease term	(7,884)	(22)	-	-
Finance costs (Note 9)	1,289	1,202	1	5
Payment of lease rental	(6,706)	(6,842)	(45)	(54)
	24,079	23,197	-	44
Breakdown:				
Non-current	14,618	16,723	-	-
Current	9,461	6,474	-	44
	24,079	23,197	-	44

The minimum lease payments for the lease liabilities are payable as follows:

The Group

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2023			
Within 1 year	10,600	(1,139)	9,461
More than 1 year but not exceeding 2 years	7,483	(931)	6,552
More than 2 years but not exceeding 5 years	8,661	(595)	8,066
	26,744	(2,665)	24,079
2022			
Within 1 year	7,565	(1,091)	6,474
More than 1 year but not exceeding 2 years	7,111	(1,045)	6,066
More than 2 years but not exceeding 5 years	11,713	(1,056)	10,657
	26,389	(3,192)	23,197

The Company

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2023			
Within 1 year	-	-	-
	-	-	-
2022			
Within 1 year	45	(1)	44
	45	(1)	44

The Group does not face a significant liquidity risk with regard to its lease liabilities.

32. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows:

	As at 1 January 2023 RM'000	Interest expense RM'000	Interest paid RM'000	Repayments RM'000	Other non-cash financing RM'000	As at 31 December 2023 RM'000
The Group						
Lease liabilities	23,197	1,289	(1,050)	(5,656)	6,299	24,079
The Company						
Lease liabilities	44	1	(1)	(44)	-	-
	As at 1 January 2022 RM'000	Interest expense RM'000	Interest paid RM'000	Repayments RM'000	Other non-cash financing RM'000	As at 31 December 2022 RM'000
The Group						
Lease liabilities	19,145	1,202	(1,202)	(5,640)	9,692	23,197
The Company						
Lease liabilities	93	5	(5)	(49)	-	44

33. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES

(a) Trade payables

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	415,194	470,122	274	244
Retention monies	886	780	65	38
	416,080	470,902	339	282

The normal credit period granted to the Group and the Company for trade purchases ranges from 30 to 60 days (2022: 30 to 60 days).

Certain portions of the trade payables of the Group are secured by the corporate guarantee from the Company (Note 38).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	398,695	450,404	339	282
United States Dollar	15,522	19,359	-	-
Chinese Renminbi	6	6	-	-
Others	1,857	1,133	-	-
	416,080	470,902	339	282

(b) Other payables, deposits and accrued expenses

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables and deposits	178,099	236,230	484	850
Deposit received from non-current assets classified as held for sale	46,470	-	-	-
Accrued expenses	63,856	91,200	397	407
	288,425	327,430	881	1,257

Included in other payables and deposits of the Group, is an amount of RM16.1 million (2022: RM15.4 million) representing security deposits received from customers. These deposits bear interest ranging from 11.75% to 12.00% (2022: 11.75% to 12.00%) per annum and have repayment periods ranging from 1 to 120 days (2022: 1 to 120 days).

The deposit received from non-current assets classified as held for sale of the Group bears interest of 9.60% (2022: Nil) per annum.

33. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES (continued)

(b) Other payables, deposits and accrued expenses (continued)

The currency profile of other payables is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	265,113	284,239	881	1,257
United States Dollar	18,050	20,116	-	-
Chinese Renminbi	4,739	4,821	-	-
Others	523	18,254	-	-
	288,425	327,430	881	1,257

(c) Contract liabilities

	The Group	
	2023	2022
	RM'000	RM'000
Customer loyalty programs (i)	29,628	28,794
Advances received from customers (ii)	45,870	28,054
Provision for liquidated and ascertained damage (iii)	599	-
	76,097	56,848

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards and advances received from customers.

(i) Customer loyalty programs

A subsidiary company of the Company 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 reconciliation from the opening balance to the closing balance for the customer loyalty programs.

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year	28,794	24,405
Provision	12,408	12,227
Utilised	(11,574)	(7,838)
At end of year	29,628	28,794

33. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES (continued)

(c) Contract liabilities (continued)

(ii) Advances received from customers

Advances received from customers represents the considerations received from customers for goods yet to be delivered. The following table shows reconciliation from the opening balance to the closing balance for the advances received from customers.

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year	28,054	-
Consideration received	1,407,914	1,959,271
Utilised	(1,390,098)	(1,931,217)
At end of year	45,870	28,054

(iii) Provision for liquidated and ascertained damage

Provision of liquidated and ascertained damage arose from failure to deliver the leasehold lands to a customer at the predetermined time.

The following table shows reconciliation from the opening balance to the closing balance for provision for liquidated and ascertained damage:

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year	-	-
Addition	599	-
At end of year	599	-

34. DEFERRED PAYABLES

	The Group	
	2023 RM'000	2022 RM'000
Non-current		
Secured	120,622	243,725
Current		
Secured	123,103	80,000
	243,725	323,725

As part of the expansion into the flat steel business, the Group has acquired from Megasteel Sdn Bhd all the encumbered assets for a total consideration of RM537,725,000 (“Purchase Consideration”). The Purchase Consideration is payable to Megasteel Secured Lenders.

As at 31 December 2023, the Group has paid a total of RM294,000,000 (2022: RM214,000,000) to the Megasteel Secured Lenders. Of the remaining Purchase Consideration, the deferred payables, RM123,103,000 is payable within the next 12 months after the reporting period and RM120,622,000 is scheduled for payment in 2031.

The deferred payables of the Group are secured by the said assets acquired which are included in the property, plant and equipment as disclosed in Note 12 and corporate guarantee from the Company (Note 38).

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances (unrestricted)(Note 26(b))	44,280	121,690	48	61
Deposits with financial institutions (unrestricted) (Note 26(b))	33,815	40,334	1,911	350
Housing Development Accounts (Note 26(b))	6,639	18,030	-	3,590
Bank overdrafts (Note 31)	(14,048)	(3,535)	(3,555)	(3,535)
	70,686	176,519	(1,596)	466

36. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS

Related parties are entities in which certain Directors and/or substantial shareholders of the Company or of its subsidiary companies or persons connected with such Directors and/or substantial shareholders have interest, excluding those parties disclosed in Notes 17, 18, 19 and 25.

The Group has the following significant transactions with related parties during the financial year, which were determined on terms not more favourable to the related parties than to third parties:

Sales and purchase of goods and services and interest

Name of Company	Nature	The Group	
		2023 RM'000	2022 RM'000
Bright Steel Sdn Bhd	Rental income	95	95
Lion Tooling Sdn Bhd	Purchase of toolings	3,055	937
Secom (Malaysia) Sdn Bhd	Purchase of assets	-	881
Likom Caseworks Sdn Bhd	Purchase of goods	-	204
	Management fees income	1,633	1,512
Likom CMS Sdn Bhd	Management fees income	1,225	1,134
Bonus Essential Sdn Bhd	Management fees income	-	3,776
	Acquisition of land	-	10,400
Pancar Tulin Sdn Bhd	Management fees income	3,331	2,911
Lion Mining Sdn Bhd	Sale of goods	32,466	47,904
	Purchase of goods	26,408	9,035
	Rental income	1,285	941
Compact Energy Sdn Bhd	Purchase of goods	41,506	46,352
	Rental income	366	366
	Interest expense	-	22

The Company has the following significant transactions with subsidiary company during the financial year, which were determined on terms not more favourable to the subsidiary company than to third parties:

Name of Company	Nature	The Company	
		2023 RM'000	2022 RM'000
Subsidiary company			
Amsteel Mills Sdn Bhd	Interest income	-	320

36. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS (continued)

The gross outstanding balances arising from the above transactions with related parties are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Receivables:				
Included in trade receivables	204,218	166,208	-	-
Included in other receivables	152,680	135,822	1,824	1,895
Payables:				
Included in trade payables	5,766	3,235	139	139
Included in other payables	27,899	41,356	57	57

The outstanding balances with related parties are either interest-free or with normal trade terms (2022: either interest-free or with normal trade terms) per annum, repayable on demand and expected to be settled in cash.

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.

During the financial year, the significant transactions, which were determined on terms not more favourable to the key management personnel (other than the Directors of the Company) than to third parties, are as follows:

	The Group	
	2023 RM'000	2022 RM'000
Sales of property	2,787	-

36. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS (continued)

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

On 25 November 2021, Posim Marketing, a subsidiary company of Lion Posim Berhad ("LPB"), a listed subsidiary 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 ("BIC Industrial Park Development") 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 year, the Group reclassified RM13.0 million from "other receivable" in non-current assets to "construction 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 "construction work-in-progress" under property, plant and equipment in Note 12.

As at 31 December 2023, included in the Group's carrying amount of "construction work-in-progress" is RM24.4 million pertaining to the Acquisition of Land that has not been reclassified to "freehold land" under property, plant and equipment, as certain infrastructure works by Bonus Essential are yet to be completed.

37. SEGMENTAL INFORMATION

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision makers in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transaction are within the Group.

(a) Business Segments

The Group's activities are classified into three major business segments:

- Steel - manufacture and marketing of steel bars, wire rods, and steel related products, and provision of chartering services;
- Building materials - trading and distribution of building materials and other steel products; and
- Others - property development and management, investment holding, treasury business, manufacture and trading of lubricants products, distribution of petroleum products and automotive products, provision of transportation services and training services, distributing and retailing of consumer products, none of which is of a sufficient size to be reported separately.

Inter-segment revenue comprises sales of goods and income from other business segments. These transactions are conducted on an arm's length basis under terms, conditions and prices not materially different from transactions with non-related parties.

Capital expenditure comprises additions to property, plant and equipment, investment properties and prepaid land lease payments.

37. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued)

The Group 2023	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Statements of Profit or Loss					
Revenue					
External revenue	1,164,003	620,884	129,930	-	1,914,817
Inter-segment revenue	266,912	14,550	19,801	(301,263)	-
Total revenue	1,430,915	635,434	149,731	(301,263)	1,914,817
Results					
Segment results	(195,181)	2,290	(3,715)	-	(196,606)
Finance costs	(11,730)	(1,256)	(2,416)	-	(15,402)
Share of results of:					
Associated companies	889	-	(5,285)	-	(4,396)
Joint venture	-	-	27	-	27
Investment income	670	1,760	1,433	-	3,863
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	-	8,586	-	-	8,586
Impairment loss on goodwill	(130,443)	-	-	-	(130,443)
Loss before tax					(334,371)
Tax expense					(68,043)
Loss for the year					(402,414)

37. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued)

The Group 2023	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Statements of Financial Position					
Segment assets	1,380,812	378,757	423,446	-	2,183,015
Investment in associated companies and joint venture	8,670	-	389,767	-	398,437
Unallocated corporate assets					19,675
Total Assets					<u>2,601,127</u>
Segment liabilities	900,852	83,658	224,135	-	1,208,645
Unallocated liabilities					69,013
Total Liabilities					<u>1,277,658</u>
Other Information					
Capital expenditure	30,497	103	1,252	-	31,852
Depreciation and amortisation	53,140	560	9,041	-	62,741
Impairment loss on: Property, plant and equipment	10,995	-	-	-	10,995
Trade and other receivables	884	5,885	4,853	-	11,622
Reversal of impairment loss on: Property, plant and equipment	(3,603)	-	(168)	-	(3,771)
Trade and other receivables	(6,377)	(253)	(197)	-	(6,827)
Long term investments	(124)	-	(6)	-	(130)
Other non-cash expenses/(income)	89,385	193	(582)	-	88,996

37. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued)

The Group
2022, restated

	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Statements of Profit or Loss					
Revenue					
External revenue	1,875,822	577,634	125,718	-	2,579,174
Inter-segment revenue	261,130	147,453	18,906	(427,489)	-
Total revenue	2,136,952	725,087	144,624	(427,489)	2,579,174
Results					
Segment results	(359,238)	3,998	17,622	-	(337,618)
Finance costs	(10,250)	(183)	(1,934)	-	(12,367)
Share of results of:					
Associated companies	928	-	(39,665)	-	(38,737)
Joint venture	-	-	19	-	19
Investment income	3,433	1,795	1,014	-	6,242
Gain on disposal of investment in a subsidiary company	63,192	-	-	-	63,192
Loss before tax					(319,269)
Tax credit					9,428
Loss for the year					(309,841)

37. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued)

The Group 2022, restated	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Statements of Financial Position					
Segment assets	1,957,243	373,534	335,840	-	2,666,617
Investment in associated companies and joint venture	7,781	-	387,987	-	395,768
Unallocated corporate assets					23,512
Total Assets					<u>3,085,897</u>
Segment liabilities	1,132,886	56,120	168,932	-	1,357,938
Unallocated liabilities					6,024
Total Liabilities					<u>1,363,962</u>
Other Information					
Capital expenditure	143,199	11,504	5,127	-	159,830
Depreciation and amortisation	45,840	558	9,145	-	55,543
Impairment loss on trade and other receivables	15,438	5,449	628	-	21,515
Reversal of impairment loss on trade and other receivables	(184)	(1,341)	(952)	-	(2,477)
Other non-cash expenses/(income)	32,855	4,098	(1,100)	-	35,853

37. SEGMENTAL INFORMATION (continued)

(b) Geographical Segments

The Group operates in two main geographical areas:

- Malaysia - manufacture and marketing of steel bars, wire rods, and steel related products, provision of chartering services, property development and management, trading and distribution of building materials and other steel products, manufacture and trading of lubricants products, distribution of petroleum products and automotive products, provision of transportation services and training services, distributing and retailing of consumer products; and
- Other countries which are not sizable to be reported separately.

	Revenue	
	2023 RM'000	2022 RM'000
Malaysia	1,888,259	2,527,383
Other countries	26,558	51,791
	<u>1,914,817</u>	<u>2,579,174</u>

	Total assets		Capital Expenditure	
	2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
Malaysia	2,424,517	2,917,896	31,852	159,825
Other countries	176,610	168,001	-	5
	<u>2,601,127</u>	<u>3,085,897</u>	<u>31,852</u>	<u>159,830</u>

In determining the geographical segments of the Group, revenue is based on the country in which the customer is located. Total assets and capital expenditure are determined based on where the assets are located.

38. FINANCIAL GUARANTEE CONTRACTS

	The Company	
	2023 RM'000	2022 RM'000
Corporate guarantee given to certain subsidiary companies for:		
Deferred payables (Note 34)	243,725	323,725
Trade payables and short-term borrowings	451,075	347,185
	<u>694,800</u>	<u>670,910</u>

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 the guarantees are remote.

39. CAPITAL COMMITMENTS

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

	The Group	
	2023 RM'000	2022 RM'000
Purchase of property, plant and equipment and others:		
Approved and contracted for	9,525	2,600
Approved but not contracted for	3,228	3,058
	12,753	5,658
	12,753	5,658

40. 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 31 December 2022.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, management considers the cost of capital and risk associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
Debt (i)	160,239	155,836	8,375	8,445
Cash and cash equivalents (excluding bank overdrafts)	(84,734)	(180,054)	(1,959)	(4,001)
Net debts/(cash)	75,505	(24,218)	6,416	4,444
Equity (ii)	1,323,469	1,721,935	1,175,193	1,257,721
Debt to equity ratio	5.71%	N/A*	0.55%	0.35%

* The Group is in net cash position, thus debt to equity ratio is not applicable.

(i) Debt is defined as obligations under lease arrangements, obligations under hire-purchase arrangements, loan and borrowings as disclosed in Note 31.

(ii) Equity includes issued capital, reserves, and non-controlling interests.

40. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
Fair Value Through Profit or Loss ("FVTPL"):				
Investment in money market funds	2,362	2,279	-	-
Fair Value Through Other Comprehensive income ("FVTOCI"):				
Unquoted investments	599	599	216	216
Amortised cost:				
Trade receivables	312,003	301,192	-	-
Other receivables and deposits	298,066	402,458	3,213	3,612
Amount owing by subsidiary companies	-	-	460,926	619,054
Deposits, cash and bank balances	114,558	208,253	5,347	7,332
Financial liabilities				
At amortised cost:				
Trade payables	416,080	470,902	339	282
Other payables, deposits and accrued expenses	288,425	327,430	881	1,257
Amount owing to subsidiary companies	-	-	143,240	170,824
Lease liabilities	24,079	23,197	-	44
Loan and borrowings	160,239	155,836	8,375	8,445
Deferred payables	243,725	323,725	-	-

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 currency risk, interest rate risk, credit 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 made and approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

40. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group and the Company undertake 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 as follows:

	The Group		The Company	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
2023				
United States Dollar	4,335	33,572	-	-
Chinese Renminbi	28,549	4,745	-	7,090
Others	1,059	2,380	-	-
	33,943	40,697	-	7,090
2022				
United States Dollar	29,729	39,475	-	-
Chinese Renminbi	27,932	4,827	-	8,836
Others	6,465	19,387	-	-
	64,126	63,689	-	8,836

Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currencies of United States Dollar and 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 currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting year for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss before tax and 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 profit or loss before tax and other equity, the balances below would be negative.

40. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis (continued)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit or loss before tax				
United States Dollar	2,924	975	-	-
Chinese Renminbi	45	29	709	884
	<u>2,969</u>	<u>1,004</u>	<u>709</u>	<u>884</u>
Other equity				
Chinese Renminbi	(2,425)	(2,340)	-	-

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.

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 31.

The interest rates for the loans and borrowings and lease liabilities, which are fixed at the inception of the borrowing/financing arrangements, are disclosed in Notes 31 and 32 respectively.

Interest rate sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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 year ended 31 December 2023 would increase or decrease by as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Floating rate liabilities				
Bank overdrafts	70	18	18	18
Bills payables	395	382	-	-
Term loans	224	115	24	25
Receivables financing	109	23	-	-
	<u>798</u>	<u>538</u>	<u>42</u>	<u>43</u>

40. 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 mainly 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 Company is also exposed to credit risk resulting from the 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 corporate guarantee is disclosed in Note 38. The Company monitors on an ongoing basis the results of the subsidiary 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 of 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 and did not exceed 10% of gross monetary assets at any time during the reporting period.

Deposits, cash and bank balances

Exposure to credit risk arising from deposits, cash and bank balances is managed by depositing or investing the Group's and the Company's funds with licensed financial institutions. The deposits, cash and bank balances that denominated in Chinese Renminbi which are held with bank and financial institutions in the PRC, rated A2 and Baa2 (2022: A2 and Baa2) respectively, based on Moody's Investors Service ratings.

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 deposits, cash and bank balances have low credit risk based on their external credit ratings.

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.

40. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The tables below summarise the maturity profile of the Group's and of 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	More than 1 year but not exceeding 2 years RM'000		More than 2 years but not exceeding 5 years RM'000		More than 5 years RM'000	Total RM'000	Contractual interest rate %
	Within 1 year RM'000						
Financial liabilities							
Non-interest bearing:							
Trade payables	416,080	-	-	-	-	416,080	-
Other payables, deposits and accrued expenses	225,890	-	-	-	-	225,890	-
Deferred payables	123,103	-	-	120,622	-	243,725	-
Interest bearing:							
Other payables, deposits and accrued expenses	17,973	-	-	-	-	17,973	11.75 - 12.00
Security deposits from non-current assets classified as held for sale	50,931	3,346	-	-	-	54,277	9.60
Lease liabilities	10,600	7,483	8,661	-	-	26,744	2.50 - 6.98
Loans and borrowings	144,820	7,104	17,336	44	44	169,304	3.67 - 10.00
	989,397	17,933	25,997	120,666		1,153,993	

40. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 2022	More than			Contractual interest rate %
	Within 1 year RM'000	1 year but not exceeding 2 years RM'000	More than 2 years but not exceeding 5 years RM'000	
			More than 5 years RM'000	Total RM'000
Financial liabilities				
Non-interest bearing:				
Trade payables	470,902	-	-	470,902
Other payables, deposits and accrued expenses	312,065	-	-	312,065
Deferred payables	80,000	123,103	120,622	323,725
Interest bearing:				
Other payables, deposits and accrued expenses	17,190	-	-	17,190
Lease liabilities	7,565	7,111	11,713	26,389
Loans and borrowings	157,772	392	381	158,693
	1,045,494	130,606	12,094	1,308,964

40. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 2023	Within 1 year RM'000	More than 1 year but not exceeding 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities				
Non-interest bearing:				
Trade payables	339	-	339	-
Other payables, deposits and accrued expenses	881	-	881	-
Amount owing to subsidiary companies	-	178,528	178,528	-
Financial guarantee contracts	694,800	-	694,800	-
Interest bearing:				
Loans and borrowings	8,994	-	8,994	6.35 - 10.00
	705,014	178,528	883,542	
2022				
Financial liabilities				
Non-interest bearing:				
Trade payables	282	-	282	-
Other payables, deposits and accrued expenses	1,257	-	1,257	-
Amount owing to subsidiary companies	170,824	-	170,824	-
Financial guarantee contracts	670,910	-	670,910	-
Interest bearing:				
Lease liabilities	45	-	45	6.60
Loans and borrowings	9,069	-	9,069	6.35 - 7.85
	852,387	-	852,387	

40. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments

Except as detailed in the following table, the carrying amounts of the financial assets and the financial liabilities carried at amortised cost in the financial statements approximate their fair values.

2023	The Group		The Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Investment in money market funds	2,362	2,362	-	-
Unquoted investments	599	599	216	216 [^]
2022				
Financial assets				
Investment in money market funds	2,279	2,279	-	-
Unquoted investments	599	599	216	216 [^]

The quoted market prices of quoted investments as at the end of the reporting period are used to determine the fair values of these financial assets.

[^] 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.

40. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Fair values 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
The Group				
2023				
Financial assets				
Investment in money market funds	2,362	-	-	2,362
Unquoted investments	-	599	-	599
2022				
Financial assets				
Investment in money market funds	2,279	-	-	2,279
Unquoted investments	-	599	-	599
The Company				
2023				
Financial asset				
Unquoted investments	-	216	-	216
2022				
Financial asset				
Unquoted investments	-	216	-	216

There were no transfers between Levels 1, 2 and 3 during the financial year.

41. SIGNIFICANT EVENTS

- (a) LLB Bina Sdn Bhd, a wholly-owned subsidiary of the Company, had on 6 January 2022 entered into a Novation Agreement with Grandprop Sdn Bhd ("Grandprop") and Premier Land Resources Sdn Bhd ("Premier Land") for the proposed acquisition of the sub-divided 80 acres land located in Sepang, Selangor ("Sub-divided 80 acres Land") by way of novation to LLB Bina Sdn Bhd of all rights, benefits, interests, obligations and liabilities of Grandprop under the Sale and Purchase Agreement dated 20 November 2020 entered into between Premier Land and Grandprop for a cash consideration of RM23 million ("Consideration") ("Agreement").

On 6 January 2022, the Group has fully paid the Consideration.

On 8 August 2023, LLB Bina had entered into a Deed of Mutual Termination with Premier Land, wherein both parties mutually agreed to terminate the Agreement due to the prolonged delay in fulfilling the conditions subsequent to the Agreement, including issuance of separate title for the Sub-divided 80 acres Land. As a result, the Consideration has been fully refunded to the Group during the year.

41. SIGNIFICANT EVENTS (continued)

- (b) On 1 September 2023:
- (i) Amsteel Mills Sdn Bhd ("AMSB"), a 99%-owned subsidiary company of the Company, entered into a conditional sale and purchase agreement with Unichamp Mineral Sdn Bhd ("Unichamp Mineral") for the proposed disposal of a portion of a piece of freehold land held under GRN 297957, Lot 19322, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor measuring 19.781 acres or approximately 861,660 sq ft for a cash consideration of RM67.96 million; and
 - (ii) Gelora Berkat Sdn Bhd, a wholly-owned indirect subsidiary company of the Company, entered into a conditional sale and purchase agreement with Unichamp Mineral for the proposed disposal of a portion of a piece of freehold land held under H.S.(D) 26819, PT 17217, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor measuring 7.006 acres or approximately 305,181 sq ft for a cash consideration of RM24.07 million (collectively, the "Proposed Disposals").

The Proposed Disposals are pending fulfillment of conditions precedent.

- (c) Lion Waterfront Sdn Bhd, a wholly-owned subsidiary of Lion Posim Berhad ("LPB"), in turn, a listed subsidiary company 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, LPB proposed to diversify the existing businesses of LPB 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 LPB had on 2 December 2022 approved the Proposals.

The Proposals are pending the approvals to be obtained from relevant regulatory authorities.

42. SUBSEQUENT EVENT

AMSB had on 23 February 2024 entered into a conditional sale and purchase agreement with RHB Trustees Berhad, who acted as the trustee for Axis Real Estate Investment Trust for the disposal of a piece of leasehold land held under H.S.(D) 24277, PT 3501 in Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan measuring approximately 3.23 hectares together with the buildings erected thereon, for a disposal consideration of RM49.00 million ("Disposal").

The Disposal is pending completion.

43. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
*Amble Legacy Sdn Bhd	Malaysia	100	100	Investment holding
Cendana Domain Sdn Bhd	Malaysia	100	100	Investment holding
*Crest Wonder Sdn Bhd	Malaysia	100	100	Investment holding
Lion Courts Sdn Bhd	Malaysia	100	100	Property development and investment holding
Lion Group Management Services Sdn Bhd	Malaysia	52 ^a	52 ^a	Provision of management services
*Lion Metal Industries Sdn Bhd	Malaysia	100	100	Provision of storage facilities
*Lion Motor Venture Sdn Bhd	Malaysia	100	100	Investment holding
LLB Enterprise Sdn Bhd	Malaysia	94	94	Dormant
LLB Harta (M) Sdn Bhd	Malaysia	100	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to a debt restructuring exercise undertaken by the Company and certain of its subsidiary companies
LLB Nominees Sdn Bhd	Malaysia	100	100	Investment holding
*LLB Steel Industries Sdn Bhd	Malaysia	100	100	Investment holding

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
LLB Strategic Holdings Sdn Bhd	Malaysia	100	100	Dormant
*LLB Venture Sdn Bhd (Dissolved on 10 March 2023)	Malaysia	-	100	Dormant
Malim Courts Property Development Sdn Bhd	Malaysia	100	100	Property development and investment holding
Mcken Sdn Bhd	Malaysia	100	100	Ceased operations
*Slag Aggregate Sdn Bhd	Malaysia	100	100	Investment holding
Sucorp Enterprise Sdn Bhd	Malaysia	100	100	Money lending and investment holding
Tahap Berkat Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary company of Amble Legacy Sdn Bhd				
*Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	People's Republic of China	95	95	Property development
Subsidiary company of Cendana Domain Sdn Bhd				
Cendana Aset Sdn Bhd	Malaysia	100	100	Real estate activities namely renting and leasing of land and building as well as plant and machinery

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary company of Cendana Aset Sdn Bhd				
*Secomex Manufacturing (M) Sdn Bhd	Malaysia	100	100	Ceased operations
Subsidiary company of Crest Wonder Sdn Bhd				
Lunas Cemerlang Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary companies of Lunas Cemerlang Sdn Bhd				
Lion Steel Sdn Bhd	Malaysia	100	100	Manufacturing and marketing of steel products
Formula Sepadu Sdn Bhd	Malaysia	100	100	Dormant
Kenari Juara Sdn Bhd	Malaysia	100	100	Dormant
Sendi Setara Sdn Bhd	Malaysia	100	100	Dormant
Subsidiary company of Lion Motor Venture Sdn Bhd				
*Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	People's Republic of China	56	56	Manufacturing of meters for motor vehicles and after sales services
Subsidiary companies of LLB Nominees Sdn Bhd				
*Holdsworth Investment Pte Ltd	Singapore	70	70	Investment holding
*Zhongsin Biotech Pte Ltd	Singapore	51	51	Investment holding

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary company of LLB Steel Industries Sdn Bhd				
*Steelcorp Sdn Bhd	Malaysia	99	99	Investment holding
Subsidiary companies of Malim Courts Property Development Sdn Bhd				
Berkat Timor Sdn Bhd	Malaysia	100	100	Dormant
Inspirasi Elit Sdn Bhd	Malaysia	85	85	Property development
JOPP Builders Sdn Bhd	Malaysia	100	100	Dormant
LLB Bina Sdn Bhd	Malaysia	100	100	Construction works and property development
LLB Indah Permai Sdn Bhd	Malaysia	100	100	Property development
LLB Suria Sdn Bhd (Dissolved on 15 March 2023)	Malaysia	-	100	Investment holding
PM Holdings Sdn Bhd	Malaysia	100	100	Investment holding, property development and provision of management services
Soga Sdn Bhd	Malaysia	99	98	Property development
Sumber Realty Sdn Bhd	Malaysia	100	100	Investment holding and property development
Syarikat Pekan Baru Kemajuan Sdn Bhd	Malaysia	100	100	Dormant

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary company of Sucorp Enterprise Sdn Bhd				
Kisan Agency Sdn Bhd	Malaysia	100	100	Property development
Subsidiary company of Tahap Berkat Sdn Bhd				
Gelora Berkat Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary companies of PM Holdings Sdn Bhd				
Citibaru Sendirian Berhad	Malaysia	100	100	Dormant
Malim Jaya (Melaka) Sdn Bhd	Malaysia	100	100	Property development
Subsidiary company of Soga Sdn Bhd				
Batu Pahat Enterprise Sdn Bhd	Malaysia	100	100	Dormant
Subsidiary company of Steelcorp Sdn Bhd				
Amsteel Mills Sdn Bhd	Malaysia	100	100	Manufacture and marketing of steel bars and wire rods
Subsidiary companies of Sumber Realty Sdn Bhd				
Projek Jaya Sdn Bhd	Malaysia	100	100	Investment holding
Seri Lalang Development Sdn Bhd	Malaysia	100	100	Ceased operations
Sharikat Pengangkutan East West Sdn Bhd	Malaysia	100	100	Dormant

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary companies of Amsteel Mills Sdn Bhd				
Amsteel Mills Marketing Sdn Bhd	Malaysia	100	100	Sale and distribution of steel products
*Amsteel Mills Realty Sdn Bhd	Malaysia	100	100	Ceased operations
Lion Posim Berhad ("LPB")	Malaysia	74 ^D	74 ^D	Investment holding
Lion Waterway Logistics Sdn Bhd	Malaysia	100	100	Stevedoring and related activities and to own, lease and operate ships barges and to enter into charter parties
*Lion Investment (A) Sdn Bhd (Acquired on 19 December 2023)	Malaysia	100	-	Dormant
Subsidiary companies of LPB				
Gama Harta Sdn Bhd	Malaysia	100	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	100	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	100	100	Investment holding
*Lion AMB Resources Sdn Bhd	Malaysia	100	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	100	100	Manufacturing of petroleum products

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary companies of LPB (continued)				
Posim Marketing Sdn Bhd	Malaysia	100	100	Trading and distribution of building materials and steel products
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
Subsidiary company of Gama Harta Sdn Bhd				
Brands Pro Management Sdn Bhd	Malaysia	100	100	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")				
^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

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies") (continued)				
^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
Subsidiary companies of BVI Companies				
^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

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary companies of BVI Companies (continued)				
^Up Reach (Cambodia) Co., Limited (In voluntary liquidation)	Cambodia	100	100	Investment and development in agriculture
Subsidiary companies of Lion AMB Resources Sdn Bhd				
*AMB Venture Sdn Bhd	Malaysia	100	100	Investment holding
*CeDR Corporate Consulting Sdn Bhd	Malaysia	100	100	Provision of training services
Subsidiary company of Posim Marketing Sdn Bhd				
*Well Morning Limited (Dissolved on 27 October 2023)	Hong Kong SAR	-	100 ^c	Investment holding
Subsidiary companies of AMB Venture Sdn Bhd				
*Chrome Marketing Sdn Bhd	Malaysia	100	100	Investment holding
*Lion Tyre Venture Sdn Bhd	Malaysia	100	100	Ceased operations
*Range Grove Sdn Bhd	Malaysia	100	100	Investment holding

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary company of Range Grove Sdn Bhd				
*Shanghai AMB Management Consulting Co Ltd	People's Republic of China	100	100	Provision of management services

* The financial statements of these companies are audited by auditors other than the auditors of the Company.

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

^a 35% held by Sucorp Enterprise Sdn Bhd and 17% held by Posim Petroleum Marketing Sdn Bhd.

^b 20% held by the Company and 54% held by Amsteel Mills Sdn Bhd.

^c 70% held by Posim Marketing Sdn Bhd, 17% held by Lion Waterway Logistics Sdn Bhd and 13% held by Amsteel Mills Sdn Bhd.

44. ASSOCIATED COMPANIES

The associated companies of the Group are as follows:

Name of company	Financial year-end	Principal place of business and place of incorporation	Percentage ownership		Principal activities
			2023 %	2022 %	
Renor Pte Ltd (Dissolved on 1 April 2024)	30 June	Singapore	40	40	Investment holding
Lion Insurance Company Limited	31 December	Malaysia	41	41	Captive insurance business
Parkson Holdings Berhad	31 December	Malaysia	26	26	Investment holding
Lion Titco Resources Sdn Bhd	31 December	Malaysia	40	40	Processing of steel slag and metal extraction
Lion Corporation Berhad	31 December	Malaysia	21	21	Investment holding
Lion Asiapac Limited	30 June	Singapore	37	37	Investment holding
Angkasa Amsteel (M) Sdn Bhd (In voluntary liquidation)	30 June	Malaysia	50	50	Trading and distribution of fabricated steel reinforcement bars

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

STATEMENT BY DIRECTORS

We, Tan Sri Cheng Heng Jem and Cheng Hui Ya, Serena, being two of the Directors of Lion Industries Corporation 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 requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2024.

TAN SRI CHENG HENG JEM
Director

CHENG HUI YA, SERENA
Director

Kuala Lumpur

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, Ooi Kim Lai (MIA Membership number: 9454), the officer primarily responsible for the financial management of LION INDUSTRIES CORPORATION 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 the 8th day of April 2024.

Before me

W839
ONG SIEW KEE
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/ Last Revaluation
1. Taman Supreme Mukim Cheras Kuala Lumpur	Freehold	11.9 hectares	Land	For future development	17.8	June 1991
2. Lot 4343, 4344 & 4345 Mukim Bachang Melaka	Leasehold 12.4.2081	3,619 sq metres	Land	For future development	4.7	June 1991
3. Lot 11233 GRN 54584 H.S.(D) 60874 Taman Tayton, Cheras Kuala Lumpur	Freehold	620 sq metres	Land	For future development	0.1	June 1991
4. Mukim 17 North East District Batu Ferringhi Pulau Pinang	Freehold	28.2 hectares	Land	For future development	35.7	June 1991
5. PT 3494 H.S.(D) 17795 Mukim Kapar Klang Selangor Darul Ehsan	Leasehold 9.11.2085	24.0 hectares	Industrial land and buildings	Office and factory (34-39)	14.2	22 October 1994
6. PT 17631 H.S.(D) 31354 Mukim Kapar Klang Selangor Darul Ehsan	Leasehold 29.10.2091	2,880 sq metres	Industrial land	Vacant	0.5	22 October 1994
7. PT 59358 H.S.(D) 119721 Mukim Kapar Klang Selangor Darul Ehsan	Leasehold 22.10.2088	2.9 hectares	Industrial land and building	Office (28)	5.4	22 October 1994
8. Lot 19322, 2582 & 2584 Mukim Tanjung Dua Belas District of Kuala Langat Selangor Darul Ehsan	Freehold	69.4 hectares	Industrial land and building	Office (18-23)	82.8	1996
9. H.S.(D) 13422 PT 17213, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	30.3 acres	Industrial land	Vacant	13.8	July 2020
10. H.S.(D) 13423 PT 17214, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	107.7 acres	Industrial land	Vacant	49.0	July 2020

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Carrying Amount (RM Million)	Date of Acquisition/ Last Revaluation
11. H.S.(D) 13424 PT 17215, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	240.34 acres	Industrial land and buildings	Office and factory (25)	178.9	July 2020
12. H.S.(D) 13426 PT 17218, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	46.34 acres	Industrial land	Vacant	21.1	July 2020
13. H.S.(D) 26819 PT 17217, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Freehold	50.18 acres	Industrial land and building	Factory (16)	23.1	December 2021
14. Lot 45711 Mukim Tanjung Dua Belas District of Kuala Langat, Selangor	Freehold	1.7 hectares	Industrial land and buildings	Office and factory (16-26)	1.7	July 2020
15. PT3501 H.S.(D) 24277 Mukim Kapar Klang Selangor Darul Ehsan	Leasehold 22.10.2088	3.2 hectares	Industrial land and buildings	Office and factory (34)	17.1	January 2013
16. Lot 72 Persiaran Jubli Perak 40000 Shah Alam Selangor Darul Ehsan	Freehold	2.02 hectares	Industrial land and building	Factory (29)	10.1	March 2003
17. 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	March 2003
18. 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	March 2003
19. 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	March 2003

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Carrying Amount (RM Million)	Date of Acquisition/ Last Revaluation
20. 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	July 2004
21. Preah Net Preah District Banteay Meanchey Province Cambodia	Freehold	3,325 hectares	Land	Vacant	54.7	October 2013
22. Sangkum Thmei and Rovieng District Preah Vihear Province Cambodia	Leasehold 5.8.2071	7,406 hectares	Land	Vacant	21.9	March 2012

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 31 March 2024

Total Number of Issued Shares	:	717,909,365*
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Note:

* Inclusive of 37,105,300 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 ^(a)
Less than 100	3,155	17.13	124,325	0.02
100 to 1,000	4,810	26.11	2,703,716	0.40
1,001 to 10,000	6,908	37.50	31,777,480	4.67
10,001 to 100,000	3,030	16.45	102,814,011	15.10
100,001 to less than 5% of issued shares	515	2.79	346,527,479	50.90
5% and above of issued shares	3	0.02	196,857,054	28.91
	<u>18,421</u>	<u>100.00</u>	<u>680,804,065</u>	<u>100.00</u>

Substantial Shareholders as at 31 March 2024

Substantial Shareholders	Direct Interest		Deemed Interest		
	No. of Shares	% of Shares ^(a)	No. of Shares	% of Shares ^(a)	No. of Warrants ^(b)
1. Tan Sri Cheng Heng Jem	222,785,449	32.72	12,709,351	1.87	117,747,398
2. Tan Sri Cheng Yong Kim	11,428,289	1.68	74,472,627	10.94	42,950,457
3. Dynamic Horizon Holdings Limited	74,472,627	10.94	—	—	37,236,313

Notes:

^(a) Based on the total number of issued shares of the Company, excluding 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2024.

^(b) Warrants issued by the Company with a right to subscribe for ordinary shares in the Company on the basis of 1 new ordinary share for every 1 warrant held.

Thirty Largest Registered Shareholders as at 31 March 2024

Registered Shareholders	No. of Shares	% of Shares^(a)
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	90,369,951	13.27
2. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheng Heng Jem (M09)	63,533,430	9.33
3. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	42,953,673	6.31
4. Maybank Nominees (Asing) Sdn Bhd MTrustee Berhad for Dynamic Horizon Holdings Limited (419461)	32,600,000	4.79
5. RHB Nominees (Asing) Sdn Bhd Pledged Securities Account for Dynamic Horizon Holdings Limited	29,789,051	4.38
6. Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem (419450)	25,900,000	3.80
7. Affin Hwang Nominees (Asing) Sdn Bhd Dynamic Horizon Holdings Limited	12,000,000	1.76
8. Cheng Yong Kim	11,640,539	1.71
9. LDH Management Sdn Bhd	9,935,200	1.46
10. Tiong Nam Logistics Holdings Berhad	5,400,000	0.79
11. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siak Hwee (7001913)	5,112,400	0.75
12. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mahalingam A/L Sinnatamby (E-SJA/USJ)	5,000,000	0.73
13. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	4,705,053	0.69
14. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	4,613,483	0.68
15. Lion-Parkson Foundation	4,030,694	0.59
16. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Pheh Kar Hoe (Penang-CL)	3,750,000	0.55
17. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Han Joeh (8085254)	3,566,000	0.52
18. Liang Teh Hai	3,300,000	0.48
19. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	3,296,300	0.48
20. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sin Huan Kwang (E-TWU)	3,219,200	0.47
21. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Tiem Chai (E-BPT)	3,088,600	0.45
22. Liang Chiang Heng	2,760,200	0.41
23. Low Kien Khuan	2,746,100	0.40
24. Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for San Tuan Sam	2,586,500	0.38
25. Teoh Hooi Bin	2,583,300	0.38
26. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kok Ewe	2,555,000	0.38
27. Ho Khim Chan	2,280,000	0.33
28. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Song Teik Sun (PB)	2,200,000	0.32
29. Apollo Food Holdings Berhad	2,100,000	0.31
30. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chiew Eng @ Ng Chiew Ming	1,966,000	0.29

Note:

^(a) Based on the total number of issued shares of the Company, excluding 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2024.

Distribution of Warrant Holdings as at 31 March 2024

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	4,165	25.94	139,753	0.04
100 to 1,000	5,560	34.63	2,746,057	0.81
1,001 to 10,000	4,827	30.07	17,815,394	5.23
10,001 to 100,000	1,230	7.66	38,833,381	11.41
100,001 to less than 5% of warrants issued	270	1.68	182,437,575	53.59
5% and above of warrants issued	3	0.02	98,428,526	28.92
	<u>16,055</u>	<u>100.00</u>	<u>340,400,686</u>	<u>100.00</u>

Thirty Largest Registered Warrant Holders as at 31 March 2024

Registered Warrant Holders	No. of Warrants	% of Warrants
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	45,184,975	13.27
2. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	31,766,715	9.33
3. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	21,476,836	6.31
4. Maybank Nominees (Asing) Sdn Bhd MTrustee Berhad for Dynamic Horizon Holdings Limited (419461)	16,300,000	4.79
5. RHB Nominees (Asing) Sdn Bhd Pledged Securities Account for Dynamic Horizon Holdings Limited	14,894,525	4.38
6. Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem (419450)	12,950,000	3.80
7. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siak Hwee (7001913)	10,207,000	3.00
8. Affin Hwang Nominees (Asing) Sdn Bhd Dynamic Horizon Holdings Limited	6,000,000	1.76
9. Cheng Yong Kim	5,820,269	1.71
10. LDH Management Sdn Bhd	4,967,600	1.46
11. Maybank Nominees (Tempatan) Sdn Bhd Hok Seek Yong	3,699,900	1.09
12. Maybank Nominees (Tempatan) Sdn Bhd Lee Gia Cian @ Cally	2,988,900	0.88
13. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Choon Ping	2,975,300	0.87
14. Tiong Nam Logistics Holdings Berhad	2,700,000	0.79
15. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,677,400	0.79
16. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	2,352,526	0.69
17. Ong Chee Kean	2,100,000	0.62
18. Koh Hock Lye	2,045,000	0.60

Thirty Largest Registered Warrant Holders as at 31 March 2024 (continued)

Registered Warrant Holders	No. of Warrants	% of Warrants
19. Lion-Parkson Foundation	2,015,347	0.59
20. Koh Hock Lye	1,982,500	0.58
21. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Tiem Chai (E-BPT)	1,968,300	0.58
22. Ooi Chin Hock	1,819,100	0.53
23. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Han Joeh (8085254)	1,783,000	0.52
24. Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Loy Keon Hwa	1,766,000	0.52
25. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for TNTT Realty Sdn Bhd	1,680,100	0.49
26. Liang Teh Hai	1,650,000	0.48
27. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Yoong Nyock (8039533)	1,444,900	0.42
28. Lee Yoon Huat	1,400,000	0.41
29. Liang Chiang Heng	1,380,100	0.41
30. Low Kien Khuan	1,373,050	0.40

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	% ^(a)	No. of Ordinary Shares	% ^(a)	No. of Warrants ^(b)
The Company					
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	0.01	100,000	0.01	100,000
Tan Sri Cheng Heng Jem	222,785,449	32.72	12,752,369	1.87	117,768,907

	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 Group Management Services Sdn Bhd	—	—	5,000,000	100.00
Lion Posim Berhad ("LPB")	400	Negligible ^(c)	170,186,190	74.70 ^(c)
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:

- ^(a) Based on the total number of issued shares of the Company, excluding 37,105,300 shares bought back by the Company and retained as treasury shares as at 31 March 2024.
- ^(b) Warrants issued by the Company with a right to subscribe for ordinary shares in the Company on the basis of 1 new ordinary share for every 1 warrant held.
- ^(c) Based on the total number of issued shares of LPB, excluding 3,745,000 shares bought back by LPB 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 CONTRACT INVOLVING INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests since the end of the previous financial year or which are still subsisting at the end of the financial year.

(II) NON-AUDIT FEES

The amount of non-audit fees paid or payable to External Auditors by the Group and Company for the financial year ended 31 December 2023 was RM23,000 and RM8,000 respectively (RM15,500 and RM8,000 respectively in 2022).

(III) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the 12-month financial year ended 31 December 2023 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
Steel related		
(i) Sale of scrap iron, steel bars, wire rods, hot briquetted iron, billets and other related products and services	Lion Mining Sdn Bhd ⁽¹⁾	8,819
(ii) Purchase of scrap iron and other related products and services	Lion Asiapac Limited Group ("LAP Group") ⁽¹⁾ Lion Mining sdn Bhd ⁽¹⁾	41,506 3,587
(iii) Purchase of tools, dies and spare parts	ACB Resources Berhad Group ⁽¹⁾	3,055
(iv) Provision of storage, leasing and rental of properties, management and support, and other related services	LAP Group ⁽¹⁾ Lion Corporation Berhad Group ⁽¹⁾ Lion Mining Sdn Bhd ⁽¹⁾	366 3,426 1,285

Notes:

"Group" includes subsidiary and associated companies, excluding public companies.

(1) Companies in which a major shareholder of the Company has a substantial interest.

FORM OF PROXY

CDS ACCOUNT NUMBER

			-				-										
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I/We _____

NRIC/Passport/Registration No. _____

of _____

being a member of LION INDUSTRIES CORPORATION 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 93rd Annual General Meeting of the Company ("93rd 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 Thursday, 30 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. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin as Director		
4. To re-appoint Messrs Mazars PLT as Auditors		
5. Retention of Y. M. Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin as Independent Non-Executive Director		
6. Authority to Directors to Issue and Allot Shares		
7. 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 24 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 93rd 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 93rd AGM for registration, participation and remote voting via the RPV facilities.



LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

Level 14, Lion Office Tower

No. 1 Jalan Nagasari

50200 Kuala Lumpur

Wilayah Persekutuan

Tel No : +603 2142 0155

Fax No : +603 2141 3448

www.lion.com.my/lionind

