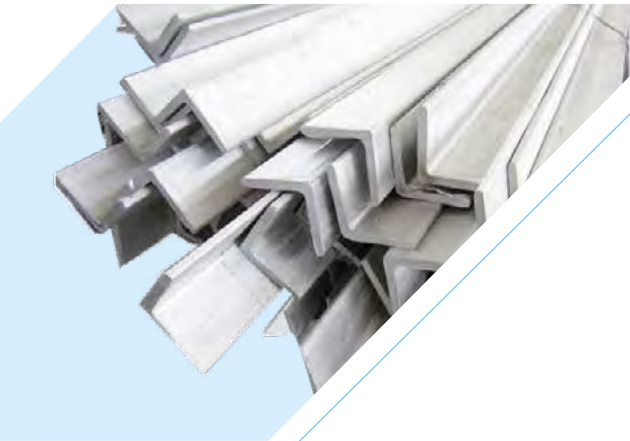


誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)



ANNUAL REPORT
2023

Inside This Report

1. CORPORATE STRUCTURE AND OVERVIEW	
Corporate Information	02
Corporate Structure	04
5-Year Financial Highlights	05

2. MANAGEMENT OVERVIEW	
Management Discussion and Analysis	08
Directors' Profile	14
Key Senior Managements' Profile	18

3. SUSTAINABILITY AND GOVERNANCE	
Sustainability Statement	22
Corporate Governance Overview Statement	54
Audit and Risk Management Committee Report	62
Statement on Risk Management and Internal Control	66
Directors' Responsibility Statement	69
Additional Compliance Information	70

4. FINANCIAL INFORMATION	
Financial Statements	
Directors' Report	72
Statements of Comprehensive Income	78
Statements of Financial Position	79
Statements of Changes in Equity	81
Statements of Cash Flows	82
Notes to the Financial Statements	85
Statement by Directors	156
Statutory Declaration	157
Independent Auditors' Report	158

5. OTHER INFORMATION	
Analysis of Shareholdings	164
Analysis of Warrant Holdings	167
List of Properties	170
Notice of Thirty-Ninth ("39 th ") Annual General Meeting	171
Administrative Guide	175

Form of Proxy	
Request Form	

01. Corporate Structure and Overview



Corporate Information	02
Corporate Structure	04
5-Year Financial Highlights	05

Corporate Information

BOARD OF DIRECTORS

Datuk Keh Chuan Seng

Executive Chairman

Lee Hai Peng

Executive Director

Er Kian Hong

Independent Non-Executive Director

Datuk Low Chin Koon

Independent Non-Executive Director

Teh Boon Beng

Independent Non-Executive Director

Dr Lim Pang Kiam

Non-Independent Non-Executive Director
(Appointed on 28 June 2023)

PRINCIPAL PLACE OF BUSINESS

Lot 3707, Jalan 7/5,
Taman Industri Selesa Jaya,
43300 Balakong,
Selangor Darul Ehsan, Malaysia.
Tel : 03-8961 5555
Fax : 03-8962 1111

WEBSITE

www.kssc.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

STOCK NAME : KSSC

STOCK CODE : 5192

COMPANY SECRETARIES

Siew Suet Wei

(MAICSA No.: 7011254)
(SSM PC No.: 202008001690)

Chan Min Wai

(MIA No.: 26548)
(SSM PC No.: 202108000131)

Yip Wei Lun

(MIA No.: 47569)
(SSM PC No.: 202208000373)

REGISTERED OFFICE

Unit 8, Level 7,
Kompleks Komersil Akasa,
Jalan Akasa, Akasa Cheras Selatan,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 03-8655 5188
Fax : 03-8655 5199
Email : coo@kssc.com.my

Corporate Information

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson:

Er Kian Hong

Members:

Datuk Low Chin Koon
Teh Boon Beng

REMUNERATION COMMITTEE

Chairman:

Datuk Low Chin Koon

Members:

Teh Boon Beng
Er Kian Hong

NOMINATION COMMITTEE

Chairman:

Teh Boon Beng

Members:

Datuk Low Chin Koon
Er Kian Hong

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South City,
No. 8 Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

Tel : 03-2783 9299

Fax : 03-2783 9222

Email : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

Malayan Banking Berhad

RHB Bank Berhad

OCBC Bank (Malaysia) Berhad

Hong Leong Bank Berhad

Ambank (M) Berhad

SOLICITORS

Tay & Helen Wong
L.H. Tan & Partners

AUDITORS

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

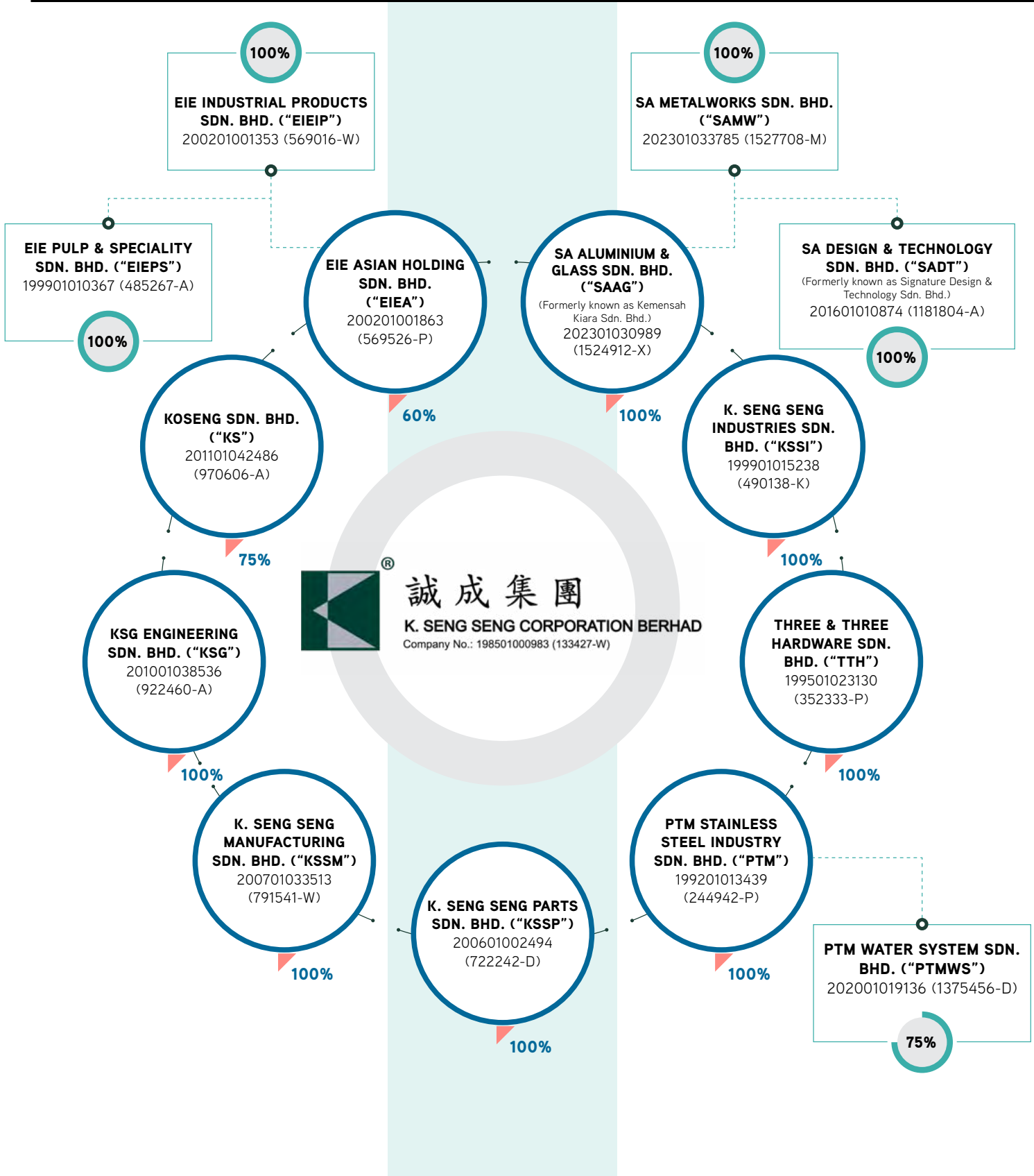
Baker Tilly Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur, Malaysia.

Website : www.bakertilly.my

Tel : 03-2297 1000

Fax : 03-2282 9980

Corporate Structure

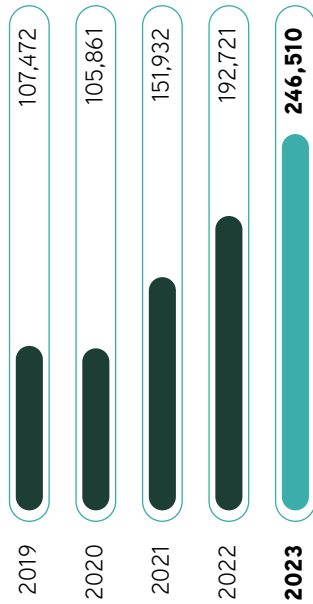


5-Year Financial Highlights

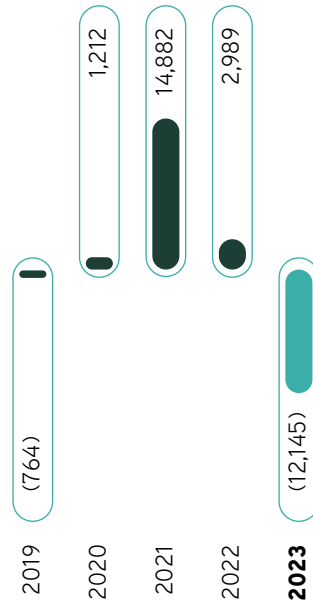
	2019	2020	2021	2022	2023
Revenue (RM'000)	107,472	105,861	151,932	192,721	246,510
(Loss)/Profit Before Tax (RM'000)	(764)	1,212	14,882	2,989	(12,145)
(Loss)/Profit After Tax (RM'000)	(1,936)	(751)	11,022	1,754	(13,239)
(Losses)/Earnings before interest, taxes, depreciation and amortisation ((LBITDA)/EBITDA) (RM'000)	3,013	4,710	19,299	8,997	(3,739)
Number of shares in issue ('000)	96,000	103,950	115,200	129,600	150,179
Total Equity attributable to owners of the Company (RM'000)	77,358	80,972	96,133	97,615	102,091
Net (Loss)/Earning Per Share (Sen)	(2.10)	(1.04)	8.25	1.14	(9.82)
Net Dividend Per Share (Sen)	-	-	0.01	-	-
Net Assets Per Share (Sen)	0.82	0.79	0.85	0.78	0.73
Return on Equity (%)	(3%)	(1%)	11%	2%	(13%)
Return on Assets (%)	(2%)	(1%)	5%	1%	(5%)
Gearing (times)	0.34	0.45	0.58	0.55	1.14

5-Year Financial Highlights

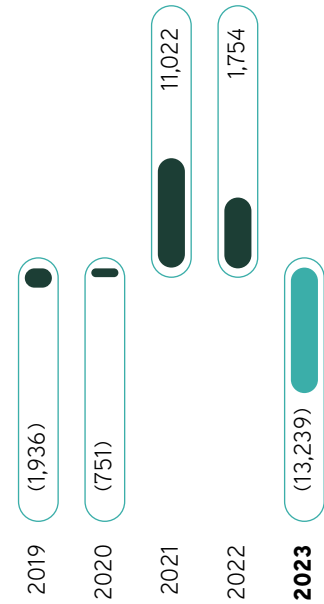
REVENUE (RM'000)



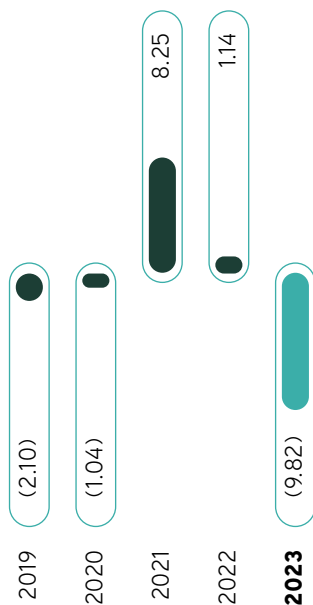
PROFIT/(LOSS) BEFORE TAX (RM'000)



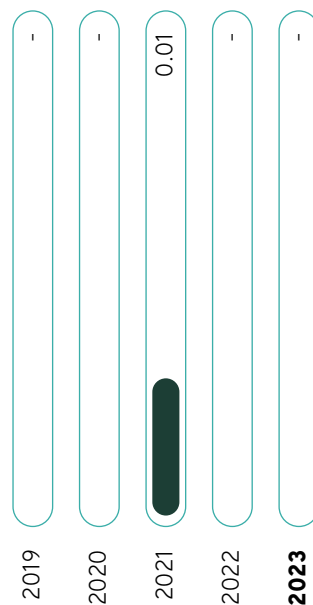
PROFIT/(LOSS) AFTER TAX (RM'000)



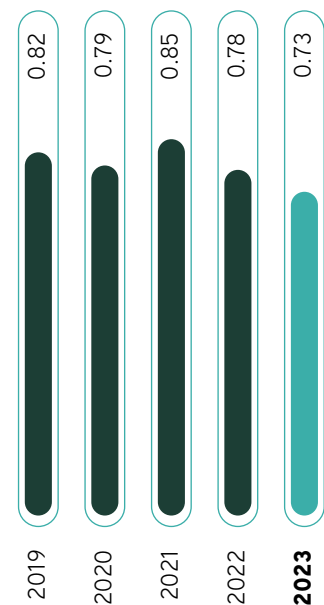
NET EARNINGS/(LOSSES) PER SHARE (SEN)



NET DIVIDEND PER SHARE (SEN)



NET ASSETS PER SHARE (SEN)



02.

Management Overview



Management Discussion and Analysis	08
Directors' Profile	14
Key Senior Managements' Profile	18

Management Discussion and Analysis

OPERATING ENVIRONMENT OVERVIEW

The year 2023 was challenging, filled with economic obstacles and environmental uncertainties, thus increasing the difficulty for companies in managing smooth operations and pursuing strong growth.

In 2023, the global economy was dealing with significant challenges, such as the rising cost of operations in the form of wages, fuel and transport costs, shortage of labour and ever increasingly unpredictable weather conditions.

Compounding this is the geopolitical tensions with the ongoing Ukraine-Russia war and the Israel-Hamas conflict. Attacks on Red Sea ships have sharply raised shipping costs and lengthened delivery times, disrupted production schedules and increased price pressures.

This is an overall dampener on the global supply chain, further impacting goods costs worldwide and contributing to a slowing down of global economic growth. Headline inflation is moderating globally, though core inflation in advanced economies remains higher than historical averages.

The slower-than-expected growth in China, impacted by the elevated trade sanctions has also contributed to the slowdown of the global economy. Compounding this was the slowdown in the construction sector and the subsequent reduction in demand for steel products from China. This resulted in steel sectors experiencing a decline in demand due to unfavourable market conditions and thereby, led to the weakening of manufacturing and construction activities.

Crude oil benchmark Brent futures moved sideways in 2023, particularly due to the supply cuts announced by the Organisation of Petroleum Exporting Countries, its allies (OPEC+), and the Middle East strife. Additionally, the embargo imposed on Russian oil contributed to spiralling crude oil prices, with Brent reaching a high of USD98 per barrel and averaging USD82 per barrel in FYE2023.

The above factors weighed heavily on Malaysia's economy, already impacted by the increased inflation, unemployment and shrinking incomes. Keeping a pulse on the erosion of the ringgit and growing inflation, Bank Negara Malaysia remained resolute in maintaining the overnight policy rate ("OPR") at 3.00% basis points for much of the financial year 2023.

Malaysia's overall economic performance in 2023 was a tale of ups and downs, with the Gross Domestic Product ("GDP") recording 3.7%, a sharp fall from 8.7% the previous year. Adding to this is the fall of the Malaysian ringgit to as low as RM4.70 to the US dollar in December 2023. Malaysia's economy experienced a slowdown due to weakened external demand and a reduction in commodity production, affecting the local market purchasing power.

Despite the exacting economic environment faced, K Seng Seng Corporation Berhad ("KSSC and its Subsidiaries") or ("the Group") nonetheless persevered to drive its business operations progressively forward in pursuit of improving stakeholder value creation.

KSSC PERFORMANCE OVERVIEW

In FYE2023, KSSC Group progressively pursued value creation for the business, navigating around the economic challenges in its path. The disruption to the global and local supply chain and weakening local currency against the US Dollar, compounded by revised interest rates, drove higher borrowing costs in 2023, bringing about a significant increase in the variance of materials costs.

Hence, a strategic business model was adopted to mitigate external environmental constraints. The Group continued its approach of maximising operational efficiency and focusing on higher-margin products to achieve cost-competitiveness and continued strong sustainability.

Given the advancement of innovative technology, we have progressively adapted with an open mindset of looking to the future. We have incorporated digitalisation and automation into our operations, where feasible. This had a two-fold effect on our business operations—whilst bringing about increased process efficiency, it mitigated the constraints of skilled manpower shortage, a key resource element in our operations.

With this mindset, the Group continues to explore the development of new and customised products, keeping our customer's needs at the core of our business. This translates to product differentiation and benchmarking of high-quality products, reiterating KSSC's commitment to excellence. Our low product rejection rates and low customer complaints reflect this commitment.

In FYE2023, the Group's sales declined in the stainless steel and metal-related products segment. This was largely attributable to the overcapacity and underutilisation issues in the stainless-steel market.

Key economic factors such as declining GDP growth and growing inflation and interest rates had collectively impacted production costs and profitability adversely. The unfavourable exchange rates caused significant increase in the cost of raw materials.

Management Discussion and Analysis

GROUP FINANCIAL PERFORMANCE REVIEW

INDICATOR	FYE2023		FYE2022	FYE2021
	RM'000	Movement (%)	RM'000	RM'000
Revenue	246,510	27.9	192,721	151,932
Operating Expenses	33,337	50.3	22,181	20,880
(Loss)/Profit from Operations	(7,699)	(238.7)	5,552	16,316
(LBITDA)/EBITDA	(3,739)	(141.6)	8,997	19,299
(Loss)/Profit Before Tax	(12,145)	(506.3)	2,989	14,882
(Loss)/Profit After Tax	(13,239)	(854.8)	1,754	11,022
(Loss)/Profit Attributable to Owners of the Company	(13,397)	(1,004.6)	1,481	10,667
Finance Cost	4,842	74.0	2,783	1,623
Operating Expenditure (Including Energy Costs)	36,452	51.7	24,025	22,115
Shareholders' Equity	102,091	4.6	97,615	96,133
Total Assets	287,480	53.6	187,116	206,766
Total Liabilities	178,418	106.1	86,564	108,737
Capital Expenditure	21,369	133.7	9,142	3,898
Total Borrowings	124,691	125.2	55,371	56,988
Cash and Cash Equivalents and Bank Balances (exclude FD)	14,370	126.6	6,342	13,870
Debt to Equity Ratio (times)	1.75	96.6	0.89	1.13
(Loss)/Earning Per Share (RM)	(9.82)	(961.4)	1.14	8.25
Net Assets Per Share (RM)	0.73	(6.4)	0.78	0.85
Market Capitalisation as at end of Financial Year	132,158	(29.2)	186,624	86,400
Gearing Ratio (times)	1.14	107.3	0.55	0.58
Dividend	-	N/A	-	-

SEGMENTAL PERFORMANCE

SEGMENT	REVENUE			
	FYE2023		FYE2022	FYE2021
	RM'000	Movement (%)	RM'000	RM'000
Stainless Steel and Metal Related Products	133,947	(27.2)	184,101	120,560
Marine Hardware and Consumables	22,971	1.0	22,741	24,006
Engineering and Project Works	41,055	92.3	21,346	19,278
Other Industrial Hardware	77,593	39.4	55,665	69,101
Investment Holding	4,006	(38.7)	6,531	7,257
Intercompany Elimination	(33,062)	(66.2)	(97,663)	(88,270)
	246,510	27.9	192,721	151,932

Management Discussion and Analysis

SEGMENTAL PERFORMANCE (continued)

We are pleased to report revenue growth of 27.9% in FYE2023, recording RM246.5 million compared to RM192.7 million in FYE2022. This is largely attributable to the contribution from the Engineering and Project Works segment, which earned better margins from their order book on their projects across the financial year.

The strong topline growth is tempered by the reduction of earnings of both profit before tax ("PBT") and profit after tax ("PAT") of 506.3% and 854.8% respectively. This decline in both indicators is attributable to the Engineering and Project Works – Glove dipping lines segment. In FYE2023, this segment recorded an impairment loss on contract costs amounting to RM6.5 million during the financial year. This contributed significantly to the Group's loss during the year. The significant losses of the Group are also mainly due to the high amounts of one-off non-operating expenses incurred during the year, which amounted to approximately RM3 million.

The Stainless Steel and Metal-Related Products have not been performing well during the year, fuelled by the overcapacity and under-utilisation issues in the stainless-steel market. This has led to the downsizing of production for the underperforming products by implementing cost-saving strategies such as reducing manpower and overhead costs. In addition, in FYE2023, the segment focused solely on sales of profitable product ranges with high-margin product varieties such as water pipes.

The economic downturn has affected global demand and, with fluctuations in the prices of raw materials, has harmed profitability. The decline in earnings and volatility in raw material costs, as well as the appreciation in foreign currencies against the Ringgit Malaysia, had led to the decline in earnings per share ("EPS") for the year under review.

Instead of solely relying on the stainless-steel segment, during FYE2023 the Group expanded its business to the project-related and aluminium fabrication sectors. With this new expansion, KSSC can leverage its expanded portfolio to cross-sell products to both existing and new customers. The creation of additional revenue streams would potentially increase the Group's overall profitability and market presence.

Embarking on a promotional exercise, PTM Water System Sdn. Bhd., a subsidiary of the Group, participated with a booth at the Archidex Exhibition 2023, Asia's leading Architecture Business Event, to showcase our brand and array of quality products.

The Marine Hardware and Consumables segment contributed to the financial year's performance with a marginal increase in FYE2023 due to the increase in sales for the year.

The Other Industrial Hardware segment has likewise shown improved performance throughout the financial year. This is largely attributed to the new stream of revenue generated from the dealers in industrial hardware and supplies, electric motors, tools and equipment, conveyor components and accessories used in various industries, quarries and mines.

The Group's Investment Holding segment incurred significant losses during the year. This is mainly due to the one-off non-operating expenses incurred during the year. Additionally, KSSC has fully written off the amount owed by KSSM and impaired the investment in KSSM, totalling RM2 million, as a result of KSSM's ceased operations in September 2022.

Increased finance costs also impacted the group's financial performance. In FYE2023, finance costs rose by 74% due to the new term loan and the increase in Banker Acceptances utilisation during the financial year.

The operating expenditure increased by 51.7% in FYE2023, attributable to fair value loss on other investments, impairment loss on contract costs, and loss on remeasurement to fair value of previously held equity interests of the associate. Other contributory factors were the excess costs over the fair value of net assets acquired and amortisation of intangible assets.

Management Discussion and Analysis

CAPITAL EXPENDITURE (“CAPEX”)

In FYE2023, the Group's capital expenditure registered RM21.4 million, marking a significant increase of 133.7% compared to FYE2022, which recorded RM9.1 million. This substantial increase is primarily attributed to the acquisition of freehold land and buildings for the Marine Hardware and Consumables business. Other contributing factors include the purchase of tools, workshop equipment, computer equipment, and other assets for the aluminium business, as well as renovation activities undertaken during the financial year.

CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents registered RM14.4 million in FYE2023, an increase of 126.6% over the RM6.3 million in FYE2022. This was due to the acquisition of an additional 10% equity interest in EIE Group, resulting in a consolidated value during the financial year under review. Another contributor to this increase was the collection received from the aluminium projects.

The Group maintains its approach to ensure sufficient cash and cash equivalents to meet working capital requirements and discharge all financial commitments.

ASSETS AND LIABILITIES

In FYE2023, the Group adopted a performance-strengthening approach throughout its operations by enhancing operational efficiency, cutting costs and increasing revenue. Such measures contributed to improved cash flow and prioritising debt repayment using excess cash flow to reduce debt levels and improve gearing ratios.

The Group's total assets increased by 53.6% in FYE2023 compared to the previous corresponding financial year. This was mainly due to capital expenditure additions and investments in quoted shares during the financial year.

Due to the private placement and conversion of warrants, shareholders' equity increased by 4.6% in FYE2023 to RM102.1 million from RM97.6 million in the previous financial year.

CORPORATE EXERCISES AND ACQUISITIONS

In FYE2023, besides the aluminium fabricated and installation business, KSSC also acquired an additional 10% equity interest in EIE Asian Holding Sdn. Bhd. and its subsidiaries (“EIE Group”) for a purchase consideration of RM961,146, funded via internally generated funds. The acquisition of this additional interest has enabled the Group to gain control over the EIE Group, making it a subsidiary with a 60% shareholding. As a result, the financial results and the statement of financial position of the EIE Group are now reflected in the Group's consolidated financial statements.

During the financial year, the Group has revoked and rescinded the proposed acquisition of 51% of Metalmach Micro Technology Sdn. Bhd. Instead, the Group proposed the acquisition of 40% equity interests in the same company for a total cash consideration of RM14 million. Doing so would facilitate the continued strong leadership at Metalmach in steering the strategic direction of the company, given its proven past years' track record.

There were no key assets disposed of during the financial year.

Management Discussion and Analysis

OUTLOOK AND PROSPECTS

Global economic growth, projected at 3.1% in 2024, is proving surprisingly resilient in its recovery from the pandemic, Russia's invasion of Ukraine and the cost-of-living crisis. Inflation is falling faster than expected from its 2022 peak, but high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024.

Compounding this is the possible escalation of the conflict in Gaza and Israel, continued attacks in the Red Sea and the ongoing Ukraine-Russia war, which risks generating fresh adverse supply shocks to the global recovery. Container shipping costs have already sharply increased and further geo-economic fragmentation could also constrain the cross-border flow of commodities, causing additional price volatility of raw materials, including stainless-steel and aluminium.

Adding to this is the slowdown in the construction sector and the subsequent reduction in demand for steel from China. As a result, steel sectors experienced a decline in demand due to unfavourable market conditions, weakening manufacturing and construction activities.

Malaysia's GDP is expected to grow by 4.7% in 2024, helped by a recovery in external trade. Caution is to be exercised as external developments such as a possible recession risk in the US and disruption to global trade from intensified geo-political tensions could impede growth prospects in 2024.

ASEAN is on the brink of a massive influx of integrated mega mills. If this becomes a reality, over 70 tonnes of steel capacity could flood the market by 2026. This would pose a concern, as capacity would outpace demand or the apparent steel consumption in the region. This is a concern for Malaysia, where overcapacity and under-utilisation issues are already looming.

The Malaysian government is committed to transforming the manufacturing industry to reach greater heights, capitalising on emerging global trends. In support of this, the New Industrial Master Plan (NIMP) 2030 was launched on 1 September 2023, encompassing four missions with cross-cutting strategies for various sectors, two especially relevant to the steel industry. The NIMP aspires to drive the nation up the value chain by producing steel products that are not available locally. This would reduce the dependency on imported steel and hence, ensure the availability of raw materials for the local steel-consuming industry.

The Group's Principal Business Risk and Opportunity Matrix is outlined below:

	Area	Mitigating Strategy
RISK	Absence of Advanced Technology	Leads to outdated manufacturing processes, reduces efficiency, time-consuming and cost-intensive
	Area	Leveraging Strategy
OPPORTUNITY	Market Expansion	Leverage on expanded portfolio to cross-sell products to existing and new customers, creating additional revenue streams

Management Discussion and Analysis

STRATEGIC PLANS AHEAD

The fluctuating external operating environment and changing trends, fast-paced and competitive industry and evolving customer demands and expectations have necessitated the Group's rise to meet these challenges head-on in order to remain relevant for long-term growth.

Moving forward, KSSC will focus on expanding its customer base by entering new geographic markets and developing new products or services, specifically in the aluminium fabrication segment. Venturing into new segments allows the company to access new customer bases and markets. Aluminium-related businesses may cater to different industries or applications than stainless-steel related businesses, providing opportunities for growth and market expansion. Furthermore, the Group will be able to offer a broader range of products and services, making it a one-stop solution for customers' needs in construction, manufacturing and other industries.

In addition, the Group will also explore the new Precision Tools segment via mergers and acquisitions to create additional revenue streams and decrease its reliance on segments experiencing declining performance.

KSSC will also actively tender for various other projects, such as stainless-steel water piping and plumbing solutions, to increase profitability. In addition, the Group will target a mix of projects across various industries and applications to reduce dependency on specific market segments and mitigate risks.

To ensure KSSC remains an attractive prospect for shareholders and investors, the Group will also continue reinforcing the importance of corporate governance practices. This includes having a strong and capable board of directors, incorporating established ethical business practices, and adhering strictly to regulatory compliance.

Overall, to accelerate growth, the Group will remain in acquisition mode, looking to purchase companies or assets to catalyse business and operational development.

ACKNOWLEDGMENT

Looking back at the resilient performance of the Group over FYE2023, it is evident that this is the cumulative contribution of our many stakeholders.

On this note, the Board and Management of KSSC wish to convey our heartfelt gratitude to our employees, government ministries, regulatory bodies, financial institutions, customers, shareholders and all other stakeholders. Working in close partnership, we have overcome hurdles in FYE2023.

With this same engaging relationship, we will continue to expand boundaries and chart new territories on the way ahead, strengthening value creation for our stakeholders.

Directors' Profile

DATUK KEH CHUAN SENG

Executive Chairman



Gender: Male

Aged: 53

Nationality: Malaysian

Datuk Keh was appointed to the Board on 16 January 2023 as the Executive Chairman.

Datuk Keh brings with him a wealth of real estate development experience and built discipline inculcated from his days in Japan from 1991 to 2005. Datuk Keh has been blessed with cross-border opportunities in the development industry. Foremost is his planning capabilities and expertise in strategising housing development projects. Aside from time in Malaysia, he cultivated invaluable built experience from his 14 long years spent in the Japanese-built industry. His wide array of experience also included the food and beverages business in Japan and the niche bird nest trading and evergreen fishery businesses in Malaysia.

Currently, Datuk Keh is the Executive Chairman of Tex Cycle Technology (M) Berhad and Ge-Shen Corporation Berhad. He is also the Chairman of Frazel group of companies and has directorships in various other private businesses. He is also a director of a few public companies namely ES Sunlogy Berhad, HB Global Venture Berhad and Agricore CS Holdings Berhad.

LEE HAI PENG

Executive Director



Gender: Male

Aged: 58

Nationality: Malaysian

Mr Lee was appointed to the Board as an Independent and Non-Executive Director on 22 December 2022. He was then re-designated to Executive Director on 16 January 2023. He is also the Chairman of the ESOS Committee.

Mr Lee obtained his professional qualification from the Chartered Institute of Management Accountants (CIMA), UK, in August 1994. He is a registered chartered accountant with the Malaysian Institute of Accountants (MIA) and has over 29 years of experience in auditing, marketing, corporate finance, and accounting.

Mr Lee began his career as an Audit Assistant with BDO Binder in June 1991, where he was involved in various audit assignments for public listed companies in Malaysia. He left in November 1992 to join Messrs Gee & Co. as its Branch Manager, responsible for its audit, secretarial and tax matters. In December 1994, he joined Trontex (M) Sdn Bhd as an executive director, responsible for the Company's overall finance and accounting functions, marketing, and business operations. Subsequently, he joined Chin Hin Group Berhad in September 2008 as the Group Accountant. He was promoted and became the Group Financial Controller in April 2009 and appointed as the Executive Director cum Chief Financial Officer on 23 January 2015, a position he held until 1 December 2022.

He is also presently the Executive Director of Tex Cycle Technology (M) Berhad and Ge-Shen Corporation Berhad and a Non-Independent Non-Executive Director of Solarvest Holdings Berhad, public companies which are listed on Bursa Malaysia Securities Berhad. He also and has directorships in various other private businesses.

Directors' Profile

Ms Er was appointed to the Board on 6 January 2023 as an Independent Non-Executive Director. She has also been appointed as the Chairperson of the Audit and Risk Management Committee and is a member of the Remuneration Committee and Nomination Committee.

She holds a degree in Accounting and Finance from the University of Technology, Australia. She is a Certified Practising Accountants (CPA) member in Australia.

Ms Er is currently attached to a boutique corporate advisory firm where she provides advisory services to companies undertaking corporate exercises. Ms Er has vast experience in corporate finance and was involved in corporate exercises such as initial public offerings (IPO), fundraising and restructuring. Ms Er served in the Corporate Finance department of M&A Securities Sdn Bhd from May 2014 to December 2021. Before that, she was in the Corporate Finance/Strategy department of KSK Group Berhad from February 2007 to March 2014, where she was involved in assessing and implementing possible mergers and acquisition opportunities for KSK Group Berhad.

She is currently the Independent Non-Executive Director of several other public listed companies, namely Aldrich Resources Berhad, Ajiya Berhad, Hextar Capital Berhad (Formerly known as Opcom Holdings Berhad) and SSF Home Group Berhad.

ER KIAN HONG

Independent Non-Executive Director



Gender: Female

Aged: 47

Nationality: Malaysian

Datuk Low was appointed to the Board on 22 December 2022 as an Independent Non-Executive Director. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee and Audit and Risk Management Committee.

Datuk Low is the Group Managing Director of Wysen Group of Companies. He founded Wysen Industry Sdn Bhd in 1999 venturing into the business of making office chairs. He then expanded his business by exporting to Australia, Brunei, Middle East, India, Africa and other countries.

In 2004 and 2005, he established Wysen Office Supplies Sdn Bhd and Wysen Office Systems Sdn Bhd to sell products to local markets and manufacturing of panel workstations respectively. As a Group Managing Director, Datuk Low monitors the entire operations and take charge of the business development of the Group, in addition to the implementation of quality management project within the Group. Datuk Low established a Corporate Charity Fund in 2009. He was a board committee of the Malaysia Furniture Council Youth Chief and Malaysian Timber Industry Board and was in the Research Advisor Committee of the Forest Research Institute Malaysia Board.

He is currently an Independent Non-Executive Director of several other public listed companies namely Mestron Holdings Berhad, Tex Cycle Technology (M) Berhad and Prolexus Berhad. He is also a central committee member of Malaysian Furniture Council.

DATUK LOW CHIN KOON

Independent Non-Executive Director



Gender: Male

Aged: 45

Nationality: Malaysian

2. MANAGEMENT OVERVIEW

Directors' Profile

TEH BOON BENG

Independent Non-Executive Director



Gender: Male

Aged: 63

Nationality: Malaysian

Mr Teh was appointed to the Board on 22 December 2022 as an Independent Non-Executive Director. He is also the Chairman of the Nomination Committee and a member of the Remuneration Committee and Audit and Risk Management Committee.

Mr Teh holds a Bachelor's Degree in Economics majoring in Business Administration from the University of Malaya in the year 1984.

Mr Teh has extensive experience in the financial and banking industry through his 37 years of exposure in the banking sector. He started his career in Maybank in 1984 as Credit Officer after graduation. He has built up his career path in Maybank from Credit Officer to Assistant Branch Manager Operation, Assistant Branch Manager Credit, Branch Manager of Pengkalan Weld and Nibong Tebal and the Business Centre Head in Prai over the years. He was the Business Centre Head in Alor Setar for the past 6 years prior to his retirement in 2021. Indeed, he is an all-rounder capable of handling banking operations and credit loan applications in various business entities and sectors which include property development, rice milling, manufacturing and trading. He is able to plan and strategise his resources to achieve the desired outcome. He is competent in building up teamwork, guiding, directing and tracking their individual performance to be in line with corporate goals.

He is currently an Independent Non-Executive Director of Ajiya Berhad and a public company namely Agricore CS Holdings Berhad.

DR LIM PANG KIAM

Non-Independent Non-Executive Director



Gender: Male

Aged: 61

Nationality: Malaysian

Dr Lim was appointed to the Board on 28 June 2023 as Non-Independent Non-Executive Director. He was the Group's Chief Executive Officer before joining the Board.

He obtained a Bachelor of Science (Honours) in Housing, Building and Planning and a Master of Science in Planning from Universiti Sains Malaysia in 1988 and 1989 respectively. In 2020, he also obtained a Doctor of Philosophy in Business Administration from SEGi University, Kota Damansara.

He is a Certified Financial Planner, a title by the Financial Planning Association of Malaysia which he has held since 2002. He is also a Credit Risk Management Specialist whereby he was awarded the designation as a Certified Risk Professional from the Bank Administration Institute for Certification in USA in 2003. He has been a member of the Council of the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia) since 1999. He is a fellow member of the Chartered Institute of Management Accountants ("CIMA") and the Institute of Corporate Director Malaysia ("ICDM"). He is also a member of the MIA, the Chartered Global Management Accountant ("CGMA") and the ASEAN Chartered Professional Accountants ("ASEAN CPA").

He has been in the banking industry for over 15 years holding various senior positions which include banking operation, commercial and corporate banking and investment banking. He left the industry in 2004 to become a business owner and held several executive and non-executive directorships in public and private companies in Malaysia.

He was appointed as the External Advisory Committee (EAC) member by Sunway University for a 3-year term expiring on 31 October 2026 to review the suitability and relevancy of the Postgraduate programs, namely Doctor of Philosophy (Business) and Master of Philosophy (Business Administration). He was also appointed by the Universiti Teknologi Petronas as the member of the Industry Advisory Panel (IAP) to the Management & Humanities Department for Undergraduate and Postgraduate Programs for a 2-year term expiry on 31 December 2025.

Dr. Lim is also actively involved in NGO, serving as a Director and Council Member, and Chairman of the Audit of Committee at the Tung Shin Hospital, Kuala Lumpur, a well-known private hospital in Malaysia.

Currently, he is the Independent Non-Executive Chairman of Inta Bina Group Berhad, Engtex Group Berhad and SDS Group Berhad. He also sits on Lagenda Properties Berhad's Board as an Independent Non-Executive Director.

Directors' Profile

Other information:

1. Family Relationship with any Director and/or Substantial Shareholder

There is no family relationship between the Directors with any Directors and/or Substantial Shareholders of the Company.

2. Directors' Shareholdings

Details of the Directors' Shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

3. Conflict of Interest with the Group

None of the other directors of the Company has any conflict of interest with the Group.

4. Convictions for Offences

None of the Directors of the Company has been convicted of any offences within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

5. Number of Board Meetings Attended

Details of the Board meeting attendance of each director are disclosed in the Corporate Governance Overview Statements in the Annual Report.

Key Senior Managements' Profile

CHAN MIN WAI

Chief Operating Officer and Joint Company Secretary



Gender: Male **Aged:** 50 **Nationality:** Malaysian

Academic/Professional Qualification:

- Malaysian Institute of Accountants (MIA)
- Chartered Association of Certified Accountants (ACCA), United Kingdom

Working Experience:

- He has more than 20 years of working experience in audits of small and medium-sized companies and public listed companies, and reporting accountants for various corporate exercises, including IPO, reverse takeover, acquisitions, and disposals of assets or companies, fund-raising, and financial due diligence review and investigations.
- He has been working in Ernst & Young Malaysia, KPMG Vietnam, and Baker Tilly Malaysia.
- He joined the Company in November 2020 as Chief Financial Officer. He was re-designated as Chief Operating Officer since September 2022. He is also the Joint Company Secretary since April 2021. He is sitting on the Board of various subsidiaries.
- His current role includes developing strategic, business goals, corporate finance, risk and compliance functions, and assisting the Executive Directors in the day-to-day operations.
- He is a member of the ESOS committee.

Appointment to the Current Position:

1 September 2022

Other directorship in public companies and listed issuers:

Nil

YEOH SOO CHIN

Chief Financial Officer



Gender: Female **Aged:** 48 **Nationality:** Malaysian

Academic/Professional Qualification:

- Malaysian Institute of Accountants (MIA)
- Chartered Association of Certified Accountants (ACCA), United Kingdom (Fellow Member)
- Certificate of Goods and Services Tax (GST) from the Royal Malaysian Customs Department

Working Experience:

- She has more than 20 years of working experience in accounting, audit, treasury, and corporate finance specialising in project financing, debt capital raising, corporate and debt restructuring, and treasury cash management.
- She started her career with Moore Stephens and held various senior positions in other listed companies in Malaysia which were involved in the construction, steel industry, and property development in Malaysia.
- Her current role includes being responsible for all financial aspects of the Group such as management and coordination of financial reporting, financial planning, debt financing, treasury and budget, developing business strategies and Group objectives and assisting the Executive Directors in the day-to-day operations.
- She is a member of the ESOS committee.

Appointment to the Current Position:

1 September 2022

Other directorship in public companies and listed issuers:

Nil

Key Senior Managements' Profile

YIP WEI LUN

Deputy Chief Financial Officer and
Joint Company Secretary



Gender: Male **Aged:** 37 **Nationality:** Malaysian

Academic/Professional Qualification:

- Malaysian Institute of Accountants (MIA)
- Certified Practising Accountants, Australia (CPA)
- Bachelor of Commerce (Hons) Accounting

Working Experience:

- He has 12 years of working experience in external audit, providing audit and assurance services for a diversified base of clients in various industries, both public and private sections as well as MNCs and primarily in manufacturing, construction, services and healthcare industries.
- Prior to joining the Company, he worked at BDO LLP Singapore and Baker Tilly Malaysia.
- Currently, he is a director for PTM Stainless Steel Industry Sdn Bhd, overseeing day-to-day operations, sales activities as well as business planning and development. He also sits on the Board of certain subsidiaries.

Appointment to the Current Position:

3 January 2023

Other directorship in public companies and listed issuers:

Nil

RAVINDRAN P JAYAPRATHAPAN

Director of PTM Water System
Sdn Bhd



Gender: Male **Aged:** 49 **Nationality:** Malaysian

Academic/Professional Qualification:

- BSc (Hons) Computing

Working Experience:

- He has more than 15 years of working experience in Stainless Steel Plumbing Systems and stainless steel-related products.
- He has been associated with the Department of Standards Malaysia working committee for MS Standard 1988:2007 welded Stainless-Steel tubes for the conveyance of water.
- He has also been involved in assessing new business opportunities in various organisations and developing sales and marketing teams, as well as implementing Enterprise Resource Planning System for various organisations before he joined the Group.
- Currently, he oversees the day-to-day operations, and sales activities as well as business planning and development of PTM Water System Sdn Bhd.

Appointment to the Current Position:

3 January 2023

Other directorship in public companies and listed issuers:

Nil

Key Senior Managements' Profile

CHIA AI PENG

Director of Koseng Sdn Bhd



Gender: Male **Aged:** 53 **Nationality:** Malaysian

Academic/Professional Qualification:

- Primary education at Sekolah Jenis Kebangsaan (C) Hwa Lien, Klang, Selangor

Working Experience:

- He has 30 years of experience in the trading of marine hardware and consumables and steel industrial hardware.
- He oversees the Marine Hardware and Consumables segment's day-to-day operations, sales activities as well as business planning and development.

Appointment to the Current Position:

24 September 2012

Other directorship in public companies and listed issuers:

Nil

CHI ON KANG

Director of Three and Three Hardware Sdn Bhd



Gender: Male **Aged:** 64 **Nationality:** Malaysian

Academic/Professional Qualification:

- Bachelor of Arts in Political Study, Lakehead University, Canada

Working Experience:

- He has more than 30 years of experience working with various banks as a branch and regional manager, responsible for managing business development activities and building business relationships.
- He was the Head of Corporate Planning and Marketing of SDS Group Berhad before joining the Company as the Head of Business Development.
- He oversees the day-to-day operations, and sales activities as well as business planning and development of the subsidiary.

Appointment to the Current Position:

1 November 2021

Other directorship in public companies and listed issuers:

Nil

Other information:

1. Family Relationship with any Director and/or Substantial Shareholder

There is no family relationship between the Key Senior Management with any Director and/or Substantial Shareholders of the Company.

2. Conflict of Interest with the Group

None of the Key Senior Management of the Company have any conflict of interest with the Group.

3. Convictions for Offences

None of the Key Senior Management of the Company have been convicted of any offenses within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

03.

Sustainability and Governance



Sustainability Statement	22
Corporate Governance Overview Statement	54
Audit and Risk Management Committee Report	62
Statement on Risk Management and Internal Control	66
Directors' Responsibility Statement	69
Additional Compliance Information	70

Sustainability Statement

K. Seng Seng Corporation Berhad (“KSSC and its subsidiaries” or “the Group”) is pleased to present the Sustainability Statement (“SS2023”) for FYE2023 as part of its continued efforts to strengthen disclosures on the Group’s Economic, Environmental and Social (“EES”) performance.

ABOUT THIS STATEMENT

KSSC is cognisant of the importance of value creation at the core of its business operation, supporting its mission to be the leading regional strategic metals distribution hub, catering to the needs of the engineering, fabrication and manufacturing industry.

KSSC’s business operations revolve around the manufacturing and processing of secondary stainless steel and other metal-related products, trading of industrial and marine hardware, and engineering services such as fabrication and installation of aluminium, glass and aluminium related products and glove dipping lines.

Aligning to the pillars of Environmental, Social and Governance (“ESG”), KSSC aims to strengthen its competitive ability to sustain stakeholder value creation amidst a fast-changing and dynamic business environment.

This report provides a balanced and transparent assessment of KSSC’s performance and the strategies used to create and preserve the value in relation to issues that are most material to its stakeholders.

REPORTING FRAMEWORKS

Determination of content for inclusion in this report is also based on ensuring compliance with the listing requirements of the regulator, Bursa Malaysia Berhad and relevant accounting, financial and sustainability frameworks, as follows:

- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)
- Global Reporting Initiative (“GRI”)
- Bursa Malaysia Sustainability Reporting Guide, 3rd Edition 2022
- Malaysian Code on Corporate Governance (“MCCG”) 2021
- Companies Act 2016 (“Act”)
- Malaysian Financial Reporting Standards (“MFRSs”)

REPORTING PERIOD

The SS2023’s reporting period is from 1 January 2023 to 31 December 2023 (“FYE2023”) and the reporting cycle is conducted on an annual basis.

STATEMENT OF USE

As the highest authority within the Group, the Board of KSSC acknowledges its responsibility in ensuring the integrity of SS2023 and that its Management Team has applied their collective minds to present a balanced and comprehensive report based on good governance practices.

The Board believes that the SS2023 addresses issues that are material to the Group’s ability to create value and fairly presents the integrated performance of KSSC.

The SS2023 has been approved by the Board on 17 April 2024.

MEMBERSHIP IN ASSOCIATIONS

The Group views memberships in various industry associations as a means to broaden its understanding of integral industrial applications, gain exposure to industry best practices and inculcate a deep understanding of sustainability across the length and breadth of the Group.

The Group are members of the following industry associations:

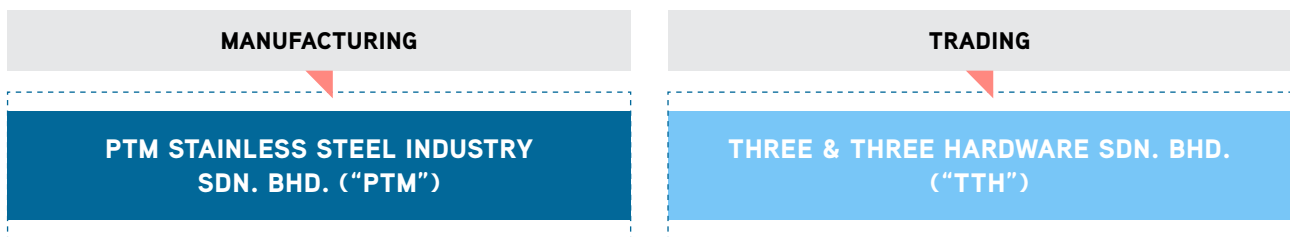
- Malaysia Steel and Metal Distributors’ Association (“MSMDA”);
- Federation of Malaysian Manufacturers (“FMM”);
- The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM”); and
- Construction Industry Development Board (“CIDB”)

Sustainability Statement

SCOPE AND BOUNDARY

Data and information presented in this report are scoped to operations of K. Seng Seng Corporation and all its subsidiaries (collectively, “the Group”). Kindly refer to the Corporate Structure Section for a list of the Group’s operating entities, including subsidiary companies.

These subsidiaries are divided into two primary business segments, as below:



Unless otherwise indicated, the content for this report reflects the Group’s business model and strategies, performance, prospects, the management of our material matters, the risks and opportunities related to the business as well as the activities of the Group from 1 January 2023 to 31 December 2023. KSSC adopts a “local-where-we-operate”.

Readers are encouraged to read this SS2023 together with KSSC’s Annual Report 2023 (“AR2023”) for a more comprehensive understanding of the Group’s business outlooks and how sustainability strengthens its value creation strategies.

LIMITATIONS

KSSC is cognisant of data collection challenges for certain indicators but is nonetheless working to provide effective data tracking and gathering protocols to improve its future reporting and disclosure.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements discussing targets, future plans, operations and performance of the Group based on current assumptions and projections. Such assumptions and projections have been made based on existing information and the present external operating landscape.

While every care and precaution has been taken to ensure that forward-looking statements are as accurate as possible, such statements, comprising all assumptions, expectations, forecasts and projections, may change in tandem with changes in the operating environment which are beyond the control of the Group.

New information that comes available to the Group may also necessitate changes in the Group’s forward focus planning. As such, readers are advised to conduct their own due diligence and to not rely solely on the forward-looking statements provided in this report. Readers are encouraged to seek clarification from the Group on any matters by contacting the designated investor relations personnel.

Sustainability Statement

ASSURANCE

The internationally established and widely used Global Reporting Initiative (“GRI”) principle of materiality has been applied in the selection of topics and disclosures for inclusion in this Statement. All data contained within this statement has been sourced internally and verified accordingly by the Group’s internal auditor.

The Board gives their assurance that the SS2023 offers a just and impartial representation of the Group’s ESG achievements, undertakings and commitments.

The Group continues to enhance its data collection and analysis processes towards improving data accuracy and quality, with the aim to strengthen disclosures moving forward.

RESTATEMENT OF INFORMATION

Information for previous years in the Sustainability Statement may be amended. Such restatements are due to various reasons such as improvements in data collection, more comprehensive calculations or the adoption of recommended best practices.

REPORT AVAILABILITY AND FEEDBACK

This SS2023 may be accessed via the Group’s corporate website at www.kssc.com.my or via scanning the QR code below.

We welcome questions, feedback and suggestions towards improving our sustainability disclosures and performance. Suggestions for improvements or comments can be sent to:

Ms. Yeoh Soo Chin, Chief Financial Officer

Email: cfo@kssc.com.my

Telephone number: +603 – 8655 5188

Sustainability Statement

SUSTAINABILITY GOVERNANCE APPROACH

KSSC maintains its approach of continuous improvement in sustainability governance to further embed the ESG materiality within the Group. Aligning its sustainability goals and strategies to this approach will support value creation for the Group.



BOARD DIVERSITY AND INDEPENDENCE

KSSC acknowledges the importance of strengthening its corporate governance by promoting more diverse perspectives and independent discussion to support improved decision-making at the Board level.

One such measure is appointing a female director to the Board on 6 January 2023. This reflects female composition of 16.7% of the Board as at FYE 2023. KSSC continues to uphold the aspirations of working towards the recommended target of 30% set by the MCCG.

As at FYE 2023, KSSC's Board comprises 6 Directors, of which half of them are Independent Non-Executive Directors ("INED"). As an added assurance of strong governance, the ARMC members are all INED.

Details of the Group's present directors are provided in the Profile of the Board of Directors section of this report.

CORPORATE GOVERNANCE PRACTICES

KSSC is ever mindful of the tenets of corporate governance, with integrity and transparency playing a pivotal role. Hence the Group has adopted various initiatives to uphold this, one of such is the disclosure of a robust process for determining remuneration. This is as outlined in the Group's Remuneration Committee's Term of Reference, which can be accessed at www.kssc.com.my.

In addition to this, the Employee Share Option Scheme ("ESOS") has been established to drive, motivate, reward and retain eligible employees by enabling them to participate directly in the equity of the Company.

A basic operating procedure is that all Related Party Transactions ("RPT") are disclosed at arm's length and on standard commercial terms and where warranted, the Board addresses conflicts of interest.

For added assurance, the effectiveness of the Board is evaluated during the Nomination Committee's meeting, held at least once annually. To further strengthen governance and transparency, there is a specific declaration that shareholders have the right to vote on Director appointments and dismissals.

Further information on KSSC's corporate governance is available within KSSC's Corporate Governance Report.

3. SUSTAINABILITY AND GOVERNANCE

Sustainability Statement

ZERO TOLERANCE ON CORRUPTION

Corruption has a debilitating effect on all business stakeholders. Within governments, companies and across all value chains, corruption erodes the creation of financial and non-financial values, diminishing competitiveness and promotes inefficiency and damages reputation and credibility.

With this in mind, KSSC firmly upholds its zero-corruption policy of ensuring no bribery and corruption activity exists within the Group as well as its business value chain.

Aligning with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, KSSC had established its Anti-Bribery and Corruption (“ABC”) Policy in 2020, with oversight by the Board as well as Senior Management. This policy is available for review at the corporate website <https://kssc.com.my/>.

The ABC Policy outlines clearly the organisation’s firm stance on corruption while defining what constitutes as corrupt acts. The policy states that both the beneficiary and the proposer of the corrupt act will be censured by the company and if necessary, reported to the relevant authorities for further enforcement action.

All Board members and employees have provided signed acknowledgement of having read and understood the ABC Policy, attesting to their willingness to abide by the policy at all times and in all of their dealings as agents of the Group.

KSSC conducts annual refresher trainings to remind and reinforce the anti-corruption agenda to all Board members and employees, as well as during induction sessions with new staff.

Attendance at ABC Training

Category	FYE2023 (%)	FYE2022 (%)	FYE2021 (%)
Board Members	100	-	100
Employees	100	-	100

Total ABC Training Hours

Category	FYE2023 (Hours)	FYE2022 (Hours)	FYE2021 (Hours)
Managerial	32	-	105
Operational	66	-	28
Executive	192	-	364
Non-Executive	20	-	-
Total	310	-	532

Note: In FYE2022, we were unable to secure an external trainer due to COVID-19, hence training was deferred to FYE2023.

Various other measures have been instituted across our business operations to guard against corruption. Once such measure is the annual risk analysis on fraud and corruption, conducted by the ARMC. In this exercise, areas of business with high potential of corruption are identified and evaluated to further strengthen control measures and processes.

At KSSC, any employee found to be in violation of the ABC Policy will be subject to stringent disciplinary action, which may result in job suspension, termination or legal action taken against them, if warranted.

In FYE2023, there has been zero incidents of violations against the Group’s ABC Policy. More information on the ABC Policy is available at www.kssc.com.my.

Sustainability Statement

STRENGTHENING ANTI-CORRUPTION ACROSS THE VALUE CHAIN

KSSC is cognisant of the integral role the ABC Policy has in ensuring acceptable standards of governance and integrity with suppliers throughout the Group's supply chain.

KSSC conducts due diligence reviews on its suppliers and vendors prior to any engagement to maintain a reliable and trustworthy business partnership. This includes a background check of their track record, financial strength, physical inspections, potential conflict of interests and other inspections prior to approving vendors to bid for contracts or awarding of contracts.

By adopting this stringent approach, KSSC is assured of procuring quality products at competitive prices as well as mitigating potential disruptions in the supply chain.

To further strengthen the integrity of its supply chain, KSSC maintain a database of its suppliers and vendors to ensure a traceability system and updates this periodically.

As a standard practice, KSSC ensures its suppliers and vendors are aware of this ABC Policy and of the requirements of high business standards. Local suppliers are asked to declare their awareness and compliance with this policy via an Anti-Corruption Questionnaire.

To ensure KSSC's ethical standards are actively adopted by its suppliers, KSSC has commenced conducting periodic reviews of performance via its vendor evaluation forms. Any supplier found not operating within this specified scope will be further assessed to determine their ability to continue being a business partner for KSSC.

ETHICAL CONDUCT AND CORPORATE INTEGRITY

KSSC's commitment to operating in a fair, responsible and ethical manner is enshrined in the Group's Code of Ethics, to which all subsidiary companies and employees are to adhere.

This code underpins the Group's commitment to its corporate values of transparency, integrity, accountability, professionalism and corporate social responsibility, and outlines a desired and consistent corporate culture and behaviour. This corporate culture and behaviour will support the Group in enabling long-term stakeholders' value.

To ensure its effectiveness and relevance in our fast-evolving environment, the Board is responsible to review this code on a periodic basis.

For more details on the Group Code of Ethics, please refer to KSSC's official website at www.kssc.com.my.

In FYE2023, there were zero cases of non-compliance or unethical conduct.

POLICY GOVERNING GIFTS AND ENTERTAINMENT

In a corporate setting, the Group acknowledges that modest provision of entertainment is a common and legitimate means of business engagement. Gift giving and entertainment practices may vary in different cultures; however, any gifts and entertainment given or received must be in compliance with law, must not violate the giver's and/or receiver's policies on the matter, and be consistent with local customs and practices.

Any benefits provision is subject to the prior consultation and approval of Senior Management and the ABC Compliance Unit on the basis of the Group's internal requisition process, as set forth in KSSC's ABC Policy.

Further detail on KSSC's policy on giving and receiving gifts and benefits, as well as related procedures can be found in the Group's ABC Policy at www.kssc.com.my.

3. SUSTAINABILITY AND GOVERNANCE

Sustainability Statement



WHISTLEBLOWING POLICY AND CHANNEL

To support the Group's commitment to ethical business conduct, KSSC has in place a Whistleblowing Policy and Whistleblowing channel, giving both internal and external stakeholders full access to report key concerns.

A whistleblower who discloses any real or perceived improper conduct will be accorded with confidentiality of identity, to the extent reasonably practicable, as long as the disclosure is made in good faith. The whistleblower shall be protected from victimisation, harassment or disciplinary action for his/her disclosure.

The reporting procedure starts from the receipt a formal letter or email sent to the Executive Director with a copy to the Chairman of the ARMC. Alternatively, such a letter or email to a dedicated email address can be sent to the external Company Secretary.

Such a letter or email shall indicate the intended recipient and sent to the following address:

	
Mailing address : Unit 8, Level 7 Kompleks Komersil Akasa Jalan Akasa, Akasa Cheras Selatan 43300 Seri Kembangan Selangor	Email address : Executive Director: leehp@kssc.com.my Company Secretary: ssw@accoris.my

The Executive Director is responsible for determining the channel of investigation and further action and where warranted, the Board will deliberate on such whistleblowing reports. This may include recommendations for punitive action, guidance for continuing investigations or holding hearings involving affected parties.

Following the conclusion of the investigation, the whistleblower may request follow-up information about the reported investigation or any action taken thereafter. Subject to legal limitations, the whistle-blower will be notified of the final outcome of the investigation.

For more information on KSSC's whistleblowing mechanisms, please refer to the Group's Whistleblowing Policy at www.kssc.com.my.

In FYE2023, there were zero cases reported under the whistleblowing channel.

POLITICAL VIEWS AND CONTRIBUTIONS

Being an apolitical privately owned company, KSSC does not favour or promote the agenda of any political party, nor is it affiliated to any political organisation. The Group has not made any donations to any political parties.

However, from time to time, the Group may participate in charitable or nation-building events organised by the government of the day or its ministries and agencies. The Group may also support corporate social responsibility ("CSR") events or programmes that could see the involvement of political parties or politicians.

UPHOLDING DATA PRIVACY

In the course of its business operations, KSSC receives a vast amount of personal data, notably the data of its customers. The Group complies with the Personal Data Protection Act ("PDPA 2010"), where all data is regarded as private and confidential and is not made available to third parties unless mandated by law or enforcement agencies.

All data has been collected with the consent of customers and with their full understanding and awareness that such data being collected by KSSC may be used for internal purposes as agreed by the customer. Data security is of utmost importance and the Group maintains a robust IT security system to ensure that data remains confidential.

There have been zero cases of data breach throughout KSSC's operations.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

KSSC takes into strong consideration the views, concerns and aspirations of its many stakeholders and where appropriate, includes in our approach to ESG and ultimately value creation.

Perspectives of stakeholders are used to guide the identification, assessment and prioritisation of material topics, which in turn may influence KSSC's business strategies, management approach and assessment of ESG material topics.

In FYE2023, KSSC continued its efforts to engage its business-related stakeholders using multiple communication channels and approaches. KSSC's strong investment into this engagement is to ensure that the Group remains inclusive and receptive to the views of the various entities, groups, communities who are impacted by, or can possibly impact KSSC's business operations.

Stakeholder engagement at KSSC focuses on the key groups instrumental in driving the Group's business forward:

STAKEHOLDER	KEY TOPICS	OUTCOME AND SOLUTIONS	PLATFORMS AND CHANNELS
Community	<ul style="list-style-type: none"> Promote community development and inculcate internal culture of social responsibility amongst employees 	<ul style="list-style-type: none"> The Group has continued to support various welfare and social economic programmes for underprivileged groups 	<ul style="list-style-type: none"> Yearly programmes and events with underprivileged communities and in-kind contributions Employees drive and participate in social visits, creating a bond and handing over contributions
Investors	<ul style="list-style-type: none"> Progress and compliance with regulations and sustainability standards Maximisation of shareholder value 	<ul style="list-style-type: none"> Provide insight into our sustainable business progress and performance 	<ul style="list-style-type: none"> Annual General Meeting Annual Report Corporate website Bursa announcements
Customers	<ul style="list-style-type: none"> Product quality Fulfilment Pricing 	<ul style="list-style-type: none"> Continuous engagement with customers and to avoid repeating mistakes Quality management system Competitive pricing Quality assurance programme 	<ul style="list-style-type: none"> Meetings
Suppliers and Contractors	<ul style="list-style-type: none"> Compliance issues Tender prices and payments Cost efficiency and introduction of products Local procurement and supply chains 	<ul style="list-style-type: none"> Create awareness of policy and commitment to ethical and sustainable supply chain Amicable solutions to conflicts and grievances 	<ul style="list-style-type: none"> Formal and informal briefings and meetings Engagement with suppliers during Safety Day and assurance audit Process improvement applied

Sustainability Statement

STAKEHOLDER	KEY TOPICS	OUTCOME AND SOLUTIONS	PLATFORMS AND CHANNELS
Employees	<ul style="list-style-type: none"> Employee performance monitoring, development and job satisfaction Welfare and remuneration Safety and health issues and practice 	<ul style="list-style-type: none"> Annual performance evaluation on targets and deliverables Implementation of Environment, Safety and Health (“ESH”) programmes involving employees Job-related training and workshops offering upskilling and knowledge enhancements 	<ul style="list-style-type: none"> Staff engagement programmes Internal communications (Emails, Memos, Newsletter)
Government and Regulators	<ul style="list-style-type: none"> Compliance and adoption of rules and policies Support for government policies and initiatives in the industry Contribution to national sustainability goals 	<ul style="list-style-type: none"> Contribute to the development and implementation of shared initiatives Comply with laws and regulations and their latest amendments 	<ul style="list-style-type: none"> Study visits and exploratory missions
Industry/ Business Associations	<ul style="list-style-type: none"> Relevant issues and updates in the industry 	<ul style="list-style-type: none"> Active collaboration with prominent industry and business associations Support initiatives and participate in industry events and conferences 	<ul style="list-style-type: none"> MSMDA FMM ACCIM

ASSESSING AND PRIORITISING MATERIAL TOPICS

KSSC is aware of the need for a consistent review of materiality to ensure that the Group remains attuned to its most pertinent concerns and issues. This is also to understand better how these can impact the realisation of its vision, mission and value creation both for KSSC and its stakeholders.

In accordance with Bursa Malaysia’s guidelines and the Group’s strategic planning cycle, KSSC conducts a comprehensive materiality assessment exercise (“MAE”) periodically to identify, understand and prioritise material ESG topics including topics related to direct and indirect economic values performance.

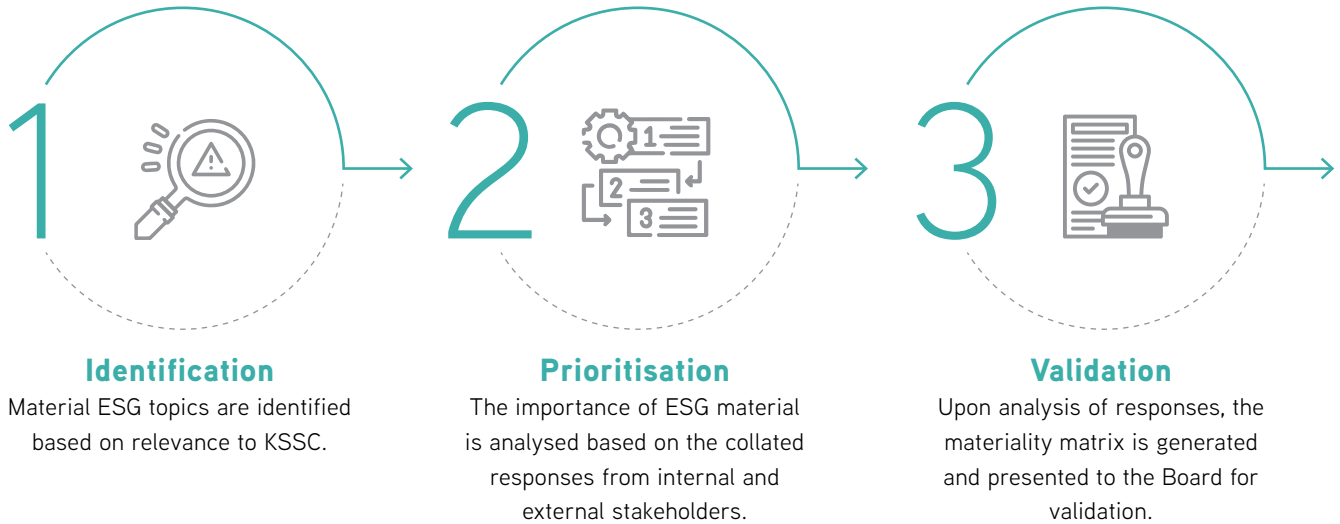
To achieve this, a material topics’ prioritisation exercise was carried out via an assessment survey, developed based on a wide range of material ESG topics and identified stakeholder categories. This questionnaire was cascaded widely to the Group’s relevant stakeholders for their inclusive feedback.

In determining materiality, the following criteria were applied:

- Topics that impact the business model (including capital)
- Topics that impact stakeholders
- Topics that impact economic, environmental and social performance (creation of financial and non-financial values)

Sustainability Statement

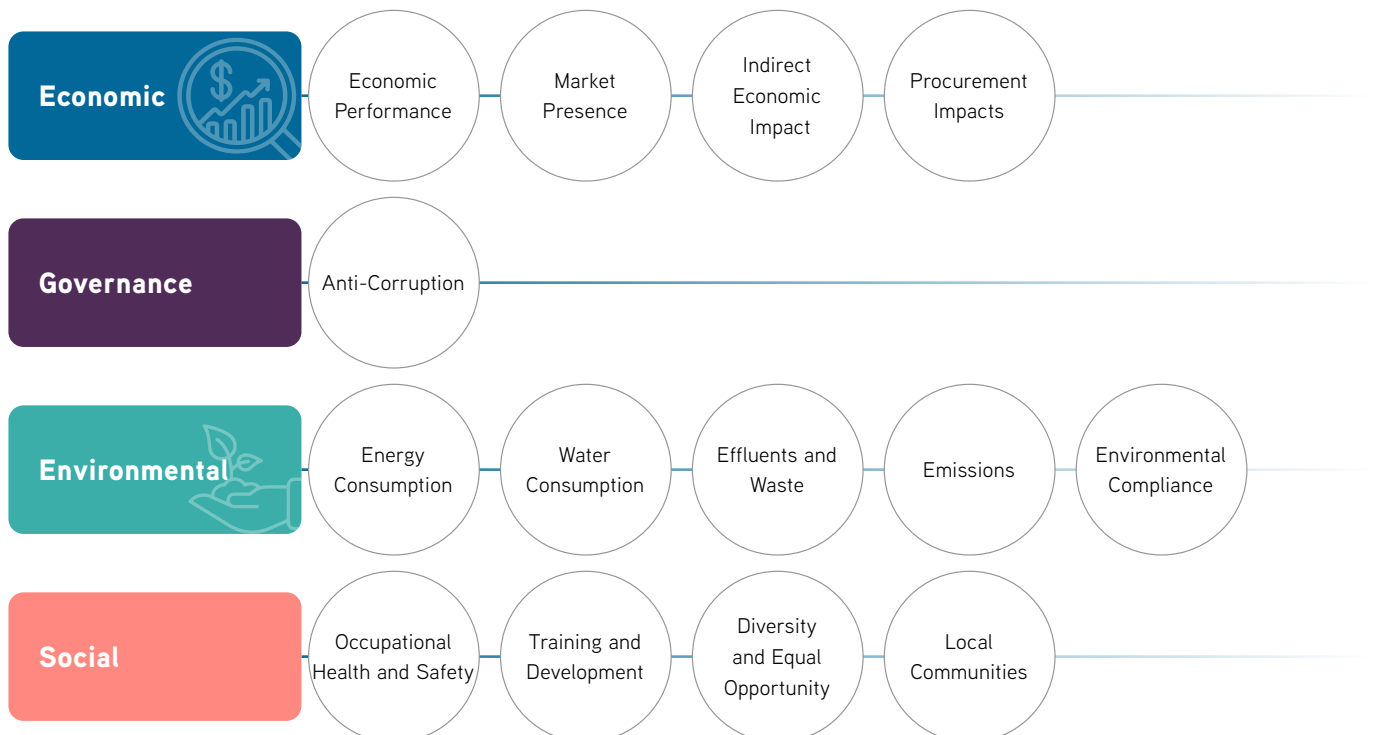
KSSC's materiality assessment exercise was conducted as below:



The topics for the MAE were drawn from the following reporting frameworks: GRI, Bursa, FTSE 4 Good, TCFD and SASB.

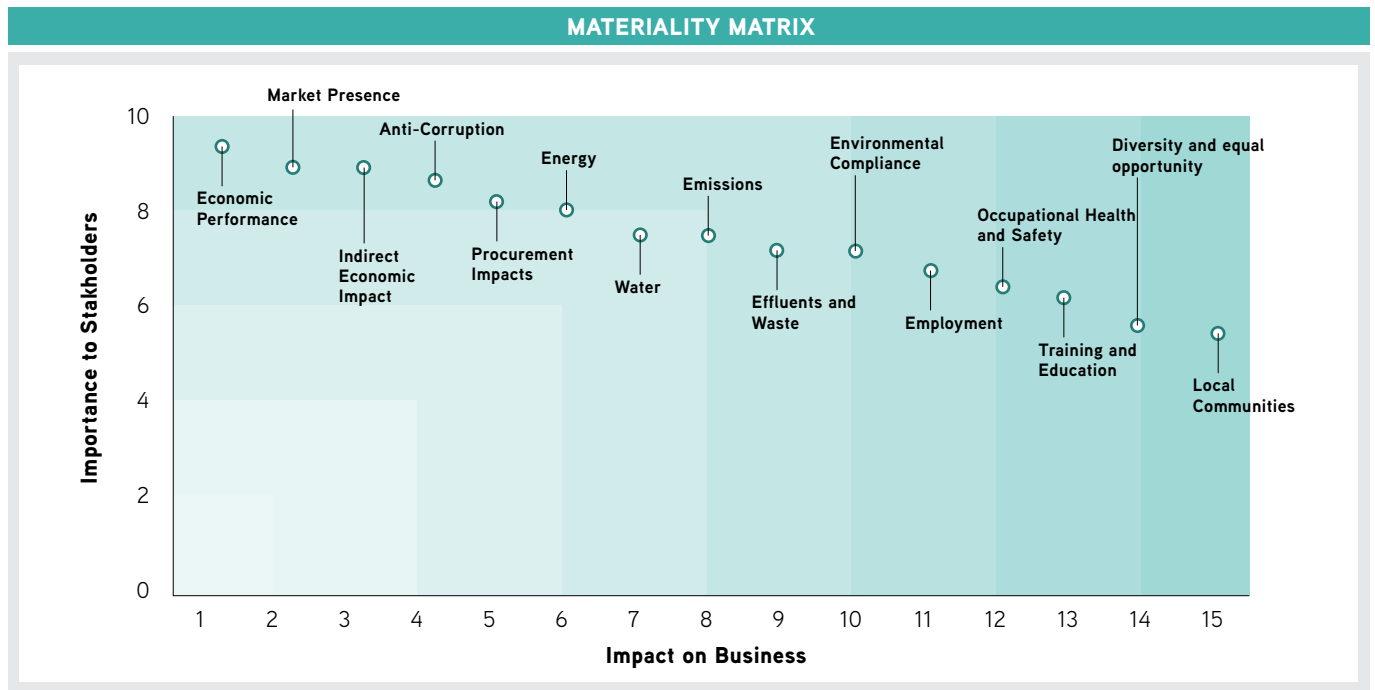


The Group's material topics for FYE2023 is as below:



Sustainability Statement

KSSC's Materiality Matrix for FYE2023 is as below:



ECONOMIC DISCLOSURES



DIRECT ECONOMIC VALUES CREATED

The sustainability of a company's business is determined by its continued generation of financial values, primarily driven by revenue and profit. As expected, financial performance is still necessary to pursue environmental and social performance. ESG strategies and action plans typically require some level of financial investment, especially at the commencement of such initiatives.

As an established and responsible corporate citizen, KSSC continues to support the nation's economy by supporting the creation of employment opportunities, community enhancement and in rewarding its shareholders.

Additionally, KSSC is committed to positive climate action and building a more sustainable, resilient future. Some of the positive impacts include infrastructure investment, enhancing the well-being of the community, expansion of the business, adoption of new information technology and job creation for the local communities.

Financial performance also contributes to the creation of indirect economic value for stakeholders, demonstrated by dividends to shareholders, payment of taxes that support social and infrastructure development, and repayments to financiers. This is in addition to the development and support of community infrastructure and services via monetary and non-monetary support.

Specific information on financial and operational performance as well as the Group's business model and strategies are furnished in the relevant section of this Annual Report 2023.

Below is the Group's overall financial performance over a three-year financial period:

Economic Value	RM'000		
	FYE2023	FYE2022	FYE2021
Revenue from the sales of goods and services	246,510	192,721	151,932
Revenue from financial investments	127	67	14
Other operating income	3,116	1,845	1,235

Sustainability Statement

INDIRECT ECONOMIC VALUES DISTRIBUTED

KSSC primary business is in the manufacturing and processing of secondary stainless steel products. This contributes significantly to manufacturers, stainless steel fabricators, shipbuilders, architects and building contractors as well as industrial hardware wholesalers and retailers.

KSSC's financial performance at a glance:

Economic Value	RM'000		
	FYE2023	FYE2022	FYE2021
Economic value distributed	(220,872)	(164,988)	(142,247)
Economic value retained	25,637	27,732	37,196
Operating expenses	(18,853)	(7,300)	(6,636)
Wages and other payments to employees	(17,058)	(16,734)	(17,703)
Payment to providers of capital	-	-	(1,152)
Payment to financial institutions	(4,842)	(2,783)	(1,623)
Payment to shareholders	-	-	(1,152)
Payment to creditors	(51,631)	(55,994)	(114,736)
Payment to the Government including income tax expenses	(2,253)	(4,274)	(3,774)
Payment to community investment	(10)	(10)	-

CREATING VALUE VIA THE ENVIRONMENTAL FOOTPRINT

As a measure of its commitment of responsibility toward environmental support, KSSC has continued its focus on energy and water consumption as well as carbon emissions. With ongoing evaluation, KSSC maintained its consumption intensity in FYE2023 over FYE2022.

KSSC's environmental footprint in relation to its economic value can be seen in the table below:

ABSOLUTE FIGURES	FYE2023	FYE2022	FYE2021
Revenue (RM'mil)	246.5	192.8	151.9
Total Energy Consumption (GJ)	4,158	4,676	3,477
Total Carbon Emissions (tonnes CO ₂ e)	411.6	411.9	334.4
Total Water Consumption (m ³)	3,587	4,708	6,781
INTENSITY RATIOS	FYE2023	FYE2022	FYE2021
Energy Consumption (GJ/ RM'mil revenue)	16.9	24.2	22.9
Carbon Emissions (tonnes CO ₂ e/ RM'mil revenue)	1.7	2.1	2.2
Water Consumption (m ³ /RM'mil revenue)	14.6	24.4	44.6

3. SUSTAINABILITY AND GOVERNANCE

Sustainability Statement

COMMITMENT TO PRODUCT QUALITY AND SAFETY

KSSC's business operations include manufacturing and processing secondary stainless steel and other metal-related products, industrial hardware trading and engineering and project works.

In FYE2023, KSSC undertook an asset purchase exercise to acquire assets from an aluminium fabricator. With this, KSSC can leverage its expanded portfolio to cross-sell products to existing and new customers, creating additional revenue streams and growth opportunities, and potentially increasing KSSC Group's overall profitability and market presence.

KSSC has invested significantly in machinery and equipment. Operating such machinery and equipment in itself necessitates a competent workforce and hence, industry best practices are incorporated as a way of life at KSSC.

This has enabled efficient turnaround times of our operations and more importantly, provides our customers with the required products to meet the exacting international and local specifications and standards, with ISO 9001:2015 being one.

KSSC is aware of the importance of customer satisfaction to the sustainability of the business. With this in mind, the Executive Director of KSSC's respective subsidiaries is assigned the responsibility of the overall management of the quality and customer satisfaction. Their tasks and responsibilities are to build and maintain strong, long-term relationships with existing customers to encourage repeat business and customer loyalty, and provide excellent customer service by addressing customers' enquiries in a timely manner.

The Group conducts safety training programmes regularly for the employees. In FYE2023, there were no customer complaints received nor incidents of non-compliance with regard to product health and safety.

PROCUREMENT AND SUPPLY CHAINS

Despite the significant challenges such as the geopolitical conflicts on the supply chain in the post-pandemic era, KSSC's approach of sourcing served to ensure the reliability and sustainability of its business operations.

KSSC has adopted strategic sourcing solutions and analytics, adding value to KSSC's sourcing and procurement activities via better visibility on spending and process improvement. This has also enabled the Group to negotiate favourable terms with its suppliers.

Additionally, the Group has standardised its material sourcing practices with a comprehensive checklist that outlines category-specific sourcing strategies, creating total cost optimisation models, as well as market supply analysis. Such measures adopted and strong commitment have seen a positive impact in the Group's operations.

In FYE2023, the Group successfully managed to reduce its dependence on foreign procurement, particularly from China and India, and increase local sourcing, as seen in the table below:

Procurement details	FYE2023	FYE2022
Total Procurement (RM '000)	159,422	150,656
Total Local Procurement (RM '000)	97,270	38,199
Total Foreign Procurement (RM '000)	62,152	112,457
Proportion of Spending on Local Suppliers (%)	61%	25%
Total number of Suppliers	340	437
Total number of Local Suppliers	293	371
Total number of Foreign Suppliers	47	66
Proportion of Local Suppliers (%)	86%	85%

In looking ahead, KSSC maintains its consistent approach of reviewing and updating its Supply Chain and Procurement Policy in line with the evolving environment and high expectations of customers. This approach also enables the Group to keep abreast of latest developments in the industry. By adopting best practices into its operations, KSSC remains relevant and adaptive to the fast-changing market demand.

Sustainability Statement

ENVIRONMENTAL DISCLOSURES

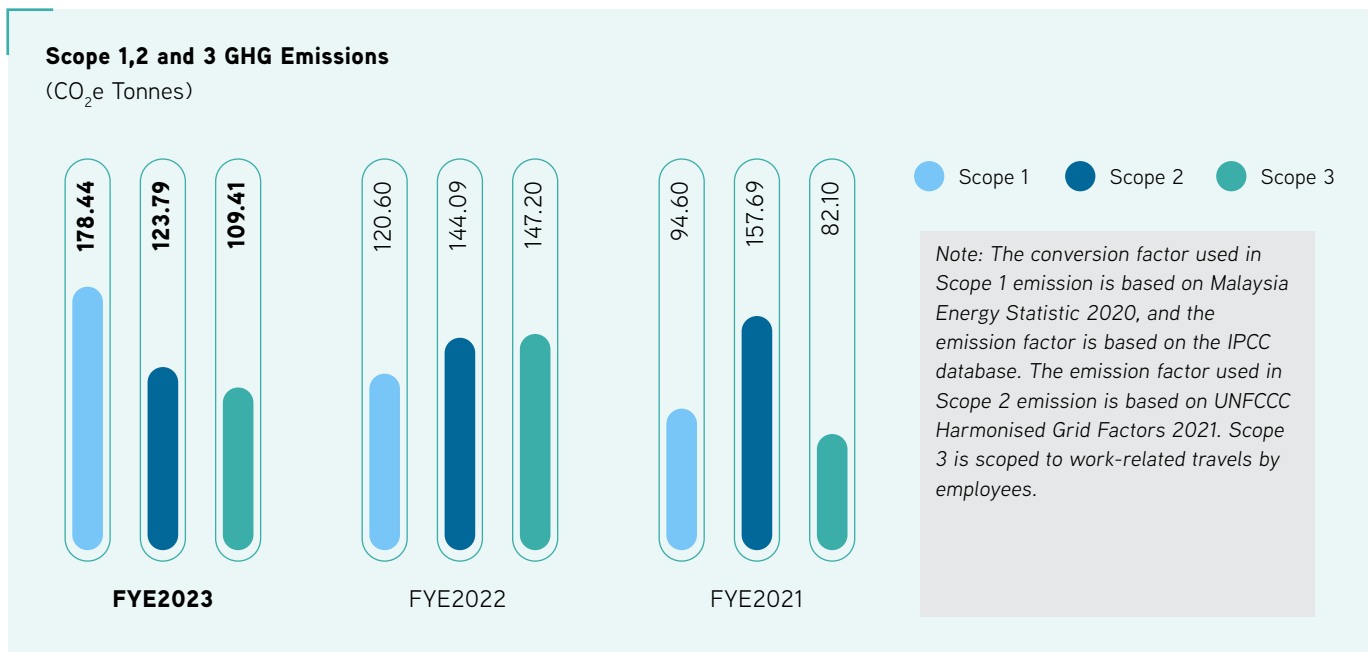


CLIMATE CHANGE

The stainless-steel sector also impacts climate change based on its energy demand, reliance on mining for raw materials, and the greenhouse gas emissions from its production processes.

EMISSIONS

KSSC's emission sources mainly come from its Scope 1 and Scope 2 categories. Scope 1 emissions are primarily associated with the fuel consumption of company-operated vehicles, notably diesel for forklifts and lorries utilised in logistics operations. Scope 2 emissions are attributed to the electricity used across the company's operations. Scope 3 emissions include employee commuting and business activities. Notably, in recent years, KSSC has broadened its emissions scope to include emissions from its factory operations. This expansion is reflected in the updated emissions data.



KSSC has adjusted its key performance indicator (KPI) framework to accurately reflect the company's operational shifts. Previously, KSSC set a goal to maintain a carbon intensity ratio of less than two tonnes of carbon dioxide equivalent (tCO₂e) per tonne of crude steel production, aiming for a 10% reduction over five years.

This metric, however, became less representative of the company's environmental impact when KSSC strategically expanded its portfolio by purchasing assets from an aluminium fabricator. In downsizing production for the underperforming products in the stainless-steel sector, KSSC has inadvertently increased the reported carbon intensity per tonne of steel production, despite an overall decrease in emissions.

Recognising the need for a KPI to better reflect its evolving business model and commitment to reducing its carbon footprint, KSSC has transitioned to measuring the intensity of tCO₂e against its revenue. This change ensures that KSSC's progress towards environmental sustainability is assessed in the context of its total economic activities, providing a more holistic view of the group's efforts to mitigate climate change.

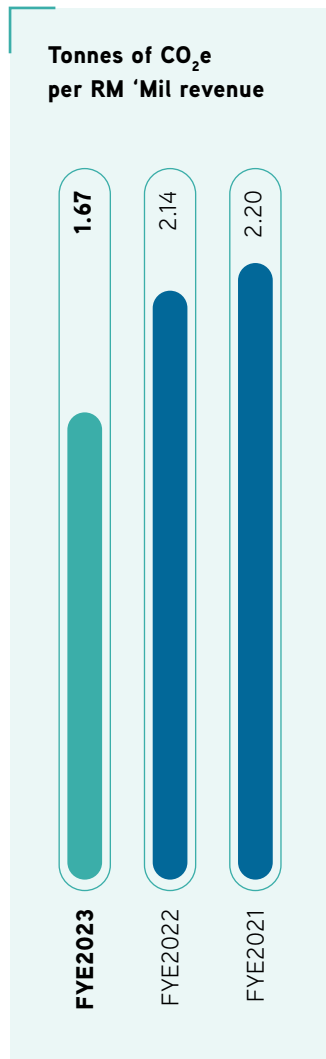
Sustainability Statement

KSSC's KPI and Targets are outlined in the table below:

Area of Assessment	5-year Target (FYE2021-2025)	Baseline Result	Current Result (FYE2023)
Scope 1 and Scope 2	2% reduction per annum	FYE2022: 397.4 CO ₂ e	FYE2023: 388.8 CO ₂ e Successfully met KPI by achieving a 2.9% reduction
Reduction in Carbon Dioxide intensity	Maintain CO ₂ emission intensity below 2.5 tonnes per million revenues (tCO ₂ e/ RM'Mil)	FYE2021: 2.2 tCO ₂ e/ RM'Mil	FYE2023: 1.67 tCO ₂ e/ RM'Mil Successfully maintained below 2.5 tCO ₂ e/ RM'Mil
	Reduce CO ₂ emissions intensity by 20% per million revenues (tCO ₂ e/ RM'Mil) within 5 years (FYE2021-2025)		FYE2023: 1.67 tCO ₂ e/ RM'Mil Successfully met and exceeded KPI by achieving a reduction of 24.14%.

GHG EMISSION INTENSITY

Presented below is the graph illustrating KSSC's Greenhouse Gas (GHG) Emissions Intensity, measured in tonnes of CO₂ equivalent (tCO₂e) per RM million in revenue over the past 3 years.



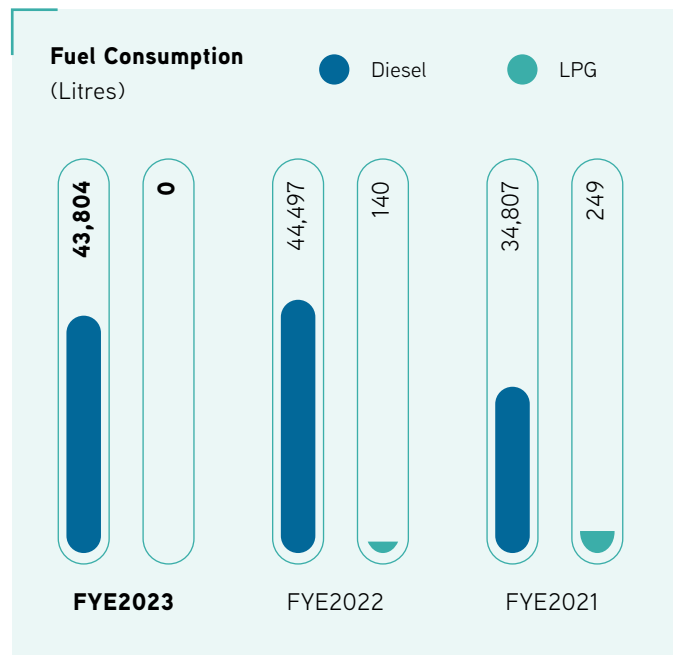
ENERGY CONSUMPTION

The stainless-steel industry is characterised by its high energy requirements for production, reflecting the intense processes involved in melting, casting and refining steel. Effective energy management within this sector is not just a matter of cost efficiency but also a critical component of environmental responsibility. As part of its commitment to sustainable practices, KSSC has installed solar panels, harnessing renewable energy to power its operations.

DIRECT ENERGY CONSUMPTION

At KSSC, the manufacturing process for stainless-steel products relies on diesel and liquefied petroleum gas (LPG) to operate machinery, including forklifts, which facilitate the transportation of raw materials throughout the industrial premises. Moreover, the company's fleet of vehicles plays a crucial role in the delivery of goods to various warehouses for distribution, in addition to being available for employee use.

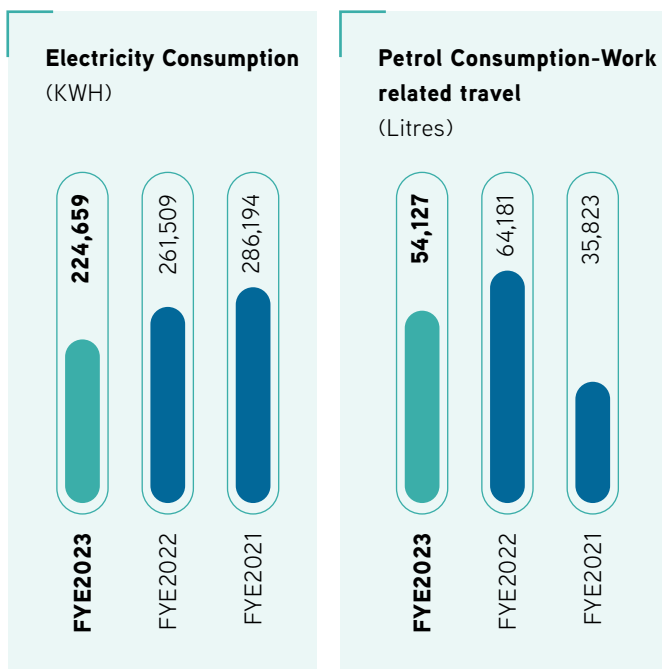
For FYE2023, KSSC will not report on LPG consumption due to the lack of tracking mechanisms in place for this specific energy source.



Sustainability Statement

INDIRECT ENERGY CONSUMPTION

For KSSC, indirect energy consumption primarily encompasses the electricity used to support infrastructure, including buildings and the machinery involved in the production process. This electricity powers a range of essential operations, from lighting and heating to running equipment necessary for manufacturing stainless steel products. Additionally, KSSC accounts for fuel used by employees for business purposes, such as sales activities, as part of its indirect energy consumption.

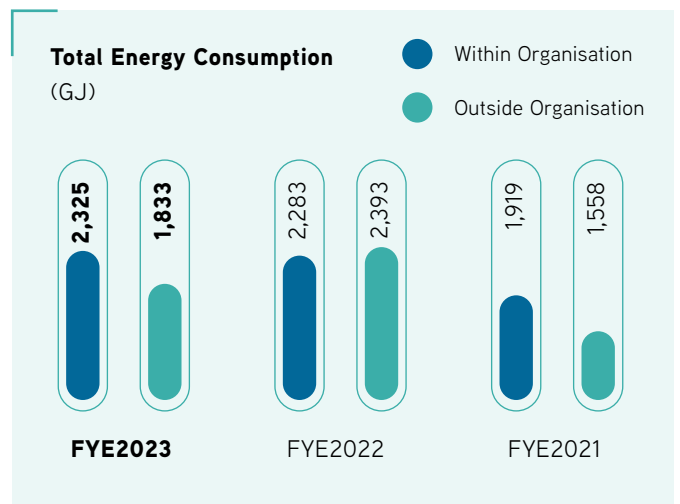


TOTAL ENERGY CONSUMPTION

As KSSC continues to expand its market presence, we remain deeply invested in our corporate responsibility to the environment. The strategic growth achieved this year is matched by a diligent reduction in energy consumption, illustrating our commitment to sustainable development.

Following the approval by TNB in FYE2022 to operate a solar photovoltaic (“PV”) system, the Group implemented this technology at its factory located at Balakong, Selangor in FYE2023. This electricity generation facility reflects the Group’s strong commitment to progress toward greener energy sources and reduce its impact on the environment.

The collective energy usage of the Group is detailed in the subsequent illustration:

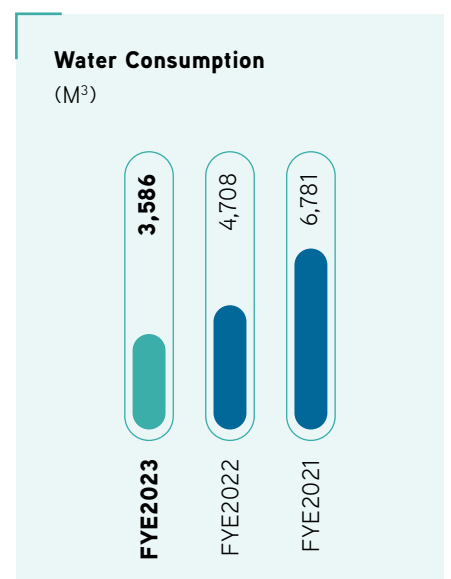


WATER CONSUMPTION

Water scarcity is a critical environmental challenge globally, though KSSC operates outside of water-stressed regions. Despite this, KSSC has proactively adopted water efficiency measures within its operations. The Group capitalises on rainwater harvesting for non-consumable applications, including landscaping, nursery activities and factory cleaning. Adhering to strict environmental regulations on water use and discharge is essential in the regions we operate, ensuring compliance to avoid legal repercussions, fines and potential reputational damage.

KSSC sources its water from a municipal supply provided by Pengurusan Air Selangor, aligning with our commitment to sustainable water use. Led by the Operational Manager, the Group continues to identify the consumption hotspots in driving efficiency in water consumption at the targeted business operations and contribute to the sustainability and quality of water supply for all stakeholders.

The year FYE2023 saw a reduction in water consumption, a direct result of downsizing production for underperforming products as a strategic cost-saving measure. Additionally, in FYE2021, the organisation faced significant water consumption spikes due to two instances of water leakage in the Bomba pipe.



Please note, the discrepancy in water consumption data can be attributed to an expansion in the scope of our reporting to now include factory.

Sustainability Statement

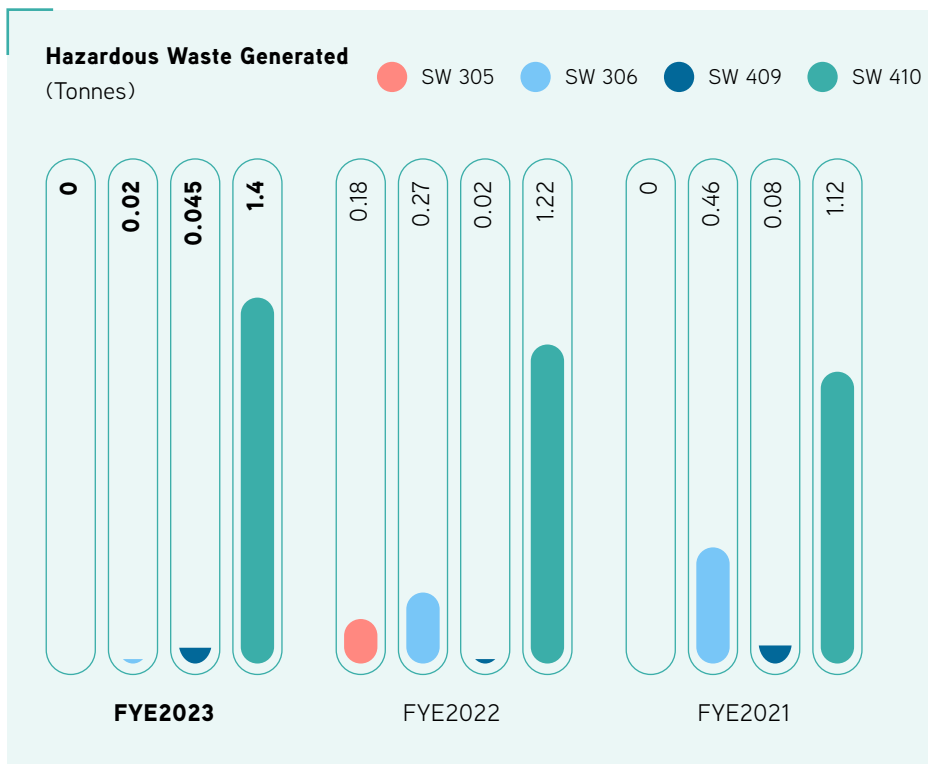
RESOURCES MANAGEMENT

Efficient resource management enhances productivity, lowers costs and fosters sustainability within business practices. KSSC primarily utilises stainless steel grade 304, transforming it into a diverse array of products like pipes and sheets. Additionally, the company practices recycling in its operations; used interleave paper and wood pallets from mother coils are repurposed and reused in production.

WASTE MANAGEMENT

Waste production is an inherent challenge in industrial processes, particularly within the manufacturing sector that utilises a range of raw materials. Below is a detailed list of the scheduled wastes produced by the Group. These wastes are responsibly managed by contracting with authorised waste disposal companies to ensure proper handling and disposal.

Waste Code	Description
SW 305	Used lubricating oil
SW 306	Used hydraulic oil
SW 409	Used containers, bags or equipment contaminated with chemicals, pesticides, mineral oils or scheduled wastes
SW 410	Disposed gloves, rags and plastics contaminated with hazardous materials



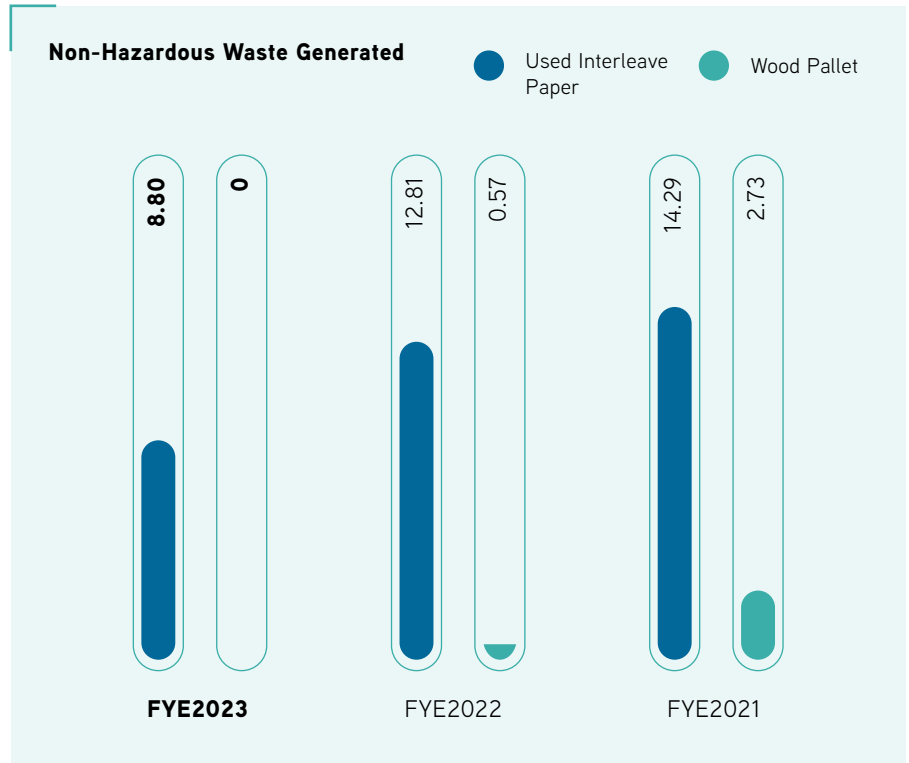
The Group emphasises the importance of strategic waste management as part of its broader commitment to reducing waste. The principles of “Reduce, Reuse, Recycle” are actively applied throughout our operations. As previously noted, non-hazardous waste such as interleave paper and wood pellets from mother coils are either reintegrated into production or handled by authorised waste collectors for disposal.

As a conscientious stainless-steel manufacturer, KSSC is aware of the environmental implications of waste and continually encourages its employees to use resources more efficiently.

Sustainability Statement

ENVIRONMENTAL PERFORMANCE MONITORING AND COMPLIANCE

Aligning with the Department of Environment (DOE) regulations, KSSC diligently monitors its environmental performance across all business operations to ensure compliance with established standards. In addition to these efforts, KSSC utilises the CTOS data system for screening suppliers, demonstrating its commitment to responsible business practices.



SOCIAL DISCLOSURES



Another integral component to KSSC’s sustainable business operations is its social impacts. The Group’s material social topics are those linked to its key stakeholders, amongst which are its employees and local communities.

As KSSC continues to progress on its sustainability journey, it will continue to identify areas where it can deliver lasting positive impacts to stakeholders. This includes supporting local employment and benefitting local communities through socio-economic development.

COMMITMENT TO HUMAN RIGHTS

KSSC firmly upholds and adheres to fair labour practices as stipulated by local statutory laws across its company operations (“Human Rights Laws”).

The Company condemns all forms of child exploitation and modern slavery. All workers, especially those employed by third party contractors/ sub-contractors must ensure their labour force are treated with dignity and work under safe conditions. KSSC is strictly against forced labour, modern slavery, debt bondage and human trafficking.

Workers are provided decent living quarters, given access to healthcare and accorded their rights, including the right to freedom of association, the right to religious freedom and collective bargaining.

There have been zero complaints on human rights violations during the reporting period.

Sustainability Statement

WORKFORCE CAPACITY AND TALENT MANAGEMENT

KSSC stands firm in the belief that human capital is its biggest asset and that high calibre, professional talent is essential in driving higher productivity, leading to operational excellence. Hence, the Group’s ability to sustain financial and non-financial values is dependent on the recruitment, retention and development of its workforce.

This area of recruitment and retention is governed by the Human Resources department and closely monitored to ensure a stable workforce to drive continued and smooth operations at KSSC.

To enable a more productive approach for recruitment, the HR department uses a combination of interviews, assessments and reference checks to evaluate candidates. It even encourages employees to refer candidates, tapping into their professional networks and rewarding successful referrals to motivate existing employees.

Talent management at KSSC is not viewed solely from a business perspective but also from the Group’s commitment to being an employer of choice.

EMPLOYEE INDUCTION AND EXIT INTERVIEWS

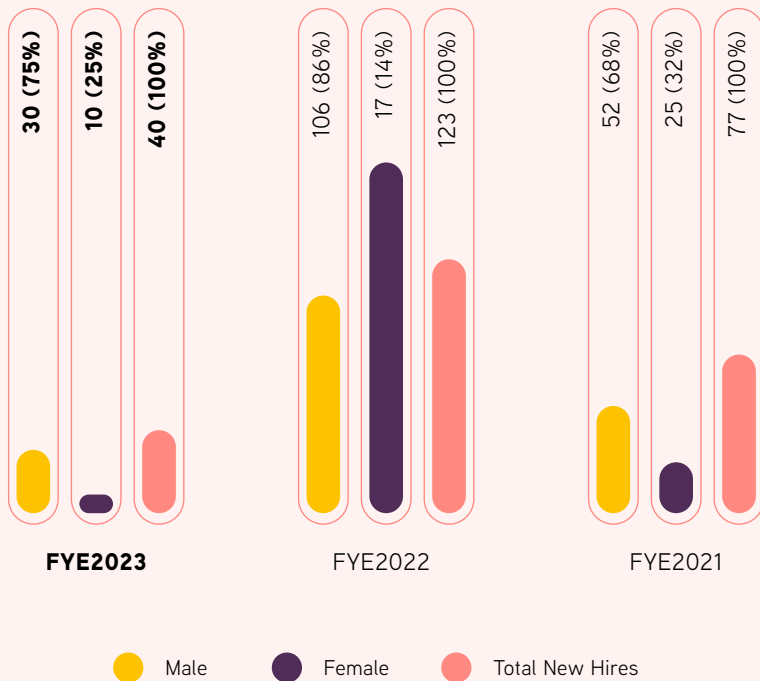
All new joiners are required to attend an induction programme where they will be provided with relevant information regarding their new employment, to enable them in their transition into their new role, making them feel supported while they adjust.

This exercise also serves to create awareness and understanding of the Group’s stringent standards for good corporate governance, anti-corruption, business ethics and corporate integrity. It is also an opportunity for KSSC to inculcate the desired behaviours in new employees to ensure continued compliance and the strengthening of the desired organisational culture.

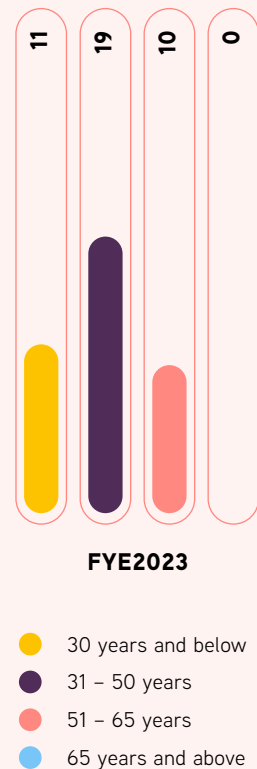
Employees who are resigning will be asked to join an exit interview where they need to complete a questionnaire/ survey as well as assist with preparation of a handover checklist. HR will then share the employee’s feedback of the exit interview with the respective HODs. Such information may be considered for further improvement to the company’s operating process or culture.

New Hires Data

New Hires by Gender



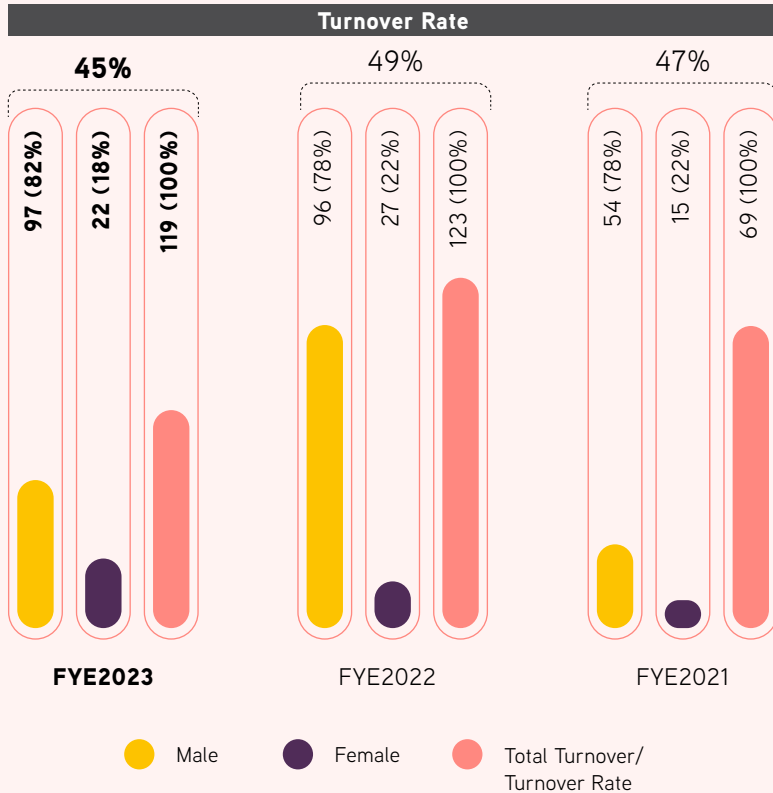
New Hires by Age



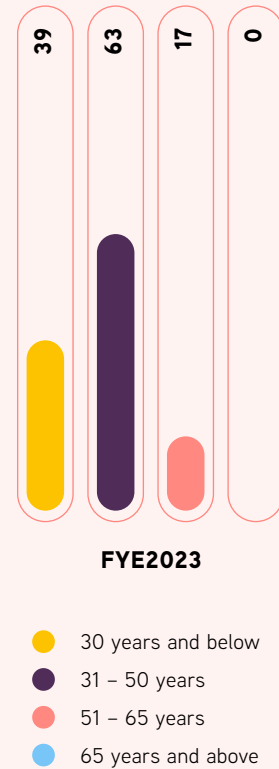
Sustainability Statement

Turnover Data

Turnover by Gender



Turnover by Age



DIVERSITY, EQUALITY AND INCLUSION

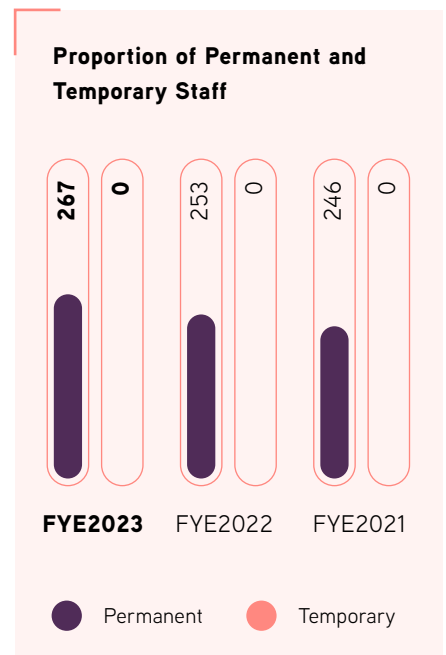
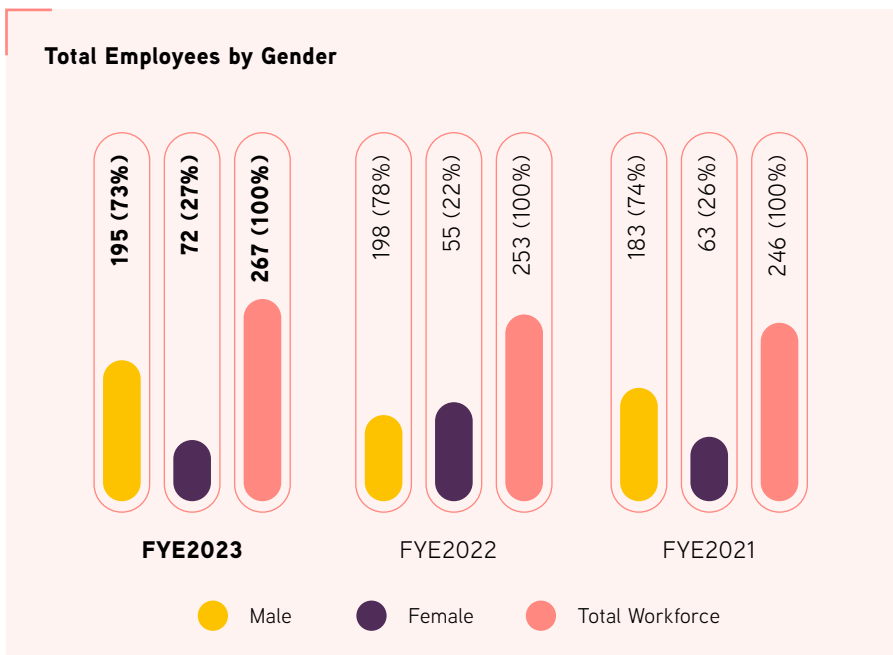
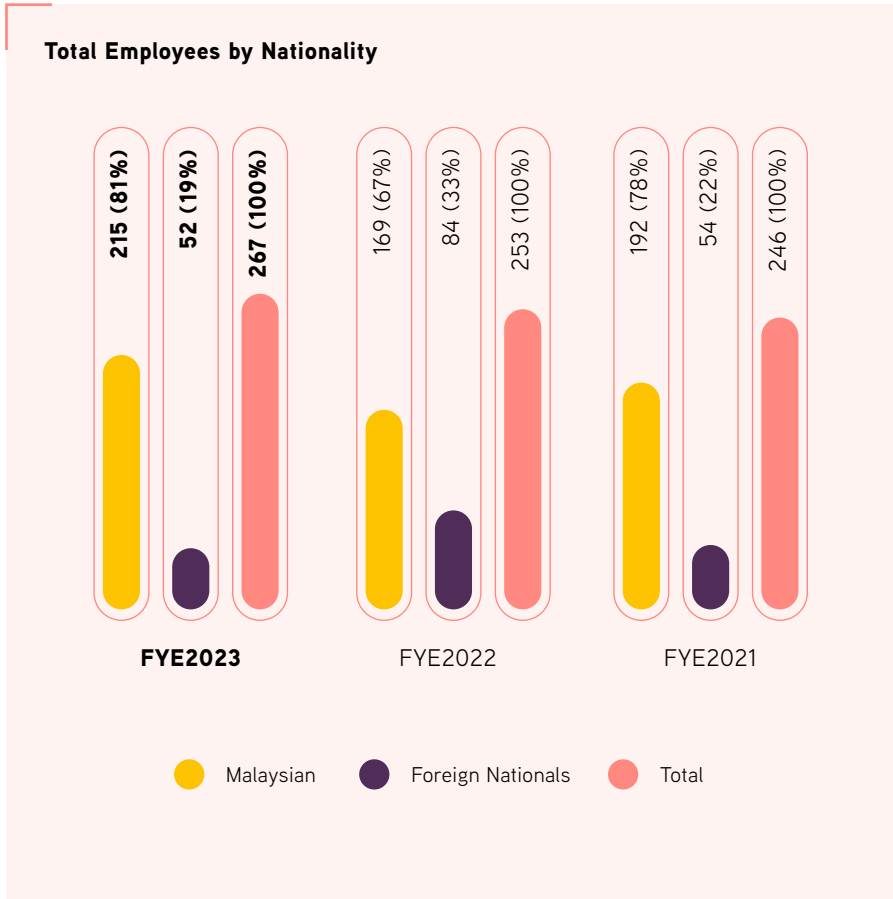
Cognisant of operating in a country with a multi-ethnic and multi-cultural backdrop, KSSC promotes equality and diversity at the workplace and provides a conducive, competitive organisational culture that supports the development of its highly skilled workforce.

KSSC’s management approach to talent is governed by a strong set of values, purpose, and behaviours that help drive employee engagement and connectedness. KSSC aspires to create a work environment where every employee thrives in their role within a safe, working environment, free from prejudice and discrimination.

Awareness that a diverse workforce within the Group supports the generation of innovative ideas from different perspectives, KSSC firmly upholds its pledge as an equal opportunity employer, regardless of differences in gender, religious background, sexual orientation and background at all levels of employment. In FYE2023, there is one disabled employee at KSSC, as with in FYE2022 and FYE2021.

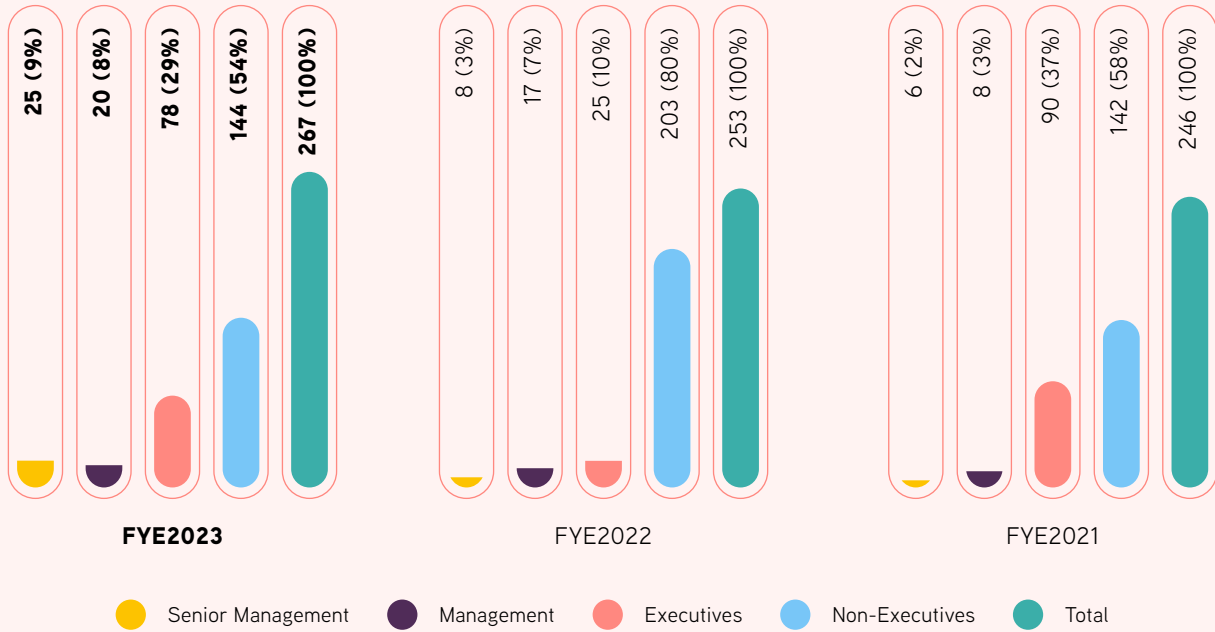
Sustainability Statement

The diverse demographics of KSSC's workforce is as below:

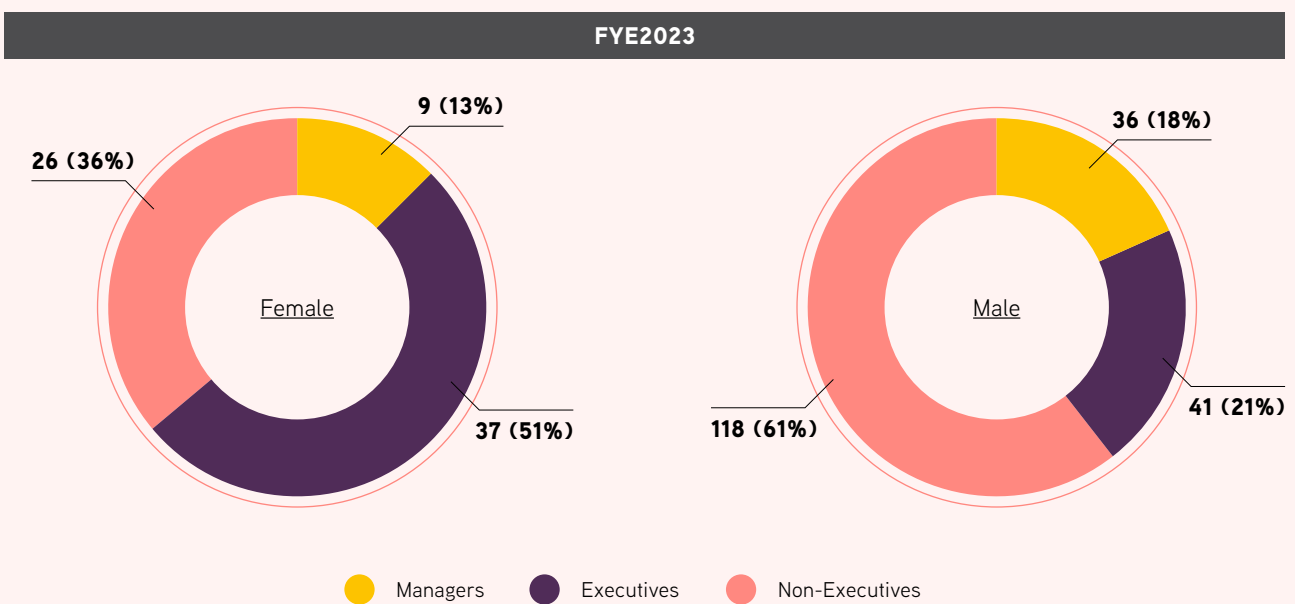


Sustainability Statement

Total Employees by Employment Categories

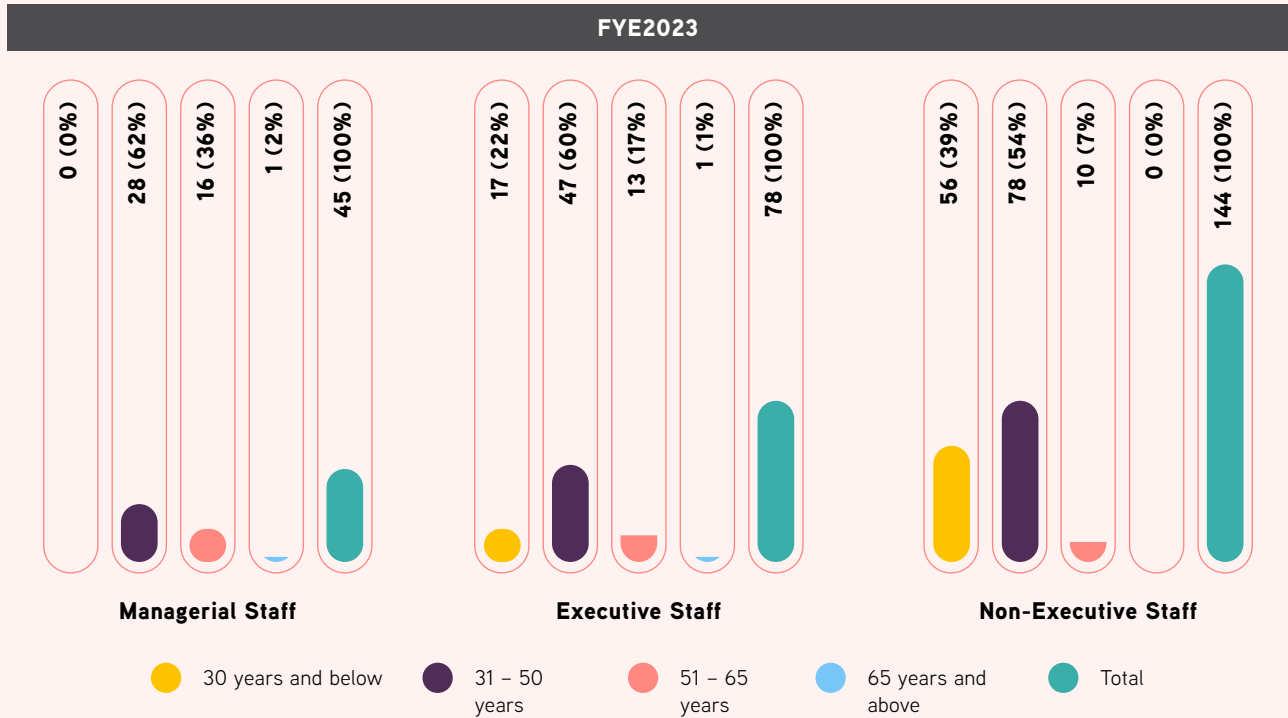


Total Employees by Gender and Employment Categories

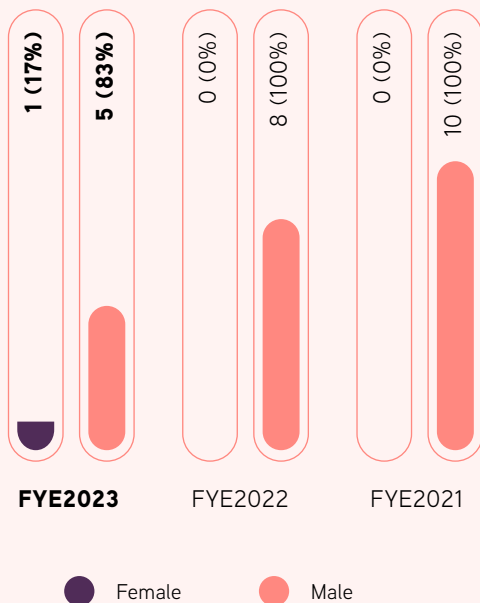


Sustainability Statement

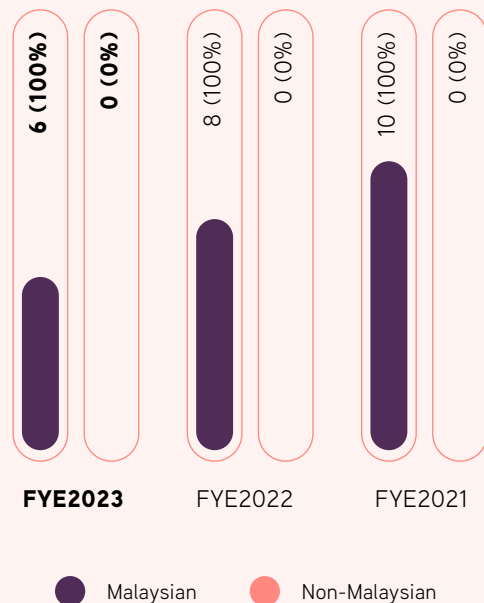
Total Employees by Employment Categories and Age



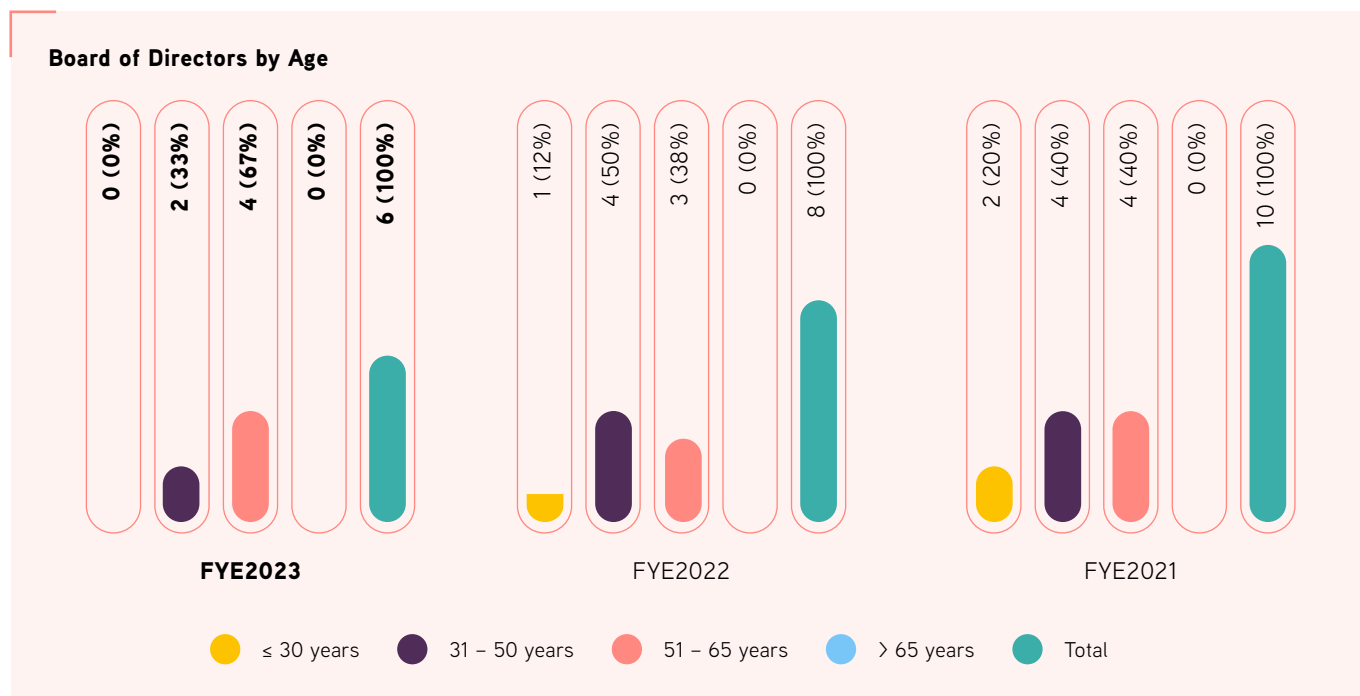
Board of Directors by Gender



Board of Directors by Nationality



Sustainability Statement



EMPLOYEE REMUNERATION AND BENEFITS

To attract top talents and retain the existing workforce, the Group offers comprehensive workforce benefits and competitive remuneration to its employees. The Group also offers performance-based rewards such as monetary bonuses towards incentivising employees to meet and exceed their KPIs and targets.

The Group strives to ensure the compensation packages for employees are on par with present industry standards and also commensurate with an employee's job performance, seniority and tenure with the Group. Employees are entitled to financial and non-financial rewards which are accorded through a transparent 360° appraisal process. In FYE2023, 100% of employees have undergone their annual appraisal.

KSSC operates in full compliance with local labour regulations such as work hours, overtime and mandatory contribution to EPF and SOCSO.

	FYE2023 (RM)	FYE2022 (RM)	FYE2021 (RM)
Employee Benefits			
Total statutory payments made for employees' retirement benefits (EPF)	1,475,606	1,478,761	-
Total payments made for employees' medical insurance (SOCSO)	177,374	148,639	-
Total payments made to employees in terms of salaries, bonuses and benefits	14,526,743	14,542,698	-
Maternity / Paternity Benefits			
Maternity / Paternity Leave			
Employees taking Maternity Leave	4 pax	-	-
Employees taking Paternity Leave	5 pax	-	-
Return to Work Rates			
Males Returning to Work (after parental leave period)	60%	-	-
Females Returning to Work (after parental leave period)	100%	-	-

3. SUSTAINABILITY AND GOVERNANCE

Sustainability Statement

MINIMUM NOTICE PERIODS FOR CHANGES

KSSC provides sufficient notice periods for any significant change to an employees' work environment or job role. The exact notice period differs based on the change and employees are entitled to seek further clarification or information regarding such a change.

FREEDOM OF ASSOCIATION

KSSC respects the right of employees to join, support or participate in any legal association, cultural society, professional body or political entity as provided for in the laws of the country. KSSC does not discourage, or hinder employees from such involvement so long such participation is not against the law.

Employees may choose to jointly bring up issues or concerns to management. Such collective negotiation is recognised by the Group, with employee representatives of such groups given due credence by HR and Senior Management.

TRAINING AND DEVELOPMENT

KSSC acknowledges the importance of training and development to improve employees' job performance and promote high-performance and productivity, which in turn, drives financial and non-financial value creation for the company.

This supports the Group's ability to adapt to the evolving business environment, enhance organisational effectiveness and staying competitive in the marketplace.

At KSSC, we provide fair and equal training opportunities to employees at all levels of the organisation in support of their career growth and guide them to achieve their aspirations.

KSSC's Human Resources Department (HRD), together with the employee's superior, is responsible for developing each employee's training plan, based on employees' appraisal process. This training plan outlines gaps in employee's skills as well as their aspirations for career progression.

Training provided is comprehensive, covering technical expertise, soft skills and leadership capabilities. The HRD shall work closely to ensure sufficient budget and all logistical matters are in place to facilitate employee training. This includes co-ordinating with external trainers, where necessary.

In FYE2023, various training programmes were carried, as listed below:

Date (FYE2023)	Programme	Business Entity	Attendance (Pax)
8 February	Asean Finance Innovation Summit	KSSC	3
14 March	Tax Incentives in Malaysia	KSSC	1
15 March	ISO 9001-2015 Internal Auditor Based on ISO19011	PTM	1
18 March	Anti Bribery and Corruption Training	KSSC Group	74
31 March	2023 Budget Seminar	KSSC	4
6 June	Pre and Post IPO Rules	KSSC	1
18 October	Fair and Ethical Recruitment and Employment of Migrant Workers for SMEs	KSSC	2
24 October	Budget 2024, Key Updates and Changes for Corp Accountants	KSSC	2
2 November	Navigating Global Market Dynamics for Sustainable Future	PTM	2
21 November	Latest Amendment on Akta Kerja 1955 (Pindaan 2022)	KSSC	1
22 November	Stainless Steel for Industrial Application	Three & Three	1
29 November	Business Continuity Management	KSSC	1
4 December	The Essential of MFRS 3, 10 and 12	KSSC	1
18 December	Strategic Organisational Cost Reduction and Cost Management	PTM	1

Sustainability Statement

General Training Data	FYE2023	FYE2022	FYE2021
Total training hours	731 hours	116 hours	532 hours
Total training spend	RM34,271	RM33,719	RM4,800
Average training hours per Employee	2.7	10.8	2.2
Total Male Employees Attended Training	81	-	-
Total Female Employees Attended Training	50	-	-
Total Employees Attended Training	131	-	-

Total Training Hours Per Employee Category	FYE2023
Senior Management	110
Management	185
Executive	262
Non-Executive	174

INTERNSHIP OPPORTUNITY

Cognisant of the intrinsic knowledge and expertise built up within its operations, KSSC also accepts internship to assist with capability building of those keen to gain such experience.

In FYE2023, one individual was accepted as a Purchasing Trainee and commenced his internship at KSSC for a period of three months.

COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY

KSSC upholds its responsibility to ensure a safe and secure work environment for its employees, suppliers, contractors, visitors and other stakeholders involved in our business operations.

The aspect of occupational safety and health ("OSH") is more applicable to manufacturing sites, as opposed to an office environment, where there is naturally a higher risk for OSH incidents.

There are compelling reasons for why OSH is of utmost importance. Among these include business or commercial reasons as OSH accidents can cause serious disruption to ongoing works, cause delays in progress or inflict damages that lead to additional costs incurred.

OSH incidents can also lead to site shutdowns by regulatory authorities, which will consequently impact the schedule of work and revenue generation. Any OSH incident may not just disrupt the continuity of business activity leading to financial loss but also bring a negative impact to brand credibility and reputation.

However, the single most compelling motivation of pushing for strong OSH focus is to keep people safe. Any incident that causes injuries or fatalities is a serious tragedy and has serious impacts on families and societies.

In view of this, KSSC adheres to the requirements outlined in the Occupation Safety and Health Act 1994 (OSHA) and maintains a close watch over such risks to better protect its employees, stakeholders and the business. Oversight of safety matters within the Group is the responsibility of the Senior Management, headed by the Group Safety Officer who monitors this with regular Safety Review Meetings where the health and safety performance and progress is evaluated against previously set OSH targets.

With proactive monitoring of safety performance, the Group may utilise the safety data to assess high-risk locations for planning hazard prevention in the future. In this exercise, the forming and polishing sections have been assessed and deemed a high HSE risk location.

Acknowledging its obligation as a responsible employer, KSSC endeavours to provide a safe and conducive workplace for employees by instituting safety SOPs and providing adequate medical equipment and safety awareness education. Such training includes safety procedures, hazard identification and emergency response, and may involve hiring trainers or utilising internal experts.

The OSH data collected for FYE2023 has been verified by KSSC's internal auditor.

3. SUSTAINABILITY AND GOVERNANCE

Sustainability Statement

MANAGEMENT'S APPROACH TO OSH

KSSC adheres firmly to the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice.

In the existing OSH management, the Group's Safety Officer is responsible for overseeing safety matters within the Group. To closely monitor activities related to OSH, the Group conducts Safety Review Meetings on a quarterly basis.

The committee monitors the emergency response team, building management as well as availability of first aid kits to ensure compliance and to promote a safe workplace.

In FYE2023, the committee convened four meetings, with members comprising staff from various levels and departments. The committee discusses matters pertaining to safety and health as well as concerns raised by employees.

OSH TRAINING

Training continues to play an important role in OSH-related matters. KSSC takes a strong view of employees' capability of awareness of potential hazards at the workplace and its management of such situations.

In FYE2023, a total of 36 employees were trained on health and safety standards, an increase of 20% over FYE2022 with 30 employees. Total training hours on OSH was 252 hours in FYE2023.

OSH training programmes for FYE2023:

Date (FYE2023)	Programme	Business Entity	Attendance (Pax)
21 March	Ekonomi Kitaran Dalam Pengurusan Buangan	PTM	1
29 July	Overhead Crane Safety Training	PTM	7
29 July	Overhead Crane Safety Training	Three & Three	4
8 December	Practical Hazard Identification Risk Assessment and Control	PTM	11
9 December	Effective Store and Warehouse Management Skill Training	PTM	13

OSH PERFORMANCE

KSSC has inculcated a mindset of safety at the workplace, ingrained deeply across the length and breadth of the organisation. In FYE2023, there were no fatalities but two incidents of minor injury reported. This was duly investigated with appropriate process improvement incorporated.

Incident Category	Number of Cases		
	FYE2023	FYE2022	FYE2021
Fatality	0	0	0
Major Injury	0	0	0
Minor Injury	2	2	2
Dangerous Occurrence	0	0	0
Occupational Poisoning	0	0	0
Near Misses	0	0	0
Others	0	0	0

COMMUNITY ENGAGEMENT AND DEVELOPMENT

Creating social value has always been a cornerstone of KSSC's business philosophy. As a good corporate entity, KSSC has looked to fulfil its mandate of contributing to societal development, serving as a force for good.

KSSC's corporate social responsibility (CSR) initiatives are underpinned by our critical focus on the 5Ps of People, Planet, Prosperity, Peace and Partnerships. Through purpose-fit and meaningful programmes, we seek to empower targeted communities with solutions to enhance their quality of life and at the same time promote preservation of the surrounding environment.

Sustainability Statement

Our various CSR initiatives have had a positive impact on not just the targeted underserved community but on our own employees as well. By volunteering for such corporate initiatives, it serves to reinforce their sense of community engagement and social responsibility as well as providing a feeling of satisfaction and wellbeing.

In FYE2023, the Group engaged in various initiatives for underprivileged organisations, providing both monetary and in-kind contribution. We have spent RM10,000 for 150 Residents at 5 different charitable organisations. Besides assisting the residents there, it also served to instil a deeper sense of appreciation and engagement in community support with 30 KSSC employees who volunteered to actively participate and engage with the residents there.

KSSC's community outreach initiative for FYE2023 is listed below:



KSSC's employees visited the Pertubuhan Kebajikan Warga Emas Zao Fu on 13 June 2023. There, they distributed food essentials and assisted in feeding the elderly residents.



It was a day of fun and laughter at the Persatuan Insan Istimewa Cheras, Selangor on 13 June 2023, when KSSC employees brought food essentials and treated the special-needs children to a hearty meal.



In support of the underprivileged community, KSSC arranged a visit on 23 October 2023 to the Pertubuhan Kebajikan Orang Tua Cacat dan Kurang Upaya (Connaught), donating essential food items and helping to feed the residents there.



On 23 October 2023, KSSC staff brought cheer to residents at the Pertubuhan Kebajikan Rasa Sayang Selangor (Cheras Mahkota) by donating essential food items and engaging with the children.



On 20 November 2023, KSSC staff showed their caring nature to spend time with orphans at the Persatuan Kebajikan dan Perlindungan Rumah Jalinan Kasih, donating food items, distributing gifts and playing games with the children.

Sustainability Statement

BURSA MALAYSIA ESG PERFORMANCE TABLE

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
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	10,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	62.00
Management Above 50	Percentage	38.00
Executive Under 30	Percentage	22.00
Executive Between 30-50	Percentage	60.00
Executive Above 50	Percentage	18.00
Non-executive/Technical Staff Under 30	Percentage	39.00
Non-executive/Technical Staff Between 30-50	Percentage	54.00
Non-executive/Technical Staff Above 50	Percentage	7.00
Gender Group by Employee Category		

Internal assurance

External assurance

No assurance

(*)Restated

Sustainability Statement

Indicator	Measurement Unit	2023
Management Male	Percentage	18.00
Management Female	Percentage	13.00
Executive Male	Percentage	21.00
Executive Female	Percentage	51.00
Non-executive/Technical Staff Male	Percentage	61.00
Non-executive/Technical Staff Female	Percentage	36.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 30	Percentage	0.00
Between 30-50	Percentage	33.00
Above 50	Percentage	67.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	4,158.00
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	36
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	295
Executive	Hours	262
Non-executive/Technical Staff	Hours	174
Indicator		
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	0
Non-executive/Technical Staff	Number	0
General Workers	Number	0
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	61.00
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	3,587.000000

Internal assurance

External assurance

No assurance

(*)Restated

Sustainability Statement

GRI CONTENT INDEX

PILLAR	GRI CODE	GRI DISCLOSURE	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
ORGANISATIONAL OVERVIEW	2-1	Organizational details	2
	2-2	Entities included in the organization's sustainability reporting	4
	2-3	Reporting period, frequency and contact point	22
	2-4	Restatements of information	24
	2-6	Activities, value chain and other business relationships	23
	2-7	Employees	40-45
SUSTAINABILITY GOVERNANCE	2-9	Governance structure and composition	54-60
	2-10	Nomination and selection of the highest governance body	55-60
	2-11	Chair of the highest governance body	59
	2-12	Role of the highest governance body in overseeing the management of impacts	25
	2-14	Role of the highest governance body in sustainability reporting	30-31
	2-15	Conflicts of interest	64
	2-16	Communication of critical concerns	28
	2-17	Collective knowledge of the highest governance body	55
	2-18	Evaluation of the performance of the highest governance body	59
	2-19	Remuneration policies	59
	2-20	Process to determine remuneration	59
	2-22	Statement on sustainable development strategy	25
	2-23	Policy commitments	26-28
	2-24	Embedding policy commitments	26
	2-25	Processes to remediate negative impacts	28
2-26	Mechanisms for seeking advice and raising concerns	28	
2-27	Compliance with laws and regulations	27-28	
STAKEHOLDER	2-28	Membership associations	22
	2-29	Approach to stakeholder engagement	29-30
	2-30	Collective bargaining agreements	39
MATERIALITY	3-1	Process to determine material topics	30-31
	3-2	List of material topics	31-32
	3-3	Management of material topics	32-49
ECONOMIC	201-1	Direct economic value generated and distributed	32
	203-2	Significant indirect economic impacts	33
	204-1	Proportion of spending on local suppliers	34

Sustainability Statement

PILLAR	GRI CODE	GRI DISCLOSURE	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
GOVERNANCE	205-1	Operations assessed for risks related to corruption	26
	205-2	Communication and training about anti-corruption policies and procedures	26
	205-3	Confirmed incidents of corruption and actions taken	26
	302-1	Energy consumption within the organization	33
	302-2	Energy consumption outside of the organization	37
	302-4	Reduction of energy consumption	37
	303-5	Water consumption	37
	305-1	Direct (Scope 1) GHG emissions	35
	305-2	Energy indirect (Scope 2) GHG emissions	35
	305-3	Other indirect (Scope 3) GHG emissions	35
	305-4	GHG emissions intensity	36
	305-5	Reduction of GHG emissions	36
	306-1	Waste generation and significant waste-related impacts	38
	306-3	Waste generated	38
	SOCIAL	401-1	New employee hires and employee turnover
401-3		Parental leave	45
402-1		Minimum notice periods regarding operational changes	46
403-1		Occupational health and safety management system	47-48
403-2		Hazard identification, risk assessment, and incident investigation	47
403-4		Worker participation, consultation, and communication on occupational health and safety	48
403-5		Worker training on occupational health and safety	48
403-6		Promotion of worker health	48
403-7		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47
403-9		Work-related injuries	48
404-1		Average hours of training per year per employee	47
404-2		Programs for upgrading employee skills and transition assistance programs	46
404-3		Percentage of employees receiving regular performance and career development reviews	45
405-1		Diversity of governance bodies and employees	40-45
413-1		Operations with local community engagement, impact assessments, and development programs	48-49
415-1		Political contributions	28
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	28

3. SUSTAINABILITY AND GOVERNANCE

Corporate Governance Overview Statement

The objective of this Corporate Governance Overview Statement (“CG Statement”) is to provide an overview of the application of the corporate governance practices of the Company during the financial year ended 31 December 2023 (“FYE 2023”) in accordance with the Malaysian Code on Corporate Governance (“MCCG”).

This CG Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guidance was drawn from Practice Note 9 of Bursa Securities’ Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities with reference to the following three (3) key principles under the leadership of the Board:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

- Board responsibilities
- Board composition
- Remuneration

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

- Audit Committee
- Risk management and internal control

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

- Engagement with stakeholders
- Conduct of general meetings

This CG Statement of the Company is available at www.kssc.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

The Board of Directors (“the Board”) is entrusted to oversee the overall management of the business affairs of the Group, determine all major policies, ensure effective strategies and management are in place, assess the performance of the Group and the management team, and review the systems of risk management and internal control of the Group. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinise the management performance by providing independent views and advice in the interests of the shareholders at large.

To ensure effective discharge of their function and responsibilities, the Board has defined and collectively reviewed and approved the roles and responsibilities as well as the schedule of reserved matters in the Board Charter. In order to assist the Board in the oversight function on specific responsibility areas, the Board has established three (3) Board Committees, namely:

- (i) Audit and Risk Management Committee (“ARMC”)
- (ii) Nomination Committee (“NC”)
- (iii) Remuneration Committee (“RC”)

Governed by their respective Terms of References, the Chairman of the respective Board Committees shall report to the Board on their meeting proceedings and deliberations as well as make recommendations to the Board on the matters under their purview. The Board ensure all Directors have unrestricted access to the advice and services of Senior Management and Company Secretaries and may obtain independent professional advice at the Company’s expense in order to discharge their duties effectively.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

1.0 Board Responsibilities (continued)

The Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board meetings and deliberating together with the Board members on board matters and policies.

The Board is supported by three (3) professional Company Secretaries who carry out the responsibilities of the company secretarial function for the Group. These Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The Company Secretaries assists the Board in discharging its duties in regard to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

During the FYE 2023, the Board had reviewed and approved, amongst others:

- 1) Quarterly results
- 2) ARMC's Report on Related party transaction/Recurrent related party transactions
- 3) ARMC's Report on Audit Plan for FYE 2023
- 4) ARMC's Report on Internal Audit Plan
- 5) Annual report 2022
- 6) Updated term of reference, conflict of interest and related party transaction for the endorsement
- 7) Acquisition of an additional 10% equity interest in EIE Asian Holding Sdn. Bhd. and its subsidiaries
- 8) Acquisition of assets and liabilities from Signature Aluminium Sdn. Bhd. and Signature Metal Treatment Sdn. Bhd.
- 9) Proposed Private Placement of up to 10% of issued ordinary shares
- 10) Proposed acquisition of 51% equity interest in Metalmach Micro Technology Sdn. Bhd.
- 11) Proposed Private Placement of up to 20% of issued ordinary shares
- 12) Revoke and rescind the SSA and Supplemental SSA

The Board had established the Anti-Bribery and Corruption Policy in keeping with the commitment set forth to prevent bribery and corruption. KSSC takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and integrity in all business dealings and relationships wherever the Group operates and expects the individuals and organisation the Group works with to uphold and adopt the same approach.

As an additional measure to safeguard the integrity of the Group, the Board has defined its Whistleblowing Policy to provide guidance for stakeholders to report genuine concerns of any possible improprieties pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. In addition, the Board has also defined its Code of Conduct and Ethics which serves as a tool for the Board to convey and instill its values into the organisation.

The Board Charter, Terms of Reference of the Board Committees, Director's Fit and Proper Policy, Anti-Bribery and Corruption Policy, Whistleblowing Policy and Code of Ethics are also available on the Company's website at www.kssc.com.my.

2.0 Board Composition

The appointment of Board is based on objective criteria, merit and with due regards for diversity in skills, experience, age and gender. When considering the appointment of directors, the Nomination Committee will be guided by the Fit & Proper Policy and consider the following attributes in the recruitment and screening process:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity;
- Boardroom diversity including gender diversity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

3. SUSTAINABILITY AND GOVERNANCE

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2.0 Board Composition (continued)

During the FYE 2023, the Board comprised of 6 members of which 3 were Independent Non-Executive Directors, which fulfils the prescribed requirement of 1/3 of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirement of Bursa Securities. Presently, there are 6 Directors and their profiles are set out in the Directors' Profile in this Annual Report.

The presence of Independent Non-Executive Directors from various fields are invaluable assets to the Company and fulfil the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account the interests of the Group and stakeholders.

The Board understands that quality of information affects the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will be distributed to the Directors in order to provide ample time for review beforehand. Notice of Board meetings are usually issued at least five (5) working days prior to the meeting. Upon conclusion of meeting, the Company Secretary will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes is circulated to the Board members before the next meetings.

During FYE 2023, there were five (5) Board meetings held and all the Board Papers were circulated to the Board in a timely manner.

The attendance of Directors who are members of Board Committees during FYE 2023 were as follows:

Director	Designation	Board of Directors	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Datuk Keh Chuan Seng	Executive Chairman	4/5	-	-	-
Lee Hai Peng	Executive Director	5/5	-	-	-
Er Kian Hong	Independent Non-Executive Director	5/5	5/5	1/1	1/1
Datuk Low Chin Koon	Independent Non-Executive Director	5/5	5/5	1/1	1/1
Teh Boon Beng	Independent Non-Executive Director	5/5	5/5	1/1	1/1
Dr Lim Pang Kiam (Appointed on 28 June 2023)	Non-Independent Non-Executive Director	2/2	-	-	-
Yap Chee Kheng (Resigned on 23 February 2023)	Non-Independent Non-Executive Director	1/1	-	-	-

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2.0 Board Composition (continued)

The Directors were encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes throughout the financial year. During the FYE 2023, the Directors attended continuous professional development programme covering various topics ranging from financial, changes in statutory and regulatory requirements, governance, sustainability and industry knowledge. During FYE 2023, the Directors attended the following training programmes:

Directors	Conference/Seminar/Workshop	Presenter/Organiser
Datuk Keh Chuan Seng	Corporate Liability Provision of the MACC Act 2009	Alan Kirupakaran Trainer
Lee Hai Peng		
Er Kian Hong		
Datuk Low Chin Koon		
Teh Boon Beng		
Dr Lim Pang Kiam		
Er Kian Hong	ICDM Powertalk Series: Advancing Cyber Resilience: Board's Top 3 Must-Knows	ICDM
	Anti Bribery Management System Training and Updates to the MACC Act 2009	KSSC internal training
	ICDM PowerTalk: Generative AI – An Opportunity or Risk?	ICDM
	Advocacy Session for Directors and CEOs Of Main Market Listed Issuers	Bursa Malaysia Securites Berhad
	Management of Cyber Risk	Ernst & Young
	AMLA in a nutshell	Symphony Digest
	Ethics and the Financial Services Professional	Symphony Digest
	Financial Statement Frauds	Symphony Digest
	Malaysia's Code of Corporate Governance	Symphony Digest
	Webinar on Environmental, Social and Governance	CAS Academy Sdn Bhd
Datuk Low Chin Koon	Mandatory Accreditation Programme	ICDM
Teh Boon Beng	Updates on the Corporate Liability Provision of the MACC Act 2009	ICDM
	Advancing Cyber Resilience : Board's Top 3 Must-Knows	ICDM
	Generative AI - An Opportunity or Risk	ICDM
	MAP Part II : Leading for Impact	ICDM
	Advocacy session for Directors and CEOs of Main Market Listed Issuers	Bursa Malaysia Securities Berhad
	Awareness on Sustainability for Directors & Senior Management	ICDM

3. SUSTAINABILITY AND GOVERNANCE

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2.0 Board Composition (continued)

The Directors were encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes throughout the financial year. During the FYE 2023, the Directors attended continuous professional development programme covering various topics ranging from financial, changes in statutory and regulatory requirements, governance, sustainability and industry knowledge. During FYE 2023, the Directors attended the following training programmes: (continued)

Directors	Conference/Seminar/Workshop	Presenter/Organiser
Dr Lim Pang Kiam	Tax Incentives	Malaysian Institute of Accountants
	2023 Budget Seminar	Malaysian Institute of Accountants
	Anti-bribery and anti-corruption training	AI Smart Learning
	Conflict of interest and governance of conflict of interest	Asia School of Business and MIT Sloan
	Advocacy sessions for Directors and CEOs of Main Market Listed Issuers	Bursa Malaysia
	The Accountant's role in putting profit, people and planet on par	ACCA
	Navigating ethics in the workplace	ACCA
	Role of Finance function in transitioning business to a low carbon economy	ACCA
	SMEs and SMPs : Skills and innovation for the future	ACCA
	Preparing for sustainability reporting	ACCA
	Realising the future of finance with generative AI	ACCA
	R&D: Harnessing the value of disclosures	ACCA
	Making tax and ethics work together for a just society	ACCA
	Coping with change : Tune in, connect, respond	ACCA
	Double Materiality Assessment for Sustainability Reporting: Challenges of Regulatory Evolutions	ACCA
	Capital Gains Tax (CGT) on Foreign and Domestic Transaction	ACCA
	Sustainable sustainability: Why ESG is Not Enough	Asia School of Business (ASB)
	How Accounting professional can Use Thought Leadership to Drive Career progression and Attract the Best Employers	Association of International Certified Professional Accountants (AICPA CIMA)
	IWD Coffee Talk – Invest In Women: Accelerate Progress	Association of International Certified Professional Accountants (AICPA CIMA)
	Sustainable Finance Leadership	AICPA & CIMA

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2.0 Board Composition (continued)

Nomination Committee Statement

During the FYE 2023, the NC comprised of three (3) Independent Non-Executive Directors as follows:

Name	Designation	Directorship
Teh Boon Beng (Appointed 16 January 2023)	Chairman	Independent Non-Executive Director
Datuk Low Chin Koon (Appointed 16 January 2023)	Member	Independent Non-Executive Director
Er Kian Hong (Appointed 16 January 2023)	Member	Independent Non-Executive Director

Activities of the NC

During the FYE 2023, the NC met once and performed the following activities in the discharge of its duties:

- Recommended the re-election of the Directors who are to retire by rotation at the 39th AGM of the Company;
- Reviewed the contribution and performance of each individual Director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
- Evaluated the performance of the Board and the Board committees;
- Assessed the independence of the Independent Directors of the Company; and
- Reviewed the term of office of the ARMC and assessed its effectiveness as a whole.

3.0 Remuneration Committee

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC oversees the remuneration of Directors. The remuneration for Directors is in line with the Board's aim to retain, attract and reward talent based on industry benchmarks.

The remuneration packages for Executive Directors are reviewed by the RC and recommended to the Board for approval. It is then decided by the Board without the respective Executive Directors' participation in determining their remuneration.

The remuneration details of the individual Directors for FYE 2023 are disclosed in page 31 of the CG Report. The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Group given the competitive human resources environment as such disclosure may give rise to talent recruitment and retention issue. Also premised on the confidentiality of the remuneration package of the Senior Management, the Board has adopted a disclosure of the Senior Management remuneration in bands of RM50,000 on an unnamed basis.

3. SUSTAINABILITY AND GOVERNANCE

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Audit & Risk Management Committee

The members of ARMC comprise of fully Independent Non-Executive Directors. The Chairlady of the ARMC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the ARMC's findings and recommendations. The current ARMC composition meets the requirements of Paragraph 15.09 of the Listing Requirement of Bursa Securities, where the ARMC Chairlady, Er Kian Hong is a member of the Certified Practising Accountants (CPA), Australia. The present composition of the ARMC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

None of the members of the ARMC are former audit partners of the current external audit firm of the Group. As stated in the Terms of Reference of the ARMC, the Committee is mindful of the minimum three (3) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current external audit firm to ensure that the review of the Group's financial statements and the performance and independence of the External Auditors are being done objectively by the Committee.

Before the commencement of the current financial year audit, the AC had reviewed and deliberated with the External Auditors on their audit planning memorandum, covering the audit risk areas, approach, emphasis and timeline. The AC also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to the Group presently.

Full details of the ARMC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.kssc.com.my and the detailed disclosure on the role and activities undertaken by the AC during the financial year is provided in the ARMC Report of this Annual Report.

2.0 Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

The Board is supported by the ARMC which reports to the Board regarding the Group's risk exposures, including a review of risk assessment model used to monitor the risk exposures and the Management's view on the acceptable and appropriate level of risks faced by the Group. The ARMC is chaired by Er Kian Hong and comprises of Independent Directors. The ARMC will continue to evaluate, review and monitor the Group's risk management framework and activities on on-going basis to identify, assess and monitor the key business risks of the Company to safeguard shareholders' investment and Company's assets.

The Company also engage outsourced internal auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditors report directly to the AC and internal audit plans are tabled to the ARMC for review and approval by the Board to ensure adequate coverage.

The process of the risk management and internal control are ongoing, which are undertaken by each department within the Company. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance Overview Statement

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

1.0 Engagement with stakeholders

The Board is committed to ensure effective, transparent and timely communication with the stakeholders. Shareholders and other stakeholders are kept informed of the latest developments of the Group via announcements to Bursa Securities, annual reports, quarterly financial results, circulars to shareholders and press releases.

In addition, the Company maintains a corporate website at www.kssc.com.my to promote accessibility of information to the Group's diverse stakeholder groups. The Board ensures that the website is regularly updated with recent announcements, past and current reports to shareholders as well as news and press releases pertaining to the Group. Any comments, queries and suggestions can be directed to a designated e-mail address, namely enquiry@kssc.com.my.

KSSC is not categorised as "Large companies" and thus, have not adopted integrated reporting based on a globally recognised framework.

2.0 Conduct of General Meetings

The AGM serves as the primary platform for shareholders to engage the Board and Senior Management in a productive two-way dialogue. Shareholders are accorded with the opportunity to put forward questions and seek clarifications on the broad areas of the Group's performance, business activities and outlook during a Question & Answer session held during the AGM.

The Company is mindful of the requirements to ensure the notice of the upcoming AGM will be issued to the shareholders at least 28 days. All Directors will also attend the upcoming AGM and ensure that the AGM supports meaningful engagement between the Board, senior management and shareholders. The minutes of the general meeting will be made available to shareholders no later than 30 business days after the general meeting.

COMPLIANCE WITH MCCG

The Board is satisfied that during the FYE 2023, the Company has substantially complied with the best practices of the MCCG on the application of the principles and best practices in corporate governance.

This CG Statement was approved by the Board on 17 April 2024.

3. SUSTAINABILITY AND GOVERNANCE

Audit and Risk Management Committee Report

COMPOSITION

As at the FYE 2023, the ARMC comprises of the following members all of whom are Non-Executive Directors:-

Chairperson :	Er Kian Hong ^ (Appointed on 6 January 2023)	Independent Non-Executive Director
Members :	Datuk Low Chin Koon (Appointed on 16 January 2023)	Independent Non-Executive Director
:	Teh Boon Beng (Appointed on 16 January 2023)	Independent Non-Executive Director

^ Certified Practising Accountants (CPA)

TERMS OF REFERENCE

The Terms of Reference of the ARMC is available at www.kssc.com.my.

The ARMC members have undergone relevant trainings during the financial year to apprise the regulatory changes as well as to stay abreast with contemporary issues affecting the Group. Details of the ARMC members' trainings are spelt out in the Company's Corporate Governance Overview Statement in this Annual Report.

ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has entrusted the ARMC with the following responsibilities to overseeing the financial reporting process, the audit processes and the risk management functions:

- To review the Group's quarterly results and year-end financial statements;
- To review the External Auditors' Audit Plan and Audit Report;
- To review the assistance and cooperation given by the employees to the External Auditors;
- To meet with the External Auditors once during the FYE 2023 without the presence of any executive Board members;
- To assess the Group's risks profile and to mete it out with the appropriate internal audit plan and internal control system;
- To review the internal audit plan and processes, the findings, investigation undertaken, and whether or not any appropriate action is taken on the recommendations of the internal audit function, and reporting the same to the Board;
- To receive risks reports and update reports from the Risk Officers and respective Heads of Division;
- To review the independence of the Group's internal and external auditors and the processes adopted by the auditors;
- To review the Recurrent Related Party Transactions to ensure they are not detrimental to the minority; and
- To review the Company's compliance of the relevant Accounting Standards and other legal requirements.

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR

In line with the Terms of Reference of the ARMC, the following activities were carried out by the ARMC during the FYE 2023 in discharging its functions and duties:-

Financial Performance & Reporting

- The ARMC reviewed the unaudited quarterly financial results and announcements and annual financial statements of the Group before submission to the Board of Directors for approval. This was to ensure that the financial statements were in compliance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Listing Requirements of Bursa Securities.
- The ARMC reported to the Board on significant audit issues and concerns discussed during the ARMC meetings which have a significant impact on the Group from time to time, for consideration and deliberation by the Board.
- The ARMC reviewed the ARMC Report, the Sustainability Statement and the Statement on Risk Management and Internal Control before submission to the Board for approval and inclusion into the Annual Report of the Company.

External Auditors

- Discussed and reviewed the External Auditors' Audit Planning Memorandum for the FYE 2023 outlining their responsibilities, engagement team, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, and involvement of internal auditors, timetable, engagement quality control, independence policies and procedures and audit fees.
- Deliberated on the External Auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statement for the FYE 2023.
- Reviewed the External Auditors' findings arising from audits, particularly comments and management's responses towards the management letter issues and their actions to resolve them.
- Discussed and reviewed with the External Auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.
- Dialogue session with the External Auditors, without the presence of the Executive Directors and management.
- Reviewed and evaluated the performance and effectiveness and Independence of the External Auditors. The ARMC assessed the integrity, capability, professionalism and work ethics of the External Auditors. After satisfying themselves with the External Auditor's performance, they recommended to the Board the re-appointment of the external auditors at the Annual General Meeting.
- To discuss audit matters with the External Auditors for the FYE 2023.

3. SUSTAINABILITY AND GOVERNANCE

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR (continued)

Internal Audit

- Reviewed the scope of work and audit plans for the Group prepared by the Internal Auditors.
- Reviewed the Internal Audit Report for the FYE 2023 and assessed the internal audits' findings, recommendations with the Management's responses.
- Reviewed and assessed the Internal Auditors performance based on their staff strength, resources, professional integrity, independence, familiarity with Group's operation and recommended to the Board for the re-appointment.
- Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.
- The areas and operating processes reviewed by the Internal Auditors are as follows:-
 - (a) Hire to retire;
 - (b) Information technology general control; and
 - (c) Inventory management review.

Related Party Transactions ("RPT") and Conflict of Interest ("COI")

All Board members will disclose if they have any RPT transaction during the quarter at every quarterly Board meeting.

The ARMC reviewed the RPT and COI situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity every quarterly.

The ARMC reviewed and determined whether the RPT and COI situation presented by the Management is fair, reasonable and on normal commercial terms and in the best interest of the Company prior entering into such transaction.

ARMC has to review the RPT and Recurrent RPT ("RRPT"), if there are fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering into such transaction. All RRPT must be transacted at arm's length.

The ARMC must:

- (a) Ensure that there are adequate oversight over the controls on the identification of the interested parties and identification of the RPT and possible COI situations; and
- (b) Assess and address the reasonableness of the RPT and COI situation to ensure that interested parties do not abuse their powers to gain unfair advantages.

During the financial year under review, all RPT has been disclosed in the financial statements and no COI situation reported.

Others

The ARMC had reviewed the disclosure statements on Corporate Governance and Sustainability Statements; and recommended their adoption to the Board, for inclusion in this Annual Report.

Audit and Risk Management Committee Report

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Eco Asia Governance Advisory Sdn Bhd. The Internal Auditors had engaged with the various Heads of Division to conduct the enterprise risk management, to meet the risk appetites with the internal control and control plan. The Internal Auditors regularly review and appraise the effectiveness of the internal control system, governance and risk management within the Company and the Group.

The Internal Auditors report directly to the ARMC and they are given full access to all the documents relating to the Company and the Group's governance, financial statements and operational assessments.

The Company recognised that the internal audit function is important in assisting the ARMC to execute its oversight function and discharge its duties and responsibilities. They perform independent reviews to ensure adequacy and effectiveness of the internal control and risk management systems established by the Group.

The ARMC deliberate and discuss the report issued by the internal auditors. Its recommendations were duly acted upon by the Management with proper follow-up actions.

The internal audit plan covers the review of the adequacy of financial and operational controls, compliance with laws and regulations and risk monitoring activities.

The primary responsibility of the internal audit function is to assist the Board and the ARMC in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a strong management control environment.

The Internal Auditors have organised their work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns.

The Internal Auditors conducted the risk management profile to map out the proposed action plan to address those high-priority risks. Thereafter, the Internal Auditors would recommend and present the internal audit plan to the ARMC for approval annually before commencement of the internal audit work. During the quarterly meetings following the presentation of the internal audit report, the ARMC will review the progress and coverage of the internal audit plan to ensure that the audit direction remains relevant and is in line with the expectations of the ARMC.

Prior to the presentation of reports and findings to the ARMC, comments from the Management were obtained and incorporated into the internal audit findings and report.

The internal audit report also covered the follow-up by the Management on the implementation of the recommendations in their earlier reports.

The details of the internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

The total cost incurred for the internal audit function of the Group for the FYE 2023 was RM59,000.

This statement was approved by the Board on 17 April 2024.

3. SUSTAINABILITY AND GOVERNANCE

Statement on Risk Management and Internal Control

INTRODUCTION

Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities stipulates that a listed issuer must ensure that its board of directors makes a statement (“Statement on Risk Management and Internal Control” or “Statement”) about the state of risk management and internal control of the listed issuer as a group. Accordingly, the Board of Directors (the “Board”) is pleased to provide the Statement on Risk and Management and Internal Control, which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the FYE 2023 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For disclosure, this Statement considers the “Statement on Risk Management and Internal Controls - Guidelines for Directors of Listed Issuers”, a publication of Bursa Securities that guides boards of directors on the issuance of the Statement on Risk and Management and Internal Control.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets and review its adequacy and integrity. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Practice 1.1 of the MCCG. Accordingly, the Board is aware that its principal responsibilities, as outlined in the Guidance of the MCCG, include, inter-alia, the following:

- ensure there is a sound framework for internal control & risk management;
- understanding and identifying principal risks of the business and ensuring the implementation of appropriate controls and mitigation measures;
- sets the risk appetite, within which the management is expected to operate; and
- reviewing the adequacy and integrity of the management information and internal controls system of the Company.

The Group has in place a risk management process to identify and evaluate significant risks, comprising strategic, financial, and operational risks and a system of internal control to mitigate such risks. Given the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against any material misstatement, financial loss, or fraudulent practice.

Following the latest publication of the Statement on Risk and Management and Internal Controls Guidelines for Directors of Listed Issuers, the Board affirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the Group.

RISK MANAGEMENT PROCESS

The Board recognises the importance of risk management to safeguard shareholders’ investment and the Group’s assets. Accordingly, it has deployed a process to identify and evaluate significant business risks faced by the Group to manage them during the financial year under review and up to the date of approval of this Statement. Management is entrusted to identify such risks for onward reporting to the Board so that remedial measures may be taken to mitigate the risks as appropriate. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, are reported by Management to the Board yearly.

The Board also had established an Enterprise Risk Management framework to identify, evaluate, control, report, and monitor significant risks faced by the Group. Such a framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and non-financial metrics, to assess the likelihood of risks occurring and the impact thereof should the risks occur. Internal controls deployed by Management are linked to, and mitigate the business risks identified.

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM

The Group has in place a system of internal control which encompasses all types of control including those of a financial and operational nature. The system of internal control is structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact arising from a future event is at a level acceptable to the business.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Executive Director and Senior Management (collectively, "the Management"), with specified limits of authority, in running the main operating functions of the Group. In this respect, Management essentially comprises personnel with many years of "hands-on" experience who are in a position to identify and manage business risks.

In order to enhance the Group's risk management and internal control system, the Group engaged an independent professional firm, in carrying out a review, development, and improvement to the Group's risk management and internal control system. Key focus areas reviewed by the professional firm include:-

- Review and revise the existing governance structure of the Group to ensure a clearly defined line of responsibilities and appropriate levels of delegation and authority. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability.
- Review and enhance the Board Charter and Terms of Reference of the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee.
- Development of a Code of Ethics and Conduct for Directors to serve as a document to guide the business ethics and conducts for all Directors of the Company and its subsidiaries.
- Development of the Corporate Disclosure Policies and Procedures on corporate disclosures, including investor relations and communication with stakeholders.
- Review, develop and enhance the existing standard operating procedures for the key functions of the Group.
- Review and enhance the existing Enterprise Risk Management Framework.
- Review and develop key performance indicators of the Group.
- Other key areas of improvement to be identified.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a firm of independent professionals, which adopts the International Professional Practices Framework ("IPPF") in carrying out internal audit assignments on the Group. The IPPF includes, inter-alia, the attribute and performance standards for internal auditing promulgated by the Institute of Internal Auditors, a global professional body for internal auditors. The internal audit function, which reports directly to the ARMC, assists the Board in assessing the adequacy and integrity of the internal control system established by Management based on an agreed scope of work as outlined in an Internal Audit Plan approved by the ARMC. There is no restriction placed upon the scope of the Internal Audit function's work and the internal auditor is allowed full, accessible and unrestricted access to the records and relevant personnel of the Group.

During the financial year under review, the internal audit function covered the following key processes of the Group to assess the adequacy and operating effectiveness of internal controls to address the business risks therein:

- Hire to retire;
- Information technology general control; and
- Inventory management.

3. SUSTAINABILITY AND GOVERNANCE

Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION (continued)

Their reviews are reported directly to the ARMC which includes significant internal audit findings, recommendations for improvements, Management's responses, and proposed action plans. Based on the internal audit reviews conducted, weaknesses had been identified and rectified and these weaknesses did not result in any material losses, contingencies, or uncertainties that would require separate disclosure to be made in this Annual Report.

The costs incurred for the internal audit function for the FYE 2023 amounted to approximately RM59,000 (2022: RM55,000).

Assurance by the Executive Director and Chief Financial Officer on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Executive Director and Chief Financial Officer through various reports that the Group's risk management and internal control system is operating adequately and effectively, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its ARMC, has reviewed the adequacy and effectiveness of the risk management and internal control systems. Those relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors directly to the ARMC.

The Board is of the view that there have been no significant weaknesses in the system of internal control that resulted in material losses, contingencies, or uncertainties that would require disclosure in the Company's Annual Report 2023. Management of the Group continues to take measures to strengthen the internal control environment from time to time based on recommendations of the internal audit function as well as the external auditors.

This statement is issued in accordance with a resolution of the Board dated 17 April 2024.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 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 the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the FYE 2023 and has reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

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

Directors' Responsibility Statement

in respect of the Audited Financial Statements

The Directors are required by the Companies Act, 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), the requirements of the CA in Malaysia and the Main Market Listing Requirements.

The Directors are required to prepare the financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of each financial year and of the results and cash flows for the respective year.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgment and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Additional Compliance Information

UTILISATION OF PROCEEDS

The summary of the utilisation of proceeds from Private Placement is as follows:-

- (i) The 1st Private Placement was completed on 11 January 2021 and RM10,257,250 were received.

To-date, the Company has yet to fully utilise the Private Placement Proceeds. The Board has resolved to extend the timeframe for the utilisation of proceeds for the business expansion.

The status of the utilisation of the Private Placement Proceeds for the FYE 2023 are as follows:-

Purpose	Private Placement Received RM'000	Actual Utilisation RM'000	Unutilised Proceed RM'000	Initial Time Frame for Utilisation	Extended Time Frame for Utilisation
(i) Business Expansion	5,000	-	5,000	18 Months	Additional 24 Months
(ii) Working Capital	5,157	5,157	-	-	-
(iii) Defray Estimated Expense	100	100	-	-	-
	10,257	5,257	5,000		

- (ii) The 2nd Private Placement, which was announced on 23 August 2023, was completed on 29 August 2023 with a total of 13,000,000 Private Placement Shares issued at the issue price of RM1.06 per share and a total gross proceeds received of RM13,780,000. The Private Placement Proceeds was fully utilised to purchase machinery, equipment, raw materials and semi-finished products for the aluminium business.

AUDIT AND NON-AUDIT FEES

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 2023 is as follows:-

Details of Audit Fees	Group (RM'000)	Company (RM'000)
Statutory Audit Fees	295	110
Non-Audit Fees	9	7
Total	304	117

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries, involving directors' and major shareholders' interest, either still subsisting at the end of the FYE 2023 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue or trading nature during the FYE 2023.

04.

Financial Information



Directors' Report	72
Statements of Comprehensive Income	78
Statements of Financial Position	79
Statements of Changes in Equity	81
Statements of Cash Flows	82
Notes to the Financial Statements	85
Statement by Directors	156
Statutory Declaration	157
Independent Auditors' Report	158

4. FINANCIAL INFORMATION

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 12 and 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(13,239,188)	(10,598,977)
Attributable to:		
Owners of the Company	(13,396,706)	(10,598,977)
Non-controlling interests	157,518	-
	(13,239,188)	(10,598,977)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2023.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

Directors' Report

(CONTINUED)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

4. FINANCIAL INFORMATION

Directors' Report

(CONTINUED)

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and of the Company during the financial year were RM304,000 and RM117,000 respectively.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) issued 7,579,350 new ordinary shares at a price of RM0.54 per ordinary share from conversion of warrants for working capital purposes; and
- (ii) issued 13,000,000 new ordinary shares at a price of RM1.06 per ordinary share from private placement for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

WARRANTS

The Warrants 2022/2029 were constituted under the Deed Poll dated 19 September 2022.

The exercise period of the Warrants 2022/2029 expires on 10 October 2029.

As at 31 December 2023, the total number of Warrants 2022/2029 that remained unexercised were as follows:

	Number of warrants		
	At 1.1.2023	Allotted	At 31.12.2023
Warrants 2022/2029	43,199,879	-	(7,579,350)

The salient terms of Warrants 2022/2029 are disclosed in Note 23(b) to the financial statements.

Details of the Warrants 2022/2029 issued to Directors are disclosed in the section of Director's Interests in this report.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders of the Company of an Extraordinary General Meeting held on 25 May 2022.

The salient features and other details of the ESOS are disclosed in Note 23(c) to the financial statements.

There were no option granted for the ESOS during the financial year.

Directors' Report

(CONTINUED)

DIRECTORS

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

Datuk Keh Chuan Seng
Lee Hai Peng*
Teh Boon Beng
Datuk Low Chin Koon
Er Kian Hong
Dr Lim Pang Kiam

(Appointed on 28 June 2023)

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chan Min Wai
Chia Ai Peng
Chi On Kang
Ravindran P. Jayapraphapan
Yeoh Soo Chin
Yip Wei Lun
Lee Choon Ming^
Ang Chek Peow

(Appointed on 15 September 2023)

^ *Mr Lee Choon Ming was appointed as the director of EIE Asian Holding Sdn. Bhd. and its subsidiaries on 22 January 2002.*

DIRECTORS' INTERESTS

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

Interests in the Company

	Number of ordinary shares			
	At 1 January 2023	Bought	Sold	At 31 December 2023
Direct interests:				
Lee Hai Peng	-	3,000,000	-	3,000,000
Teh Boon Beng	-	335,000	(335,000)	-
Deemed interests:				
Datuk Keh Chuan Seng	-	34,531,012*	-	34,531,012*

4. FINANCIAL INFORMATION

Directors' Report

(CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants 2022/2029 issued pursuant to the Dead Poll dated 19 September 2022 exercisable at any time from 11 October 2022 to 10 October 2029			
	At 1 January 2023 unit	Alloted unit	Sold unit	At 31 December 2023 unit
Direct interests:				
Lee Hai Peng	-	1,000,000	-	1,000,000
Deemed interests:				
Datuk Keh Chuan Seng	-	11,177,637*	-	11,177,637*

* Deemed interest in K. Seng Seng Corporation Berhad by virtue of his substantial shareholding in Frazel Group Sdn. Bhd.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Keh Chuan Seng is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

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

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

	Group RM	Company RM
Fees	215,636	215,636
Other emoluments	746,743	746,743
Defined contribution plan	87,056	87,056
Benefits-in-kind	24,802	24,802
	1,074,237	1,074,237

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

Directors' Report

(CONTINUED)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and certain subsidiaries were RM6,000,000 and RM9,283 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 12 to the financial statements.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

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

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

DATUK KEH CHUAN SENG

Director

LEE HAI PENG

Director

Date: 17 April 2024

4. FINANCIAL INFORMATION

Statements of Comprehensive Income

For the Financial Year ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	5	246,509,828	192,720,913	3,861,780	6,342,380
Cost of sales		(220,872,482)	(164,988,485)	-	-
Gross profit		25,637,346	27,732,428	3,861,780	6,342,380
Other income		3,115,818	1,844,579	2,128,012	6,071
Selling and distribution costs		(2,640,708)	(2,868,872)	(189,581)	(106,113)
Administrative costs		(17,035,075)	(16,174,186)	(4,694,652)	(5,099,118)
Impairment losses on financial assets		(565,012)	(551,632)	(5,678,281)	-
Other costs		(16,211,676)	(4,430,593)	(6,389,866)	(7,530,230)
		(36,452,471)	(24,025,283)	(16,952,380)	(12,735,461)
Operating (loss)/profit		(7,699,307)	5,551,724	(10,962,588)	(6,387,010)
Finance income		126,793	67,284	595,340	319,229
Finance costs		(4,842,162)	(2,782,581)	(330,767)	(21,603)
Share of results of an associate, net of tax		269,219	152,546	-	-
(Loss)/Profit before tax	6	(12,145,457)	2,988,973	(10,698,015)	(6,089,384)
Tax (expense)/credit	8	(1,093,731)	(1,234,810)	99,038	77,396
(Loss)/Profit after tax, representing total comprehensive (loss)/income for the financial year		(13,239,188)	1,754,163	(10,598,977)	(6,011,988)
(Loss)/Profit attributable to:					
Owners of the Company		(13,396,706)	1,481,334	(10,598,977)	(6,011,988)
Non-controlling interests		157,518	272,829	-	-
		(13,239,188)	1,754,163	(10,598,977)	(6,011,988)
(Loss)/Earning per share (sen):					
Basic	9	(9.82)	1.14		
Diluted	9	(9.82)	1.11		

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

Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	37,717,606	19,604,851	6,487,799	7,994,134
Intangible asset	11	1,870,415	-	-	-
Investment in subsidiaries	12	-	-	57,231,148	34,950,002
Investment in an associate	13	-	5,316,086	-	820,000
Deferred tax assets	14	854,313	580,387	-	-
Total non-current assets		40,442,334	25,501,324	63,718,947	43,764,136
Current assets					
Inventories	15	71,392,311	80,970,959	-	-
Trade receivables	16	90,391,740	48,007,230	1,500	-
Other receivables, deposits and prepayments	17	11,199,635	4,177,742	3,044,134	363,004
Contract assets	18	24,622,145	1,934,835	-	-
Contract costs	19	5,616,747	16,359,677	-	-
Amounts due from subsidiaries	20	-	-	1,267,662	10,849,854
Current tax assets		2,540,561	1,875,888	221,534	394,607
Other investments	21	17,519,402	-	17,447,545	-
Cash and short-term deposits	22	23,754,684	8,288,034	831,920	1,258,167
Total current assets		247,037,225	161,614,365	22,814,295	12,865,632
TOTAL ASSETS		287,479,559	187,115,689	86,533,242	56,629,768

4. FINANCIAL INFORMATION

Statements of Financial Position

As at 31 December 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	76,644,738	58,771,889	76,644,738	58,771,889
Retained earnings/(Accumulated losses)		25,446,071	38,842,777	(14,735,086)	(4,136,109)
		102,090,809	97,614,666	61,909,652	54,635,780
Non-controlling interests		6,971,058	2,936,656	-	-
TOTAL EQUITY		109,061,867	100,551,322	61,909,652	54,635,780
Non-current liabilities					
Borrowings	24	21,618,445	7,633,378	124,546	325,631
Amounts due to subsidiaries	20	-	-	8,706,413	-
Deferred tax liabilities	14	1,446,834	608,816	-	99,038
Total non-current liabilities		23,065,279	8,242,194	8,830,959	424,669
Current liabilities					
Borrowings	24	103,072,925	47,737,375	6,817,194	193,443
Trade payables	25	19,777,776	5,701,327	-	-
Other payables and accruals	26	3,483,057	4,854,778	575,437	1,375,876
Amounts due to directors	27	8,850,000	-	8,400,000	-
Contract liabilities	18	19,939,421	20,028,693	-	-
Current tax liabilities		229,234	-	-	-
Total current liabilities		155,352,413	78,322,173	15,792,631	1,569,319
TOTAL LIABILITIES		178,417,692	86,564,367	24,623,590	1,993,988
TOTAL EQUITY AND LIABILITIES		287,479,559	187,115,689	86,533,242	56,629,768

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

Statements of Changes in Equity

For the Financial Year ended 31 December 2023

	Note	Attributable to owners of the Company			Non-controlling interests RM	Total equity RM
		Share capital RM	Retained earnings RM	Total RM		
Group						
At 1 January 2022		58,771,889	37,361,443	96,133,332	1,896,325	98,029,657
Profit net of tax, representing total comprehensive income for the financial year		-	1,481,334	1,481,334	272,829	1,754,163
Transaction with owners						
Changes in subsidiaries' ownership interests		-	-	-	767,502	767,502
At 31 December 2022/ 1 January 2023		58,771,889	38,842,777	97,614,666	2,936,656	100,551,322
(Loss)/Profit net of tax, representing total comprehensive (loss)/income for the financial year		-	(13,396,706)	(13,396,706)	157,518	(13,239,188)
Transactions with owners						
Issue of ordinary shares	23	17,872,849	-	17,872,849	-	17,872,849
Non-controlling interests arising from acquisition of a subsidiary	12(d)	-	-	-	3,876,884	3,876,884
At 31 December 2023		76,644,738	25,446,071	102,090,809	6,971,058	109,061,867

	Note	Attributable to owners of the Company		
		Share capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
Company				
At 1 January 2022		58,771,889	1,875,879	60,647,768
Loss after tax, representing total comprehensive loss for the financial year		-	(6,011,988)	(6,011,988)
At 31 December 2022/1 January 2023		58,771,889	(4,136,109)	54,635,780
Loss after tax, representing total comprehensive loss for the financial year		-	(10,598,977)	(10,598,977)
Transaction with owners				
Issue of ordinary shares	23	17,872,849	-	17,872,849
At 31 December 2023		76,644,738	(14,735,086)	61,909,652

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

4. FINANCIAL INFORMATION

Statements of Cash Flows

For the Financial Year ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(12,145,457)	2,988,973	(10,698,015)	(6,089,384)
Adjustments for:					
Depreciation of property, plant and equipment	10	3,255,794	3,292,591	737,656	634,965
Amortisation of intangible asset	11	435,181	-	-	-
Property, plant and equipment written off		207	59,990	-	-
Investments in quoted equity securities					
- Fair value loss		2,463,990	-	2,463,990	-
- Gain on disposal		(2,082,260)	-	(2,082,260)	-
Loss/(Gain) on disposal of property, plant and equipment		326,315	(58,102)	632,344	-
Gain on termination of lease		(23,284)	(27,489)	-	-
Waiver of debts					
- Trade payable		(59,290)	-	-	-
- Other payable		(255,589)	-	-	-
Deposit written off		31,120	-	-	-
Bad debts written off		4,397	8,292	-	-
Impairment loss on investment in subsidiaries	12	-	-	500,000	6,160,000
Impairment loss on amount due from a subsidiary	20	-	-	5,678,281	-
Amount due from a subsidiary written off	20	-	-	1,558,056	-
Impairment loss on trade receivables	16(c)	760,441	560,492	-	-
Reversal of impairment loss on trade receivables	16(c)	(195,429)	(8,860)	-	-
Bad debts recovered		(10,728)	-	-	-
Impairment loss on contract costs	19	6,528,330	-	-	-
Inventories written down	15(b)	327,648	170,421	-	-
Reversal of inventories written down	15(c)	(21,099)	(759,413)	-	-
Bargain purchase on business combination	12(d)	(48,450)	-	-	-
Fair value loss on remeasurement of previously held equity interests in an associate		779,575	-	-	-
Excess cost over the fair value of net assets acquired	12(a)	164,804	-	-	-
Dividend income from an associate		(600,000)	-	(600,000)	-
Dividend income from other investments		(40,000)	-	(40,000)	-
Operating (loss)/profit before changes in working capital, carried forward		(403,784)	6,226,895	(1,849,948)	705,581

Statements of Cash Flows

For the Financial Year ended 31 December 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities					
(Continued)					
Operating (loss)/profit before changes in working capital, carried forward		(403,784)	6,226,895	(1,849,948)	705,581
Finance cost		4,842,162	2,782,581	330,767	21,603
Finance income		(126,793)	(67,284)	(595,340)	(319,229)
Share of results of an associate	13(a)	(269,219)	(152,546)	-	-
Unrealised gain on foreign exchange		(1,173)	(11,090)	-	-
Operating profit/(loss) before changes in working capital		4,041,193	8,778,556	(2,114,521)	407,955
Changes in working capital:					
Inventories		18,284,281	(9,594,299)	-	-
Trade and other receivables		(35,019,002)	16,041,224	(2,682,630)	(151,353)
Trade and other payables		(2,485,290)	(9,052,420)	(800,439)	420,855
Contract assets		(6,781,571)	(1,934,835)	-	-
Contract costs		4,214,600	14,490,403	-	-
Contract liabilities		(89,272)	(10,364,739)	-	-
Net cash (used in)/generated from operations		(17,835,061)	8,363,890	(5,597,590)	677,457
Tax paid		(2,252,806)	(4,274,048)	(85,500)	(80,999)
Tax refunded		750,285	948	258,573	-
Net cash (used in)/from operating activities		(19,337,582)	4,090,790	(5,424,517)	596,458
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(17,492,119)	(7,980,535)	(58,506)	(1,796,975)
Proceeds from disposal of property, plant and equipment		1,717,788	1,028,751	194,841	939
Acquisition of assets	12	(12,926,418)	-	-	-
Acquisition of additional interests in subsidiaries	12	-	-	(20,999,999)	(2,750,000)
Acquisition of subsidiaries, net of cash acquired	12	755,584	-	(961,147)	-
Purchase on other investments		(17,802,642)	-	(17,789,275)	-
(Placement)/Withdrawal of deposits with licensed banks		(2,629,550)	952,701	(14,619)	988,881
Repayment from subsidiaries		-	-	2,345,855	3,272,143
Acquisition of addition interest in subsidiaries by non-controlling interest		-	767,502	-	-
Dividend received	13(a)	600,000	-	600,000	-
Interest received		126,793	67,284	595,340	319,229
Net cash (used in)/from investing activities		(47,650,564)	(5,164,297)	(36,087,510)	34,217

4. FINANCIAL INFORMATION

Statements of Cash Flows

For the Financial Year ended 31 December 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		17,872,849	-	17,872,849	-
Net proceeds from/(repayment of) bankers' acceptances	22(c)	35,566,502	(10,920,817)	-	-
Drawdown of term loans		16,035,000	5,400,000	-	-
Repayment of term loans		(3,298,889)	(223,567)	-	-
Net drawdown of margin facilities	22(c)	6,616,109	-	6,616,109	-
Net drawdown of revolving credits	22(c)	650,364	4,500,000	-	-
Repayment of hire purchase payables	22(c)	(1,682,701)	(1,449,760)	(35,835)	(41,030)
Payment of lease liabilities	22(c)	(752,046)	(977,335)	(157,608)	(130,624)
Advances from subsidiaries		-	-	8,706,413	-
Advances from directors		8,850,000	-	8,400,000	-
Interest paid		(4,842,162)	(2,782,581)	(330,767)	(21,603)
Net cash from/(used in) financing activities		75,015,026	(6,454,060)	41,071,161	(193,257)
Net increase/(decrease) in cash and cash equivalents		8,026,880	(7,527,567)	(440,866)	437,418
Cash and cash equivalents at the beginning of the financial year		6,342,395	13,870,236	776,181	338,763
Effect of exchange rate changes on cash and cash equivalents		1,173	(274)	-	-
Cash and cash equivalents at the end of the financial year	22	14,370,448	6,342,395	335,315	776,181

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

K. Seng Seng Corporation Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 8, Level 7, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor. The principal place of business of the Company is located at Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 12 and 13 respectively. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 April 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRS and amendments to MFRSs

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

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRSs

MFRS 101 Presentation of Financial Statements

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies except for those as disclosed below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

Notes to the Financial Statements

(CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following amendments to MFRSs that have been issued, but yet to be effective:

<u>Amendments to MFRSs</u>	Effective for financial periods beginning on or after
MFRS 7 Financial Instruments: Disclosures	1 January 2024
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 16 Leases	1 January 2024
MFRS 101 Presentation of Financial Statements	1 January 2024
MFRS 107 Statements of Cash Flows	1 January 2024
MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128 Investments in Associates and Joint Ventures	Deferred

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

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

- (c) The initial application of the above applicable amendments to MFRSs is not expected to have material financial impact to the current and prior years financial statements of the Group and of the Company.

Notes to the Financial Statements

(CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group. The Group shall determine whether a transaction or other event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the Group shall account for the transaction or other event as an asset acquisition.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

(c) Associate

Investment in associate is accounted for in the consolidated financial statements of the Group using the equity method.

3.2 Separate financial statements

In the Company’s statement of financial position, investment in subsidiaries and associate are measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company’s investment in the subsidiaries.

3.3 Revenue and other income

Financing components

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

Notes to the Financial Statements

(CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Revenue and other income (Continued)

(a) Sale of goods and services rendered

The Group manufactures and trades a range of stainless steel products and all kind of industrial hardware. Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Revenue from cutting services is recognised as and when services are rendered.

Sales are made with a credit term range from 14 to 150 days, which is consistent with market practice, therefore, no element of financing is deemed present.

(b) Engineering works contracts

The Group constructs rubber glove dipping lines under long-term contracts with customers. Engineering works contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the works performed is transferred over time as the Group create or enhance an asset that the customer controls as the asset is created or enhanced. The progress towards complete satisfaction of a performance obligation is determined by the proportion of engineering costs incurred for work performed to date bear to the estimated total engineering costs (an input method).

Billings are made with a credit term of 30 to 150 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group become entitled to invoice customers for engineering works based on achieving a series of performance-related milestones.

The Group recognise a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognise a contract liability for the difference.

Revenue from sales of rubber glove dipping line is recognised at a point in time when the control of goods is transferred to customers, generally on the hand over of goods.

(c) Project works contracts

The Group supplies and installs aluminium, glass and steel related products under long-term contracts with customers. Project works contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the works performed is transferred over time as the Group create or enhance an asset that the customer controls as the asset is created or enhanced. The progress towards complete satisfaction of a performance obligation is determined by the proportion of project costs incurred for work performed to date bear to the estimated total project costs (an input method).

Billings are made with a credit term of 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group become entitled to invoice customers for project works based on achieving a series of performance-related milestones.

Notes to the Financial Statements

(CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Revenue and other income (Continued)

(c) Project works contracts (Continued)

The Group recognise a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognise a contract liability for the difference.

Defect liability period is usually 12 to 36 months from the date of Certificate of Practical Completion as provided in the contracts with customers.

Revenue from sale of aluminium, glass and steel related products is recognised at a point in time when the control of goods is transferred to customers, generally on the delivery of goods.

(d) Rental income

Rental income from properties and motor vehicles is recognised on a straight-line basis over the term of the lease.

(e) Interest income

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

(f) Management fee

Revenue from management fee is recognised over time as the services are rendered because the customers receive and use the benefits simultaneously. This is determined based on the time elapsed (output method).

3.4 Financial instruments

Financial assets - subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt instruments at amortised cost

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

Financial liabilities – subsequent measurement and gains and losses

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

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

Notes to the Financial Statements

(CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Property, plant and equipment

Property, plant and equipment, other than land and building and right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the lease term of 92 years. Machine under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives other than right-of-use assets as disclosed in Note 3.6.

	Useful lives (years)
Buildings	50 years
Electrical installation	2 years
Plant and machinery and factory equipment	5-10 years
Electrical equipment, furniture and fittings and office equipment	5-10 years
Motor vehicles	5-10 years
Computers	2 years
Renovation	2 years

3.6 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 10 and lease liabilities as loans and borrowings in Note 24.

Short-term leases and leases of low value assets

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

Right-of-use assets

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

Lease liabilities

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

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

(b) Lessor accounting

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

Notes to the Financial Statements

(CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Intangible asset

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

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

	Method	Useful lives (years)
Fair value of contracts	Percentage of completion	3 years

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

- Raw materials, consumables, packing materials, stock in transit and trading goods: purchase costs including costs incurred in bringing the inventories to their present location and condition on a weighted average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

4.1 Write-down of obsolete or slow moving inventories

Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the latest selling price or replacement cost, nature of the inventories and other relevant factors such as supply and demand of the identified inventories. Possible changes in these estimates could result in revisions to the valuation of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 15.

Notes to the Financial Statements

(CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.2 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 29(b)(i).

4.3 Project works revenue

The Group recognised project works revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that project costs incurred for work performed to date bear to the estimated total project costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the project costs incurred, the estimated total project revenue and costs, as well as the recoverability of the projects. In making the judgement, the Group evaluate based on past experience.

The revenue recognised for project works during the year is disclosed in Note 5.

Notes to the Financial Statements

(CONTINUED)

5. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contract customers:				
Sale of goods and services rendered	205,003,821	171,552,080	-	-
Engineering works	7,992,800	21,139,333	-	-
Project works	32,883,207	-	-	-
Management fee	-	-	1,852,500	4,442,000
	245,879,828	192,691,413	1,852,500	4,442,000
Revenue from other sources:				
Dividend income from subsidiaries	-	-	-	500,000
Dividend income from an associate	600,000	-	600,000	-
Rental income	30,000	29,500	1,409,280	1,400,380
	246,509,828	192,720,913	3,861,780	6,342,380

(a) Disaggregation of revenue

The Group report the following major segments: stainless steel and metal related, marine hardware and consumable, other industrial hardware, investment holding and engineering works in accordance with MFRS 8 Operating Segments. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Stainless steel and metal related products RM	Marine hardware and consumable RM	Other industrial hardware RM	Engineering and project works RM	Total RM
Group 2023					
Primary geographical markets:					
Local	101,093,005	22,965,723	75,246,530	40,876,007	240,181,265
Overseas	5,698,563	-	-	-	5,698,563
	106,791,568	22,965,723	75,246,530	40,876,007	245,879,828
Timing of revenue recognition:					
At a point in time	106,791,568	22,965,723	75,246,530	9,284,948	214,288,769
Over time	-	-	-	31,591,059	31,591,059
	106,791,568	22,965,723	75,246,530	40,876,007	245,879,828

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Stainless steel and metal related products RM	Marine hardware and consumable RM	Other industrial hardware RM	Engineering and project works RM	Total RM	
Group						
2022						
<i>Primary geographical markets:</i>						
Local	122,571,206	22,687,905	5,631,127	21,139,333	172,029,571	
Overseas	20,534,566	-	127,276	-	20,661,842	
	143,105,772	22,687,905	5,758,403	21,139,333	192,691,413	
<i>Timing of revenue recognition:</i>						
At a point in time	143,105,772	22,687,905	5,758,403	11,819,498	183,371,578	
Over time	-	-	-	9,319,835	9,319,835	
	143,105,772	22,687,905	5,758,403	21,139,333	192,691,413	
					2023 RM	2022 RM
Company						
<i>Timing of revenue recognition:</i>						
Over time				1,852,500	4,442,000	

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2023, the aggregate amount of the transaction price allocated to the remaining performance obligations is RM162,190,722 and the Group will recognise this revenue as the engineering works or project works are completed, which is expected to occur over the next one (1) to three (3) years.

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes to the Financial Statements

(CONTINUED)

6. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- Statutory audit:				
- Baker Tilly Monteiro Heng PLT	295,000	208,000	110,000	70,000
- Other services:				
- Baker Tilly Monteiro Heng PLT	5,000	5,000	5,000	5,000
- Member firms of Baker Tilly International	4,000	-	2,000	-
Amortisation of intangible asset	435,181	-	-	-
Bad debts written off	4,397	8,292	-	-
Depreciation of property, plant and equipment	3,255,794	3,292,591	737,656	634,965
Employee benefits expense (including key management personnel)				
- Salaries, allowances and bonuses	14,526,743	14,542,698	2,586,388	3,940,429
- Defined contribution plans	1,475,606	1,478,761	284,634	419,080
- Other employee benefits	1,055,823	712,355	614,452	45,531
Impairment losses on trade receivables	760,441	560,492	-	-
Reversal of impairment loss on trade receivables	(195,429)	(8,860)	-	-
Bad debts recovered	(10,728)	-	-	-
Impairment loss on investment in subsidiaries	-	-	500,000	6,160,000
Impairment loss on amount due from a subsidiary	-	-	5,678,281	-
Amount due from a subsidiary written off	-	-	1,558,056	-
Impairment loss on contract costs	6,528,330	-	-	-
Inventories written down	327,648	170,421	-	-
Reversal of inventories written down	(21,099)	(759,413)	-	-
Interest expense in respect of:				
- Bankers' acceptances	3,515,573	2,331,746	-	-
- Bank overdraft	196,377	30,341	-	-
- Hire purchase payables	117,589	68,769	6,705	13,669
- Lease liabilities	41,336	184,343	9,355	7,934
- Term loans	740,296	137,957	-	-
- Revolving credits	19,401	-	-	-
- Margin interests	188,988	-	188,988	-
- Subsidiaries	-	-	125,719	-
- Associate	-	20,730	-	-
- Others	22,602	8,695	-	-

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposit written off	31,120	-	-	-
Property, plant and equipment written off	207	59,990	-	-
Expense relating to short-term leases:				
- Buildings and hostels	486,504	241,910	-	-
- Plant and machinery	9,870	-	-	-
- Motor vehicles	7,462	61,620	63,600	144,880
Gain on foreign exchange				
- Realised	(124,449)	(235,247)	-	-
- Unrealised	(1,173)	(11,090)	-	-
Gain on termination of lease	(23,284)	(27,489)	-	-
Loss/(Gain) on disposal of property, plant and equipment	326,315	(58,102)	632,344	-
Fair value loss on remeasurement of previously held equity interests in an associate	779,575	-	-	-
Waiver of debts				
- Trade payable	(59,290)	-	-	-
- Other payable	(255,589)	-	-	-
Bargain purchase on business combination	(48,450)	-	-	-
Excess cost over the fair value of net assets acquired	164,804	-	-	-
Investment in quoted equity securities				
- Gain on disposal	(2,082,260)	-	(2,082,260)	-
- Fair value loss	2,463,990	-	2,463,990	-
Dividend income from an associate	(600,000)	-	(600,000)	-
Dividend income from other investments	(40,000)	-	(40,000)	-
Rental income on hostels	(6,000)	-	-	-
Interest income on:				
- Deposits with licensed banks	(110,518)	(67,284)	(18,494)	(14,555)
- Subsidiaries	-	-	(576,846)	(304,674)
- Others	(16,275)	-	-	-

Notes to the Financial Statements

(CONTINUED)

7. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
Executive directors				
- Fees	3,360	-	3,360	-
- Other emoluments	727,743	1,699,605	727,743	1,699,605
- Defined contribution plan	87,056	185,636	87,056	185,636
- Benefits-in-kind	24,802	45,631	24,802	45,631
	842,961	1,930,872	842,961	1,930,872
Non-executive directors				
- Fees	212,276	219,583	212,276	219,583
- Other emoluments	19,000	23,000	19,000	23,000
	231,276	242,583	231,276	242,583
Directors of subsidiaries				
Executive directors				
- Other emoluments	1,290,259	802,247	-	-
- Defined contribution plan	151,227	92,508	-	-
- Benefits-in-kind	54,817	32,633	-	-
	1,496,303	927,388	-	-
Total directors' remuneration	2,570,540	3,100,843	1,074,237	2,173,455

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

8. TAX EXPENSE/(CREDIT)

The major components of tax expense/(credit) for the financial years ended 31 December 2023 and 31 December 2022 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax:				
- Current tax charge	873,810	1,742,812	-	-
- Adjustment in respect of prior years	185,649	(268,466)	-	15,118
	1,059,459	1,474,346	-	15,118
Deferred tax (Note 14):				
- Origination of temporary differences	(179,870)	50,092	-	(44,736)
- Adjustment in respect of prior years	214,142	(289,628)	(99,038)	(47,778)
	34,272	(239,536)	(99,038)	(92,514)
Tax expense/(credit) recognised in profit or loss	1,093,731	1,234,810	(99,038)	(77,396)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable (loss)/profit for the financial year.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax	(12,145,457)	2,988,973	(10,698,015)	(6,089,384)
Tax at Malaysian statutory income tax rate of 24%	(2,914,910)	717,354	(2,567,524)	(1,461,452)
Share of results of an associate	(64,613)	(36,611)	-	-
Adjustments:				
Non-taxable income	(588,612)	(401,368)	(509,342)	(120,000)
Non-deductible expenses	1,772,996	803,940	1,358,065	1,536,716
Deferred tax assets not recognised	2,489,079	709,589	1,718,801	-
Adjustment in respect of prior years:				
- current income tax	185,649	(268,466)	-	15,118
- deferred tax	214,142	(289,628)	(99,038)	(47,778)
Tax expense/(credit) recognised in profit or loss	1,093,731	1,234,810	(99,038)	(77,396)

Notes to the Financial Statements

(CONTINUED)

9. (LOSS)/EARNING PER SHARE

Basic (loss)/earning per ordinary share

Basic (loss)/earning per share are based on the (loss)/profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2023 RM	2022 RM
(Loss)/Profit attributable to owners of the Company	(13,396,706)	1,481,334
	2023 Unit	2022 Unit
Weighted average number of ordinary shares for basic (loss)/earning per share	136,443,383	129,599,905
	2023 Sen	2022 Sen
Basic (loss)/earning per ordinary share	(9.82)	1.14

Diluted (loss)/earning per ordinary share

Diluted (loss)/earning per share are based on the (loss)/profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	2023 RM	2022 RM
(Loss)/Profit attributable to owners of the Company	(13,396,706)	1,481,334
Weighted average number of ordinary share in issue	136,443,383	129,599,905
Effect of dilution from:		
- dilution of warrants	-	3,286,947
Weighted average number of ordinary shares for diluted (loss)/earning per share	136,443,383	132,886,852
	2023 Sen	2022 Sen
Diluted (loss)/earning per ordinary share	(9.82)	1.11

The diluted loss per ordinary share of the Group for the financial year ended 31 December 2023 are equivalent to the basic loss per ordinary share of the Group as the effect is anti-dilutive.

There has been an issuance of ordinary shares pursuant to warrants exercised amounting to 100,000 ordinary shares at the price of RM0.54 per ordinary share subsequent to the end of the financial year.

Notes to the Financial Statements

(CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Machine under construction RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Group Cost											
At 1 January 2022	1,981,721	6,333,121	118,063	15,522,403	269,000	46,9967	1,875,665	484,382	187,044	994,170	37,182,536
Additions	1,358,187	2,716,373	77,304	2,703,633	-	334,297	14,400	137,828	401,274	2,868,895	10,612,191
Disposals	-	-	-	(193,430)	(269,000)	(2,050)	(200,106)	-	-	(883,397)	(1,547,983)
Written off	-	-	(60,985)	(142,041)	-	(31,915)	-	(15,034)	-	(1,450)	(251,425)
Derecognition of lease upon expiry	-	-	-	-	-	-	-	-	-	(1,682,482)	(1,682,482)
Termination of lease	-	-	-	-	-	-	-	-	-	(789,203)	(789,203)
Remeasurement of lease	-	-	-	-	-	-	-	-	-	20,696	20,696
Reclassification	-	-	-	1,954,739	-	-	4,968,270	-	-	(6,923,009)	-
At 1 January 2023	3,339,908	9,049,494	134,382	19,845,304	-	770,299	6,658,229	607,176	588,318	2,551,220	43,544,330
Acquisition of subsidiaries (Note 12)	-	996,667	119,085	1,396,320	-	12,531	176,339	1,085	5	2,721,915	5,423,947
Acquisition of assets (Note 12)	-	-	75,888	-	-	139,339	283,210	32,049	133,075	-	663,561
Additions	5,097,477	10,733,543	108,005	610,183	-	106,150	451,932	50,945	333,884	158,843	17,650,962
Disposals	-	-	-	(4,965,003)	-	(86,008)	(2,152,853)	(58,120)	-	-	(7,261,984)
Written off	-	-	(34,662)	(1,184)	-	(7,747)	(167,843)	(3,471)	(6,905)	-	(221,812)
Derecognition of lease	-	-	-	-	-	-	-	-	-	(348,426)	(348,426)
Termination of lease	-	-	-	-	-	-	-	-	-	(1,306,873)	(1,306,873)
Remeasurement of lease	-	-	-	-	-	-	-	-	-	157,997	157,997
At 31 December 2023	8,437,385	20,779,704	402,698	16,885,620	-	934,564	5,249,014	629,664	1,048,377	3,934,676	58,301,702

Notes to the Financial Statements

(CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Machine under construction RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Group (Continued)											
Accumulated depreciation											
At 1 January 2022	-	2,377,131	53,894	13,705,254	-	263,647	1,850,120	312,198	113,002	4,751,412	23,426,658
Charge for the financial year	-	162,881	16,752	583,149	-	90,730	21,274	147,743	180,881	2,089,181	3,292,591
Disposals	-	-	-	(80,156)	-	(1,904)	(198,994)	-	-	(296,280)	(577,334)
Written off	-	-	(27,442)	(121,677)	-	(26,631)	-	(15,026)	-	(653)	(191,429)
Derecognition of lease upon expiry	-	-	-	-	-	-	-	-	-	(1,682,482)	(1,682,482)
Termination of lease	-	-	-	-	-	-	-	-	-	(328,525)	(328,525)
Reclassification	-	-	-	1,038,850	-	-	2,235,906	-	-	(3,274,756)	-
At 1 January 2023	-	2,540,012	43,204	15,125,420	-	325,842	3,908,306	444,915	293,883	1,257,897	23,939,479
Charge for the financial year	-	361,132	20,903	927,517	-	119,672	626,994	145,237	292,646	761,693	3,255,794
Disposals	-	-	-	(3,949,802)	-	(80,758)	(1,129,781)	(57,540)	-	-	(5,217,881)
Written off	-	-	(34,650)	(1,178)	-	(7,643)	(167,842)	(3,394)	(6,898)	-	(221,605)
Derecognition of lease	-	-	-	-	-	-	-	-	-	(348,426)	(348,426)
Termination of lease	-	-	-	-	-	-	-	-	-	(823,265)	(823,265)
At 31 December 2023	-	2,901,144	29,457	12,101,957	-	357,113	3,237,677	529,218	579,631	847,899	20,584,096
Carrying amount											
At 31 December 2022	3,339,908	6,509,482	91,178	4,719,884	-	444,457	2,749,923	162,261	294,435	1,293,323	19,604,851
At 31 December 2023	8,437,385	17,878,560	373,241	4,783,663	-	577,451	2,011,337	100,446	468,746	3,086,777	37,717,606

Notes to the Financial Statements

(CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM	Buildings RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicle RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Cost									
At 1 January 2022	1,981,721	6,333,121	255,400	143,512	4,680	215,796	44,722	113,085	9,092,037
Additions	-	-	968,450	376,584	-	69,513	382,428	590,657	2,387,632
Disposals	-	-	(1,746)	(800)	-	-	-	-	(2,546)
Reclassification	-	-	-	-	229,220	-	-	(229,220)	-
At 1 January 2023	1,981,721	6,333,121	1,222,104	519,296	233,900	285,309	427,150	474,522	11,477,123
Additions	-	-	-	22,596	3,800	22,400	9,710	-	58,506
Disposals	-	-	(932,165)	-	(4,680)	-	-	-	(936,845)
At 31 December 2023	1,981,721	6,333,121	289,939	541,892	233,020	307,709	436,860	474,522	10,598,784
Accumulated depreciation									
At 1 January 2022	-	2,377,131	255,398	50,960	4,679	107,576	40,695	13,192	2,849,631
Charge for the financial year	-	126,663	66,652	56,993	-	82,813	111,007	190,837	634,965
Disposals	-	-	(808)	(799)	-	-	-	-	(1,607)
Reclassification	-	-	-	-	59,036	-	-	(59,036)	-
At 1 January 2023	-	2,503,794	321,242	107,154	63,715	190,389	151,702	144,993	3,482,989
Charge for the financial year	-	126,663	45,399	80,314	46,161	85,984	194,961	158,174	737,656
Disposals	-	-	(104,981)	-	(4,679)	-	-	-	(109,660)
At 31 December 2023	-	2,630,457	261,660	187,468	105,197	276,373	346,663	303,167	4,110,985
Carrying amount									
At 31 December 2022	1,981,721	3,829,327	900,862	412,142	170,185	94,920	275,448	329,529	7,994,134
At 31 December 2023	1,981,721	3,702,664	28,279	354,424	127,823	31,336	90,197	171,355	6,487,799

Notes to the Financial Statements

(CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM17,650,962 (2022: RM10,612,191) and RM58,506 (2022: RM2,387,632) which are satisfied as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash payments	17,492,119	7,980,535	58,506	1,796,975
Lease arrangement	158,843	2,631,656	-	590,657
	17,650,962	10,612,191	58,506	2,387,632

(a) Assets pledged as security

The carrying amount of property, plant and equipment which have been pledged as security to secure borrowings of the Group and of the Company as disclosed in Note 24 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Freehold land	8,437,385	1,981,721	1,981,721	1,981,721
Leasehold land	2,287,305	-	-	-
Buildings	17,878,560	7,867,669	3,702,664	3,829,327
	28,603,250	9,849,390	5,684,385	5,811,048

The carrying amount of property, plant and equipment which have been pledged as security for hire purchase arrangement as disclosed in Note 24(c) are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Plant and machinery	76,082	1,469,718	-	-
Motor vehicles	1,696,495	2,732,364	124,339	170,184
	1,772,577	4,202,082	124,339	170,184

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

The Group and the Company lease several assets including leasehold land and buildings. Information about leases for which the Group and the Company are lessees is presented below:

	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group					
Cost					
At 1 January 2022	-	4,203,588	2,839,586	2,897,996	9,941,170
Additions	-	798,621	-	2,070,274	2,868,895
Disposal	-	-	(883,397)	-	(883,397)
Written off	-	-	(1,450)	-	(1,450)
Derecognition of lease upon expiry	-	(1,682,482)	-	-	(1,682,482)
Termination of lease	-	(789,203)	-	-	(789,203)
Remeasurement of lease	-	20,696	-	-	20,696
Reclassification	-	-	(1,954,739)	(4,968,270)	(6,923,009)
At 1 January 2023	-	2,551,220	-	-	2,551,220
Acquisition of subsidiaries (Note 12)	2,295,768	426,147	-	-	2,721,915
Additions	-	158,843	-	-	158,843
Derecognition of lease	-	(348,426)	-	-	(348,426)
Termination of lease	-	(1,306,873)	-	-	(1,306,873)
Remeasurement of lease	-	157,997	-	-	157,997
At 31 December 2023	2,295,768	1,638,908	-	-	3,934,676
Accumulated depreciation					
At 1 January 2022	-	2,109,110	1,054,085	1,588,217	4,751,412
Charge for the financial year	-	1,159,794	281,698	647,689	2,089,181
Disposal	-	-	(296,280)	-	(296,280)
Written off	-	-	(653)	-	(653)
Derecognition of lease upon expiry	-	(1,682,482)	-	-	(1,682,482)
Termination of lease	-	(328,525)	-	-	(328,525)
Reclassification	-	-	(1,038,850)	(2,235,906)	(3,274,756)
At 1 January 2023	-	1,257,897	-	-	1,257,897
Charge for the financial year	8,463	753,230	-	-	761,693
Derecognition of lease	-	(348,426)	-	-	(348,426)
Termination of lease	-	(823,265)	-	-	(823,265)
At 31 December 2023	8,463	839,436	-	-	847,899
Carrying amount					
At 31 December 2022	-	1,293,323	-	-	1,293,323
At 31 December 2023	2,287,305	799,472	-	-	3,086,777

Notes to the Financial Statements

(CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (Continued)

The Group and the Company leases land and buildings as its office, factory, warehouse and staff hostels. The leases generally have lease terms between 2 to 92 years (2022: 1 to 3 years). The leases include renewal option for additional terms of 1 to 3 years (2022: 1 to 3 years) upon expiry of the initial term.

	Buildings RM	Motor vehicles RM	Total RM
Company			
Cost			
At 1 January 2022	-	113,085	113,085
Additions	474,522	116,135	590,657
Reclassification	-	(229,220)	(229,220)
At 31 December 2022/1 January 2023/31 December 2023	474,522	-	474,522
Accumulated depreciation			
At 1 January 2022	-	13,192	13,192
Charge for the financial year	144,993	45,844	190,837
Reclassification	-	(59,036)	(59,036)
At 1 January 2023	144,993	-	144,993
Charge for the financial year	158,174	-	158,174
At 31 December 2023	303,167	-	303,167
Carrying amount			
At 31 December 2022	329,529	-	329,529
At 31 December 2023	171,355	-	171,355

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

11. INTANGIBLE ASSET

	Note	Fair value of contracts RM	Total RM
Group			
Cost			
At 1 January 2023		-	-
Acquisition of assets	12	2,305,596	2,305,596
At 31 December 2023		2,305,596	2,305,596
Accumulated amortisation			
At 1 January 2023		-	-
Amortisation charge for the financial year	6	435,181	435,181
At 31 December 2023		435,181	435,181
Carrying amount			
At 31 December 2023		1,870,415	1,870,415

(a) Amortisation

The amortisation of fair value of balance contracts in relation to project works of the Group amounting to RM435,181 is included in other costs.

(b) Fair value of contracts

Contracts relate to fair value of balance contracts in relation to project works acquired by the Group in an assets acquisition (Note 12).

12. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2023 RM	2022 RM
Unquoted shares, at cost:			
At 1 January		35,810,002	33,060,002
Addition		22,781,146	2,750,000
Impairment loss	(g)	(6,660,000)	(6,160,000)
At 31 December		51,931,148	29,650,002
Quasi loan	(f)	5,300,000	5,300,000
		57,231,148	34,950,002

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/Country of incorporation	Ownership interest		Principal activities
		2023 %	2022 %	
K. Seng Seng Industries Sdn. Bhd.	Malaysia	100	100	Trading of all kinds of industrial hardware.
Three & Three Hardware Sdn. Bhd.	Malaysia	100	100	Trading of stainless steel long and flat products, and other metal related products.
PTM Stainless Steel Industry Sdn. Bhd.	Malaysia	100	100	Manufacturing of stainless steel tubes and pipes, and processing of stainless steel flat products.
K. Seng Seng Parts Sdn. Bhd.	Malaysia	100	100	Hiring of motor vehicles.
KSG Engineering Sdn. Bhd.	Malaysia	100	100	Engineering works, fabrication and installation of rubber glove dipping line and trading of all kinds of consumables and engineering services.
Koseng Sdn. Bhd.	Malaysia	75	75	Trading of all kinds of marine hardware and consumables.
K. Seng Seng Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing of conveyor chain, rigging accessories and components. [^]
EIE Asian Holding Sdn. Bhd.	Malaysia	60	-*	Investment holding.
SA Aluminium & Glass Sdn. Bhd. (Formerly known as Kemensah Kiara Sdn. Bhd.)	Malaysia	100	-	Supplying, fabricating and installation of aluminium glass and aluminium related products for the retail and project business.
Subsidiary of PTM Stainless Steel Industry Sdn. Bhd.				
PTM Water System Sdn. Bhd.	Malaysia	75	75	Trading of water pipes and fittings system, and construction materials.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (Continued):

Name of company	Principal place of business/Country of incorporation	Ownership interest		Principal activities
		2023 %	2022 %	
Subsidiary of EIE Asian Holding Sdn. Bhd.				
EIE Industrial Products Sdn. Bhd.	Malaysia	100	-	Dealers in industrial products, cables, belts and hardware.
EIE Pulp & Speciality Sdn. Bhd.	Malaysia	100	-	General trading and dealing in paper and pulps. [^]
Subsidiary of SA Aluminium & Glass Sdn. Bhd. (Formerly known as Kemensah Kiara Sdn. Bhd.)				
SA Metalworks Sdn. Bhd.	Malaysia	100	-	Manufacturing, constructing, processing, fabricating, and supplying of steel related products or structurals and construction activities.
SA Design & Technology Sdn. Bhd. (Formerly known as Signature Design & Technology Sdn. Bhd.)	Malaysia	100	-	Supplying, fabricating and assembling aluminium, glass and aluminium related products.

* An associate of the Company as disclosed in Note 13

[^] The Companies have ceased their operation with effect from 31 March 2024

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of SA Aluminium & Glass Sdn. Bhd.

On 21 August 2023, the Company acquired 100% equity interest (representing 1 ordinary share) in SA Aluminium & Glass Sdn. Bhd. for a cash consideration of RM1. As a result, SA Aluminium & Glass Sdn. Bhd. became a wholly-owned subsidiary of the Company.

Acquisition of assets

On 28 August 2023, SA Aluminium & Glass Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired certain assets and liabilities of Signature Aluminium Sdn. Bhd. for a cash consideration of RM12,148,125. This acquisition is accounted for as an asset acquisition. Accordingly, no goodwill on business combination is recognised.

(i) Fair value of consideration transferred:

	2023 RM
Cash consideration	12,148,125

(ii) Fair value of the identifiable asset acquired recognised:

	2023 RM
Assets	
Property, plant and equipment	590,130
Intangible asset	2,305,596
Trade receivables	3,624,260
Contract assets	15,371,309
Total assets	21,891,295
Liabilities	
Trade payables	(9,354,631)
Deferred tax liabilities	(553,343)
Total liabilities	(9,907,974)
Total identifiable net assets acquired	11,983,321
Excess cost over the fair value of net assets acquired	164,804
Fair value of consideration transferred	12,148,125

(iii) Effects of acquisition on cash flows:

	2023 RM
Cash outflow on acquisition	12,148,125

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Incorporation of SA Metalworks Sdn. Bhd.

On 28 August 2023, SA Aluminium & Glass Sdn. Bhd., a wholly owned subsidiary of the Company incorporated a new subsidiary namely SA Metalworks Sdn. Bhd. with the subscription of 1 ordinary share representing the entire share capital of SA Metalworks Sdn. Bhd. for a cash consideration of RM1.

Acquisition of assets

On 28 August 2023, SA Metalworks Sdn. Bhd., a wholly-owned subsidiary of SA Aluminium & Glass Sdn. Bhd. had acquired certain assets and liabilities of Signature Metal Treatment Sdn. Bhd. for a cash consideration of RM778,293. This acquisition is accounted for as an asset acquisition. Accordingly, no goodwill on business combination is recognised.

(i) Fair value of consideration transferred:

	2023 RM
Cash consideration	778,293

(ii) Fair value of the identifiable asset acquired recognised:

	2023 RM
Assets	
Property, plant and equipment	73,431
Trade receivables	2,627,286
Other receivables, deposits and prepayments	653,781
Contract assets	534,430
Total assets	3,888,928
Liabilities	
Trade payables	(3,110,635)
Total identifiable net assets acquired	778,293

(iii) Effects of acquisition on cash flows:

	2023 RM
Cash outflow on acquisition	778,293

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of SA Design & Technology Sdn. Bhd.

On 13 September 2023, SA Aluminium & Glass Sdn. Bhd., a wholly owned subsidiary of the Company has acquired 100% controlling interest in the equity shares (representing 1,000,100 ordinary shares) of SA Design & Technology Sdn. Bhd.

(i) Fair value of consideration transferred:

	2023 RM
Cash consideration	1,073,582

(ii) Fair value of the identifiable asset acquired recognised:

	2023 RM
Assets	
Property, plant and equipment	1,416,266
Trade receivables	828,267
Other receivables, deposits and prepayments	182,499
Current tax assets	51,905
Other investments	58,490
Cash and short-term deposits	100,237
Total assets	2,637,664
Liabilities	
Trade payables	(1,412,163)
Other payables and accruals	(69,319)
Borrowings	(24,462)
Deferred tax liabilities	(58,138)
Total liabilities	(1,564,082)
Total identifiable net assets acquired	1,073,582

(iii) Effects of acquisition on cash flows:

	2023 RM
Fair value of consideration transferred	1,073,582
Less: Cash and cash equivalents of a subsidiary acquired	(100,237)
Net cash outflows on acquisition	973,345

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of SA Design & Technology Sdn. Bhd. (Continued)

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2023 RM
Revenue	3,016,747
Loss for the financial year	(88,850)

If the acquisition had occurred on 1 January 2023, the consolidated results for the financial year ended 31 December 2023 would have been as follows:

	2023 RM
Revenue	6,072,457
Loss for the financial year	(18,533)

(d) Acquisition of EIE Asian Holding Sdn. Bhd. and its subsidiaries

On 1 September 2023, the Company acquired an additional 10% equity interest (representing 164,000 ordinary shares) in EIE Asian Holding Sdn. Bhd. and its subsidiaries, an associate of the Group for a total cash consideration of RM961,146. Consequently, the Group's effective equity interest in EIE Asian Holding Sdn. Bhd. and its subsidiaries increased from 50% to 60%.

(i) Fair value of consideration transferred:

	2023 RM
Cash consideration	961,146
Fair value of shares held in associate	4,805,730
	5,766,876

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of EIE Asian Holding Sdn. Bhd. and its subsidiaries (Continued)

(ii) Fair value of the identifiable assets acquired and liabilities recognised:

	2023 RM
Assets	
Property, plant and equipment	4,007,681
Deferred tax assets	81,661
Inventories	9,012,182
Trade receivables	6,951,914
Other receivables, deposits and prepayments	109,195
Cash and short-term deposits	4,822,330
Total assets	24,984,963
Liabilities	
Borrowings	(13,675,076)
Trade payables	(185,386)
Other payables and accruals	(172,763)
Current tax liabilities	(59,528)
Dividend payable	(1,200,000)
Total liabilities	(15,292,753)
Total identifiable net assets acquired	9,692,210
Fair value of non-controlling interests at acquisition date	(3,876,884)
Bargain purchase on business combination	(48,450)
Fair value of consideration transferred	5,766,876

(iii) Effects of acquisition on cash flows:

	2023 RM
Consideration paid in cash	961,146
Less: Cash and cash equivalents of a subsidiary acquired	(2,690,075)
Net cash inflows on acquisition	(1,728,929)

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of EIE Asian Holding Sdn. Bhd. and its subsidiaries (Continued)

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2023 RM
Revenue	8,017,411
Profit for the financial year	141,823

If the acquisition had occurred on 1 January 2023, the consolidated results for the financial year ended 31 December 2023 would have been as follows:

	2023 RM
Revenue	22,418,394
Profit for the financial year	607,503

(e) Acquisition of additional interests in subsidiaries

(i) PTM Stainless Steel Industry Sdn. Bhd.

On 5 April 2023, 11 August 2023 and 6 September 2023, PTM Stainless Steel Industry Sdn. Bhd. allotted 1,000,000, 3,000,000 and 2,000,000 new ordinary shares respectively at an issue price of RM1 per ordinary share for working capital purposes. The Company subscribed for the entire additional new ordinary shares for a total cash consideration of RM6,000,000. There is no changes in the Company's equity interest in PTM Stainless Steel Industry Sdn. Bhd.

(ii) SA Aluminium & Glass Sdn. Bhd.

On 13 September 2023, SA Aluminium & Glass Sdn. Bhd. issued 13,999,999 new ordinary shares at a price of RM1 per ordinary share for working capital purposes. The Company subscribed for the entire additional new ordinary shares for a total cash consideration of RM13,999,999. As a result, the Company held a total of 14,000,000 ordinary shares in SA Aluminium & Glass Sdn. Bhd. There is no changes in the Company's equity interest in SA Aluminium & Glass Sdn. Bhd.

(iii) SA Metalworks Sdn. Bhd.

On 13 September 2023, SA Metalworks Sdn. Bhd. issued 779,999 new ordinary shares at a price of RM1 per ordinary share for working capital purposes. SA Aluminium & Glass Sdn. Bhd. subscribed for the entire additional new ordinary shares for a total cash consideration of RM779,999. As a result, SA Aluminium & Glass Sdn. Bhd. held a total of 780,000 ordinary shares in SA Metalworks Sdn. Bhd. There is no changes in the Company's equity interest in SA Metalworks Sdn. Bhd.

(iv) Three & Three Hardware Sdn. Bhd.

On 25 October 2023, Three & Three Hardware Sdn. Bhd. issued 1,000,000 new ordinary shares at an issue price of RM1 per ordinary share for working capital purposes. The Company subscribed for the entire additional new ordinary shares for a total cash consideration of RM1,000,000. There is no changes in the Company's equity interest in Three & Three Hardware Sdn. Bhd.

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Acquisition of additional interests in subsidiaries (Continued)

(v) PTM Water System Sdn. Bhd.

In the previous financial year, PTM Stainless Steel Industry Sdn. Bhd. subscribed 75% equity interests in PTM Water System Sdn. Bhd. for a cash consideration of RM75,000.

(vi) K. Seng Seng Manufacturing Sdn. Bhd.

In the previous financial year, KSG Engineering Sdn. Bhd. has disposed 500,000 ordinary shares in the issued share capital of K. Seng Seng Manufacturing Sdn. Bhd. to the Company for a total consideration of RM500,000. Upon completion of the disposal, K. Seng Seng Manufacturing Sdn. Bhd. became a directly wholly-owned subsidiary of the Company.

(vii) Koseng Sdn. Bhd.

In the previous financial year, the Company purchased an additional 2,250,000 shares in Koseng Sdn. Bhd. at a price of RM1 per share. There is no changes in the Company's equity interest in Koseng Sdn. Bhd.

(f) Quasi loan

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts were, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans were stated at cost less accumulated impairment losses, if any.

(g) Impairment loss

Impairment loss was recognised on investment in certain subsidiaries due to continuous losses incurred in the past years.

(h) Non-controlling interest in subsidiaries

The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	PTM Water System Sdn. Bhd. RM	Koseng Sdn. Bhd. RM	EIE Asian Holding Sdn. Bhd. and its subsidiaries RM	Total RM
2023				
NCI proportion of ownership interest and voting interest	25%	25%	40%	
Carrying amount of NCI ("RM")	80,314	2,957,131	3,933,613	6,971,058
Profit allocated to NCI ("RM")	51,104	49,685	56,729	157,518

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(h) Non-controlling interest in subsidiaries (Continued)

The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows (Continued):

	PTM Water System Sdn. Bhd. RM	Koseng Sdn. Bhd. RM	Total RM
2022			
NCI proportion of ownership interest and voting interest	25%	25%	
Carrying amount of NCI ("RM")	29,210	2,907,446	2,936,656
Profit allocated to NCI ("RM")	11,707	261,122	272,829

(i) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material NCI are as follows:

	PTM Water System Sdn. Bhd. RM	Koseng Sdn. Bhd. RM	EIE Asian Holding Sdn. Bhd. and its subsidiaries RM	Total RM
Summarised statement of financial position				
As at 31 December 2023				
Non-current assets	2,642	15,675,782	3,731,978	19,410,402
Current assets	1,793,533	20,629,937	20,781,344	43,204,814
Non-current liabilities	-	(12,973,489)	(2,844,170)	(15,817,659)
Current liabilities	(1,452,430)	(11,503,705)	(11,835,119)	(24,791,254)
Net assets	343,745	11,828,525	9,834,033	22,006,303
Summarised statement of comprehensive income				
Financial year ended 31 December 2023				
Revenue	4,467,615	22,971,371	8,017,411	35,456,397
Profit for the financial year	204,416	198,741	141,823	544,980
Total comprehensive income	204,416	198,741	141,823	544,980
Summarised cash flow information				
Financial year ended 31 December 2023				
Cash flows (used in)/from operating activities	(713,226)	3,304,982	(104,311)	2,487,445
Cash flows from/(used in) investing activities	4,332	(14,380,778)	255,539	(14,120,907)
Cash flows from/(used in) financing activities	808,430	9,516,246	(1,401,102)	8,923,574
Net increase/(decrease) in cash and cash equivalents	99,536	(1,559,550)	(1,249,874)	(2,709,888)

Notes to the Financial Statements

(CONTINUED)

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(i) Summarised financial information of material non-controlling interest (Continued)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material NCI are as follows (Continued):

	PTM Water System Sdn. Bhd. RM	Koseng Sdn. Bhd. RM	Total RM
Summarised statement of financial position			
As at 31 December 2022			
Non-current assets	5,525	573,699	579,224
Current assets	711,639	24,019,685	24,731,324
Non-current liabilities	-	(406,150)	(406,150)
Current liabilities	(577,836)	(12,557,450)	(13,135,286)
Net assets	139,328	11,629,784	11,769,112
Summarised statement of comprehensive income			
Financial year ended 31 December 2022			
Revenue	295,372	22,740,619	23,035,991
Profit for the financial year	46,826	1,044,487	1,091,313
Total comprehensive income	46,826	1,044,487	1,091,313
Summarised cash flow information			
Financial year ended 31 December 2022			
Cash flows from operating activities	82,081	2,135,017	2,217,098
Cash flows used in investing activities	(5,765)	(43,841)	(49,606)
Cash flows from/(used in) financing activities	84,857	(1,831,917)	(1,747,060)
Net increase in cash and cash equivalents	161,173	259,259	420,432

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

13. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares, at cost				
At 1 January	820,000	820,000	820,000	820,000
Share of post-acquisition reserves	4,765,305	4,496,086	-	-
Derecognised	(5,585,305)	-	(820,000)	-
	-	5,316,086	-	820,000

Details of the associate is as follows:

Name of company	Principal place of business/Country of incorporation	Ownership interest		Principal activities
		2023 %	2022 %	
EIE Asian Holding Sdn. Bhd.	Malaysia	-*	50	Investment holding.
Held by EIE Asian Holding Sdn. Bhd.				
EIE Industrial Products Sdn. Bhd.	Malaysia	-*	100	Dealers in industrial products and hardware.
EIE Pulp & Specialty Sdn. Bhd.	Malaysia	-*	71	General trading and dealing in paper and pulps. [^]

* On 1 September 2023, the Company acquired an additional 10% equity interest (representing 164,000 ordinary shares) in EIE Asian Holding Sdn. Bhd. and its subsidiaries, an associate of the Group for a total cash consideration of RM961,146. Consequently, the Group's effective equity interest in EIE Asian Holding Sdn. Bhd. and its subsidiaries increased from 50% to 60%.

[^] The Company has ceased its operation with effect from 31 March 2024.

(a) Summarised financial information of associate

The summarised financial information of the Group's associate and reconciles the information to the carrying amount of the Group's interest in the associate is as follows:

	2022 RM
Assets and liabilities	
Non-current assets	901,085
Current assets	19,794,616
Non-current liabilities	(567,510)
Current liabilities	(9,614,661)
Net assets	10,513,530
Non-controlling interests	159,759
Results	
Revenue	21,181,063
Profit for the financial year/Total comprehensive income	305,092

Notes to the Financial Statements

(CONTINUED)

13. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(a) Summarised financial information of associate (Continued)

The summarised financial information of the Group's associate and reconciles the information to the carrying amount of the Group's interest in the associate is as follows (Continued):

	2023 RM	2022 RM
Reconciliation of net assets to carrying amount:		
Share of net asset at the acquisition date	638,026	638,026
Cost of investment	820,000	820,000
Share of post-acquisition profits	4,127,279	3,858,060
Derecognised	(5,585,305)	-
Carrying amount in the statements of financial position	-	5,316,086
Share of results of the Group		
Group's share of total comprehensive income	269,219	152,546
Dividend received during the year	600,000	-

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	(28,429)	(267,965)	(99,038)	(191,552)
Acquisition of assets	(553,343)	-	-	-
Acquisition of subsidiaries	23,523	-	-	-
Recognised in profit or loss (Note 8)	(34,272)	239,536	99,038	92,514
At 31 December	(592,521)	(28,429)	-	(99,038)

Presented after appropriate offsetting as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	854,313	580,387	227,688	169,663
Deferred tax liabilities	(1,446,834)	(608,816)	(227,688)	(268,701)
	(592,521)	(28,429)	-	(99,038)

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax relates to the following:

	At 1 January 2023 RM	Acquisition of subsidiaries (Note 12) RM	Acquisition of assets (Note 12) RM	Recognised in profit or loss (Note 8) RM	At 31 December 2023 RM
Group					
Deferred tax assets:					
Difference between the carrying amounts of property, plant and equipment and their tax base	98,247	81,671	-	(175,689)	4,229
Unabsorbed capital allowances	156,900	125,748	-	145,673	428,321
Unused tax losses	29,970	-	-	82,326	112,296
Deductible temporary differences in respect of expenses	295,270	470	-	13,727	309,467
	580,387	207,889	-	66,037	854,313
Deferred tax liabilities:					
Fair value of balance contracts	-	-	(553,343)	104,443	(448,900)
Difference between the carrying amounts of property, plant and equipment and their tax base	(577,034)	(184,366)	-	(236,534)	(997,934)
Deductible temporary differences in respect of expenses	(31,782)	-	-	31,782	-
	(608,816)	(184,366)	(553,343)	(100,309)	(1,446,834)
	(28,429)	23,523	(553,343)	(34,272)	(592,521)

Notes to the Financial Statements

(CONTINUED)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax relates to the following (Continued):

	At 1 January 2022 RM	Recognised in profit or loss (Note 8) RM	At 31 December 2022 RM
Group			
Deferred tax assets:			
Difference between the carrying amounts of property, plant and equipment and their tax base	99,071	(824)	98,247
Unabsorbed capital allowances	-	156,900	156,900
Unused tax losses	-	29,970	29,970
Deductible temporary differences in respect of expenses	17,755	277,515	295,270
	116,826	463,561	580,387
Deferred tax liabilities:			
Difference between the carrying amounts of property, plant and equipment and their tax base	(384,791)	(192,243)	(577,034)
Deductible temporary differences in respect of expenses	-	(31,782)	(31,782)
	(384,791)	(224,025)	(608,816)
	(267,965)	239,536	(28,429)
	At 1 January 2023 RM	Recognised in profit or loss (Note 8) RM	At 31 December 2023 RM
Company			
Deferred tax assets:			
Unabsorbed capital allowances	139,693	87,995	227,688
Unused tax losses	29,970	(29,970)	-
	169,663	58,025	227,688
Deferred tax liabilities:			
Difference between the carrying amounts of property, plant and equipment and their tax base	(236,919)	9,231	(227,688)
Deductible temporary differences in respect of expenses	(31,782)	31,782	-
	(268,701)	41,013	(227,688)
	(99,038)	99,038	-

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax relates to the following (Continued):

	At 1 January 2022 RM	Recognised in profit or loss (Note 8) RM	At 31 December 2022 RM
Company			
Deferred tax assets:			
Capital allowances	-	139,693	139,693
Unused tax losses	-	29,970	29,970
	-	169,663	169,663
Deferred tax liabilities:			
Difference between the carrying amounts of property, plant and equipment and their tax base	(191,552)	(45,367)	(236,919)
Deductible temporary differences in respect of expenses	-	(31,782)	(31,782)
	(191,552)	(77,149)	(268,701)
	(191,552)	92,514	(99,038)

Unrecognised deferred tax assets

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed capital allowances	2,199,044	2,525,061	558,792	868,296
Unused tax losses	14,433,355	11,468,867	653,570	80,997
Difference between the carrying amounts of property, plant and equipment and their tax base	603	(1,321,496)	-	(1,219,755)
Deductible temporary differences in respect of expenses	8,739,110	2,328,516	5,684,460	5,613
	25,372,112	15,000,948	6,896,822	(264,849)

Notes to the Financial Statements

(CONTINUED)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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

The unused tax losses are available for offset against future taxable profits of the up to the following financial years:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Year of assessments				
2028	2,119	2,119	-	-
2029	2,709	2,709	-	-
2030	969	969	-	-
2031	1,405	1,405	-	-
2032	4,267	4,267	81	81
2033	2,964	-	573	-
	14,433	11,469	654	81

15. INVENTORIES

	Group	
	2023 RM	2022 RM
Raw materials	4,909,003	7,988,185
Work-in-progress	1,381,692	4,775,507
Finished goods	63,278,264	66,425,364
Consumables	1,224,403	1,441,209
Packing materials	61,572	72,140
Stock in transit	537,377	268,554
	71,392,311	80,970,959

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year is RM220,872,482 (2022: RM164,988,485).
- (b) The cost of inventories of the Group recognised as other expenses during the year in respect of write-down of inventories to net realisable value was RM327,648 (2022: RM170,421).
- (c) During the financial year, the Group reversed the previous inventories written down value of RM21,099 (2022: RM759,413). The amount of reversal was included in other income.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

16. TRADE RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current:					
External parties	(a)	90,122,371	49,689,626	1,500	-
Retention sum	(b)	1,703,059	-	-	-
		91,825,430	49,689,626	1,500	-
Less: Impairment losses for trade receivables	(c)	(1,433,690)	(1,682,396)	-	-
Total trade receivables		90,391,740	48,007,230	1,500	-

- (a) The Group's and the Company's normal credit term ranges from 14 to 150 days (2022: 30 to 90 days) and 30 days respectively. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) The retention sum which is receivable upon the expiry of defect liability period as provided in the contracts with customers is expected to be collected as follows:

	2023 RM	2022 RM
Later than one year	1,703,059	-

- (c) Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Note	Group	
		2023 RM	2022 RM
At 1 January		1,682,396	4,259,639
Charge for the financial year			
- individually assessed	6	760,441	560,492
Acquisition of subsidiaries		168,263	-
Reversal of impairment losses	6	(195,429)	(8,860)
Written off		(981,981)	(3,128,875)
At 31 December		1,433,690	1,682,396

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures is disclosed in Note 29(b)(i).

Notes to the Financial Statements

(CONTINUED)

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Other receivables		3,121,390	141,547	-	3,000
Deposits	(a)	2,441,435	2,296,225	2,028,248	286,045
Advances to suppliers		2,217,678	1,064,497	-	-
Prepayments		3,419,132	675,473	1,015,886	73,959
		11,199,635	4,177,742	3,044,134	363,004

(a) Included in deposits of the Company are earnest deposit made for the acquisition of 1,104,000 ordinary shares in Metalmach Micro Technology Sdn. Bhd. amounting to RM1,912,000 as disclosed in Note 32(d).

18. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets relating to engineering works	1,934,835	1,934,835
Contract assets relating to project works	22,687,310	-
Total contract assets	24,622,145	1,934,835
Contract liabilities relating to engineering works	(4,047,700)	(20,028,693)
Contract liabilities relating to project works	(15,717,351)	-
Contract liabilities relating to sales contract	(174,370)	-
Total contract liabilities	(19,939,421)	(20,028,693)
Net contract assets/(liabilities)	4,682,724	(18,093,858)

(a) Contract assets

The contract assets represent the Group's rights to consideration for the work performed for the engineering and project works but yet to be billed. Contract assets are transferred to receivables when the Group issue progress billings to the customers. Typically, the amount will be billed within 30 to 90 days and payments is expected within 30 to 90 days.

(b) Contract liabilities

The contract liabilities represent progress billings and deposits received for engineering works, project works and sale contracts for which performance obligations have not been satisfied. The contract liabilities are expected to be recognised as revenue over a period of 30 to 90 days.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

18. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(c) Significant changes in contract balances

	Note	Group	
		2023 RM	2022 RM
At 1 January		(18,093,858)	(30,393,432)
Acquisition of assets	12	15,905,739	-
Revenue recognised during the year		35,207,947	19,886,295
Progress billings during the year		(28,563,007)	(7,586,721)
Reversal of progress billings during the year		12,364,105	-
Consideration received in advance		(12,138,202)	-
At 31 December		4,682,724	(18,093,858)

19. CONTRACT COSTS

	Note	Group	
		2023 RM	2022 RM
Contract costs relating to rubber glove dipping line		12,145,077	16,359,677
Less: Impairment loss on contract costs	6	(6,528,330)	-
		5,616,747	16,359,677

Included in contract costs are the costs incurred to date which will be recognised in cost of sales when the performance obligation is satisfied only at the date when the rubber glove dipping line is delivered and installed.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Note	Company	
		2023 RM	2022 RM
Current:			
Amounts due from subsidiaries			
Non-trade	(a)	8,503,999	10,849,854
Less: Impairment loss	6	(5,678,281)	-
Less: Written off	6	(1,558,056)	-
		1,267,662	10,849,854
Non-current:			
Amounts due to subsidiaries			
Non-trade	(b)	(8,706,413)	-

(a) These amounts are unsecured, interest free and repayable on demand in cash except for an amount of RM6,230,000 (2022: RM7,610,000) which bear interest at rates ranging from 7.65% to 8.65% (2022: 7.65% to 8.40%) per annum.

(b) These amounts are unsecured, interest free and repayable on demand in cash except for an amount of RM7,140,000 (2022: Nil) which bear interest at rates ranging from 8.40% to 8.65% (2022: Nil) per annum.

Notes to the Financial Statements

(CONTINUED)

21. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets at fair value through profit and loss				
At fair value:				
- Quoted equity securities	17,447,545	-	17,447,545	-
- Money market funds	71,857	-	-	-
	17,519,402	-	17,447,545	-

Included in quoted equity securities of the Group and of the Company is an amount of RM17,447,545 (2022: Nil) pledged as security for margin facilities granted to the Company as disclosed in Note 24(f).

22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits placed with licensed banks (Islamic)	3,663,144	481,986	496,605	481,986
Deposits placed with licensed banks	1,654,902	1,089,633	-	-
Cash and bank balances (Islamic)	16,553,912	4,333,664	333,875	-
Cash and bank balances	1,882,726	2,382,751	1,440	776,181
	23,754,684	8,288,034	831,920	1,258,167

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits placed with licensed banks	5,318,046	1,571,619	496,605	481,986
Less: Non-short term deposits placed with licensed banks	(4,188,565)	(1,559,015)	(496,605)	(481,986)
	1,129,481	12,604	-	-
Cash and bank balances	18,436,638	6,716,415	335,315	776,181
Bank overdraft	(5,195,671)	(386,624)	-	-
	14,370,448	6,342,395	335,315	776,181

- (a) Deposits placed with licensed banks of the Group and of the Company bear effective interest at rates ranging from 2.08% to 3.03% and 2.95% (2022: 1.47% to 2.95% and 2.95%) per annum as at the financial year end with maturity period ranging from 30 days to 395 days and 365 days (2022: 30 days to 365 days and 365 days) respectively.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

22. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(b) Included in the deposits placed with licensed banks of the Group is an amount of RM4,821,441 (2022: Nil) pledged as security for banking facilities granted to subsidiaries as disclosed in Note 24.

(c) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1 January 2023 RM	Cash flows RM	Non-cash		31 December 2023 RM
			Acquisition of subsidiaries (Note 12) RM	Others RM	
Group					
Bankers' acceptances	40,668,134	35,566,502	7,918,906	-	84,153,542
Revolving credits	4,500,000	650,364	-	-	5,150,364
Hire purchase payables	3,306,661	(1,682,701)	425,731	-	2,049,691
Lease liabilities	1,332,901	(752,046)	448,398	(190,052)	839,201
Margin facilities	-	6,616,109	-	-	6,616,109
Term loan	5,176,433	12,736,111	2,774,248	-	20,686,792
	54,984,129	53,134,339	11,567,283	(190,052)	119,495,699

	1 January 2022 RM	Cash flows RM	Non-cash RM	31 December 2022 RM
Group				
Bankers' acceptances	51,588,951	(10,920,817)	-	40,668,134
Revolving credits	-	4,500,000	-	4,500,000
Hire purchase payables	2,877,182	(1,449,760)	1,879,239	3,306,661
Lease liabilities	2,025,294	(977,335)	284,942	1,332,901
Term loan	-	5,176,433	-	5,176,433
	56,491,427	(3,671,479)	2,164,181	54,984,129

	1 January 2023 RM	Cash flows RM	Non-cash RM	31 December 2023 RM
Company				
Hire purchase payables	176,975	(35,835)	-	141,140
Lease liabilities	342,099	(157,608)	-	184,491
Margin facilities	-	6,616,109	-	6,616,109
	519,074	6,422,666	-	6,941,740

Notes to the Financial Statements

(CONTINUED)

22. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(c) Reconciliation of changes in liabilities arising from financing activities are as follows (Continued):

	1 January 2022 RM	Cash flows RM	Non-cash RM	31 December 2022 RM
Company				
Hire purchase payables	100,071	(41,030)	117,934	176,975
Lease liabilities	-	(130,624)	472,723	342,099
	100,071	(171,654)	590,657	519,074

(d) Total cash outflows for leases

During the financial year, the Group and Company had total cash outflows for leases of RM1,413,114 (2022: RM1,456,208) and RM230,563 (2022: RM283,438) respectively.

23. SHARE CAPITAL

	Note	Group and Company			
		Number of ordinary shares		Amount	
		2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid up:					
At 1 January		129,599,905	115,200,000	58,771,889	58,771,889
Issued during the financial year:					
- bonus issue		-	14,399,905	-	-
- conversion of warrants	a(i)	7,579,350	-	4,092,849	-
- private placement	a(ii)	13,000,000	-	13,780,000	-
At 31 December		150,179,255	129,599,905	76,644,738	58,771,889

(a) Share capital

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

During the financial year, the Company:

- (i) issued 7,579,350 new ordinary shares at a price of RM0.54 per ordinary share from conversion of warrants for working capital purposes; and
- (ii) issued 13,000,000 new ordinary shares at a price of RM1.06 per ordinary share from private placement for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Financial Statements

(CONTINUED)

23. SHARE CAPITAL (CONTINUED)

(b) Warrants

Warrants 2022/2029

On 11 October 2022, the Company has issued 43,199,879 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis on one (1) warrant for every three (3) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll executed on 19 September 2022 and each warrant entitles the registered holder the right at any time during the exercise period from 11 October 2022 to 10 October 2029 to subscribe in cash for one (1) new ordinary shares of the Company at an exercise price of RM0.54 each.

The salient features of the Warrants 2022/2029 are as follows:

- (i) entitled its registered holder for one (1) free Warrant for every three (3) ordinary shares held;
- (ii) each Warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at any time during the exercise period;
- (iii) the Warrants may be exercised at any period commencing on and including the date of issuance of the Warrants and ending at the close of business at 5pm on the date preceding the seventh (7th) anniversary of the date of issuance, or if such is not market day, then it shall be the market day immediately preceding the said non-market day. At the expiry of the exercise period, any Warrant which has not been exercised will cease to be valid for any purpose and will deemed to have lapsed; and
- (iv) the new ordinary shares to be issued arising from the exercise of exercise rights represented by the Warrants, shall upon allotment and issuance rank pari passu in all respects with the existing ordinary shares, save and except the new ordinary shares will not be entitled to any dividend, right, allotment and/or other forms of distribution where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new ordinary shares.

The movement of Warrants 2022/2029 during the financial year are as follows:

	Warrants 2022/2029	
	2023 Unit	2022 Unit
At 1 January	43,199,879	-
(Exercise)/Allotment of warrants	(7,579,350)	43,199,879
At 31 December	35,620,529	43,199,879

Notes to the Financial Statements

(CONTINUED)

23. SHARE CAPITAL (CONTINUED)

(c) ESOS

The ESOS is governed by the ESOS By-Laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 25 May 2022, the main features of the ESOS are as follows:

- (i) the ESOS options granted to eligible directors (including Non-Executive) and eligible employees of the Company and its subsidiaries to subscribe for new ordinary shares in the Company;
- (ii) the ESOS is for a period of five (5) years commencing from 8 September 2022;
- (iii) the maximum number of new shares which may be made available under the scheme and/ or to be allotted and/ or issued pursuant to the exercise of the ESOS options that may be granted under the scheme shall not exceed in aggregate fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) at any point in time when an offer is made throughout the duration of the scheme;
- (iv) an ESOS option cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever;
- (v) the option price shall be determined based on the five (5)-day volume weighted average market price of the shares immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the scheme;
- (vi) the actual number of shares under the ESOS options which may be offered to an eligible person shall be at the sole and absolute discretion of the ESOS Committee and shall not be less than one hundred (100) shares and shall be in the multiples of one hundred (100) shares (or in any other denomination as may be prescribed by Bursa Securities as a board lot); and
- (vii) The new shares to be allotted and issued upon any exercise of the ESOS options will upon such allotment and issuance, rank pari passu in all respects with the then existing issued shares except that the new shares so issued and allotted will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date of which is prior to the date of which the new shares are credited into the CDS accounts of the grantees.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

24. BORROWINGS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current:					
Hire purchase payables	(c)	1,541,105	2,296,564	103,676	141,140
Lease liabilities	(d)	288,004	493,640	20,870	184,491
Term loans	(g)	19,789,336	4,843,174	-	-
		21,618,445	7,633,378	124,546	325,631
Current:					
Bankers' acceptances (Islamic)	(a)	64,592,166	26,029,134	-	-
Bankers' acceptances	(a)	19,561,376	14,639,000	-	-
Revolving credits	(b)	5,150,364	4,500,000	-	-
Hire purchase payables	(c)	508,586	1,010,097	37,464	35,835
Lease liabilities	(d)	551,197	839,261	163,621	157,608
Bank overdrafts	(e)	5,195,671	386,624	-	-
Margin facilities	(f)	6,616,109	-	6,616,109	-
Term loans	(g)	897,456	333,259	-	-
		103,072,925	47,737,375	6,817,194	193,443
Total borrowings:					
Bankers' acceptances (Islamic)	(a)	64,592,166	26,029,134	-	-
Bankers' acceptances	(a)	19,561,376	14,639,000	-	-
Revolving credits	(b)	5,150,364	4,500,000	-	-
Hire purchase payables	(c)	2,049,691	3,306,661	141,140	176,975
Lease liabilities	(d)	839,201	1,332,901	184,491	342,099
Bank overdrafts	(e)	5,195,671	386,624	-	-
Margin facilities	(f)	6,616,109	-	6,616,109	-
Term loans	(g)	20,686,792	5,176,433	-	-
		124,691,370	55,370,753	6,941,740	519,074

(a) Bankers' acceptances

The bankers' acceptances of the Group bear interest ranging from 2.80% to 6.22% (2022: 2.44% to 8.32%) per annum and are secured by way of corporate guarantee of the Company. The bankers' acceptance of certain subsidiaries are supported by personal guarantee of a director and a pledge of deposits of the respective subsidiaries. The bankers' acceptances of RM52,597,850 are supported by legal charge over the land and buildings of the respective subsidiaries.

(b) Revolving credits

The revolving credits of the Group bear interest ranging from 6.11% to 6.22% (2022: 5.01%) per annum and are secured by way of corporate guarantee of the Company.

Notes to the Financial Statements

(CONTINUED)

24. BORROWINGS (CONTINUED)

(c) Hire purchase payables

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Minimum lease payments:				
Not later than one year	593,740	1,140,763	42,540	42,540
Later than one year and not later than 5 years	1,558,480	2,156,605	109,110	133,530
Later than 5 years	115,672	353,820	1,456	19,576
	2,267,892	3,651,188	153,106	195,646
Less: Future finance charges	(218,201)	(344,527)	(11,966)	(18,671)
Present value of minimum lease payments	2,049,691	3,306,661	141,140	176,975
Present value of minimum lease payments:				
Not later than one year	508,586	1,010,097	37,464	35,835
Later than one year and not later than 5 years	1,428,060	1,944,370	102,225	121,992
Later than 5 years	113,045	352,194	1,451	19,148
	2,049,691	3,306,661	141,140	176,975
Less: Amount due within 12 months	(508,586)	(1,010,097)	(37,464)	(35,835)
Amount due after 12 months	1,541,105	2,296,564	103,676	141,140

The hire purchase payables of the Group and the Company bear interest at rates ranging from 2.03% to 5.25% (2022: 2.03% to 5.83%) and 2.18% to 2.20% (2022: 2.18% to 2.22%) per annum respectively and are secured by the Group's and the Company's plant and machinery and motor vehicles under hire purchase arrangements as disclosed in Note 10(a).

Notes to the Financial Statements

(CONTINUED)

24. BORROWINGS (CONTINUED)

(d) Lease liabilities

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Minimum lease payments:				
Not later than one year	574,483	872,712	166,963	166,963
Later than one year and not later than 5 years	301,020	502,293	20,870	187,833
	875,503	1,375,005	187,833	354,796
Less: Future finance charges	(36,302)	(42,104)	(3,342)	(12,697)
Present value of minimum lease payments	839,201	1,332,901	184,491	342,099
Present value of minimum lease payments:				
Not later than one year	551,197	839,261	163,621	157,608
Later than one year and not later than 5 years	288,004	493,640	20,870	184,491
	839,201	1,332,901	184,491	342,099
Less: Amount due within 12 months	(551,197)	(839,261)	(163,621)	(157,608)
Amount due after 12 months	288,004	493,640	20,870	184,491

The lease liabilities of the Group and the Company bear interest at rates ranging from 3.75% to 6.90% (2022: 2.03% to 5.83%) and 3.75% (2022: 2.18% to 3.75%) per annum respectively.

(e) Bank overdrafts

The bank overdrafts of the Group bears interest at a rates ranging from 7.95% to 8.15% (2022: 3.75%) per annum and are secured by way of corporate guarantee of the Company. The bank overdrafts of certain subsidiaries are supported by legal charge over the land and building, personal guarantee of a director and a pledge of deposits of the respective subsidiaries.

(f) Margin facilities

The margin facilities of the Group and the Company bears interest at rates ranging from 6.00% to 7.25%.

Notes to the Financial Statements

(CONTINUED)

24. BORROWINGS (CONTINUED)

(g) Term loans

	Group	
	2023 RM	2022 RM
Within next twelve months	897,456	333,259
After next twelve months		
- not later than two years	923,230	338,144
- later than two years but not more than five years	2,640,513	899,692
- more than five years	16,225,593	3,605,338
	19,789,336	4,843,174
	20,686,792	5,176,433

Term loan 1 of a subsidiary of RM4,300,000 bears interest at 4.54% (2022: 4.29%) per annum and is repayable over twenty (20) years commencing from the day of full drawdown and is secured and supported as follows:

- (i) facility agreement;
- (ii) legal charge over freehold land and building of a subsidiary; and
- (iii) corporate guarantee by the Company.

Term loan 2 of a subsidiary of RM1,100,000 bears interest at 5.45% (2022: 4.52%) per annum and is repayable over five (5) years commencing from the day of full drawdown and is secured and supported as follows:

- (i) facility agreement;
- (ii) corporate guarantee by the Company; and
- (iii) legal charge over the solar panel of a subsidiary.

Term loan 3 of a subsidiary of RM13,230,000 bears interest at 4.70% per annum and is repayable over twenty (20) years commencing from the day of full drawdown and is secured and supported as follows:

- (i) facility agreement;
- (ii) proportionate guarantee by personal guarantee of a director of up to 25% of the indebtedness;
- (iii) corporate guarantee of the Company of up to 75%; and
- (iv) legal charge over a freehold land and building of a subsidiary.

Term loan 4 of a subsidiary of RM2,805,000 bears interest at 4.30% per annum and is repayable over fifteen (15) years commencing from the day of full drawdown and is secured and supported as follows:

- (i) facility agreement;
- (ii) corporate guarantee by a subsidiary of up to 50%;
- (iii) individual guarantee by a director of a subsidiary of up to 50%;
- (iv) upfront deposits of RM1,963,527;
- (v) sinking fund of RM1,040,550; and
- (vi) legal charge over a leasehold land and building of a subsidiary.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

25. TRADE PAYABLES

	Note	Group	
		2023 RM	2022 RM
Trade payables	(a)	19,346,551	5,701,327
Retention sum	(b)	367,551	-
Trade accruals		63,674	-
		19,777,776	5,701,327

(a) The normal trade credit term granted to the Group ranges from 30 to 120 days (2022: 30 to 120 days).

(b) The retention sum which is payable upon the expiry of defect liability is expected to be settled as follows:

	2023 RM	2022 RM
Later than one year	367,551	-

For explanations on the Group's liquidity risk management process, refer to Note 29(b)(ii).

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	1,036,610	1,321,898	220,246	267,092
Accruals	2,394,347	3,480,780	303,091	1,056,684
Deposits	52,100	52,100	52,100	52,100
	3,483,057	4,854,778	575,437	1,375,876

27. AMOUNTS DUE TO DIRECTORS

These amounts are unsecured, interest free and are repayable on demand in cash except for an amount of RM450,000 which bear interest at rates 8.65% per annum.

Notes to the Financial Statements

(CONTINUED)

28. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associate;
- (iii) Entity in which directors have substantial financial interests; and
- (iv) Key management personnel of the Group comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions and balances

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

	Group	
	2023 RM	2022 RM
Subsidiary of associate		
Purchase of goods	2,826	2,300
Dividend received	(600,000)	-
Purchase of office consumables	-	1,753
Rental income	-	(12,000)
Interest payable	-	11,836
Director		
Interest payable	1,066	-

	Company	
	2023 RM	2022 RM
Subsidiaries		
Dividend received	-	(500,000)
Interest receivable	(576,846)	(588,434)
Interest payable	125,719	-
Management fee	(1,852,500)	(4,442,000)
Rental of premises	(1,379,280)	(1,370,880)
Hiring charges of motor vehicles	63,600	144,880
Repair and maintenance charges	-	648

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 20 and 27.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 29(b)(ii).

Notes to the Financial Statements

(CONTINUED)

28. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company and subsidiaries:				
Executive directors				
- Fees	3,360	-	3,360	-
- Other emoluments	2,018,002	2,501,852	727,743	1,699,605
- Defined contribution plan	238,283	278,144	87,056	185,636
- Benefits-in-kind	79,619	78,264	24,802	45,631
	2,339,264	2,858,260	842,961	1,930,872
Non-executive directors				
- Fees	212,276	219,583	212,276	219,583
- Other emoluments	19,000	23,000	19,000	23,000
	231,276	242,583	231,276	242,583
Other key management personnel:				
- Short term employee benefits	703,500	1,136,542	703,500	1,136,542
- Defined contribution plan	84,704	133,759	84,704	133,759
- Benefits-in-kind	1,545	34,413	1,545	34,413
	789,749	1,304,714	789,749	1,304,714
	3,360,289	4,405,557	1,863,986	3,478,169

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
Group			
2023			
Financial assets			
Trade receivables	90,391,740	90,391,740	-
Other receivables and deposits *	5,562,825	5,562,825	-
Other investments	17,519,402	-	17,519,402
Cash and short-term deposits	23,754,684	23,754,684	-
	137,228,651	119,709,249	17,519,402
Financial liabilities			
Trade payables	19,777,776	19,777,776	-
Other payables and accruals #	3,430,957	3,430,957	-
Amount due to directors	8,850,000	8,850,000	-
Borrowings ^	123,852,169	123,852,169	-
	155,910,902	155,910,902	-
2022			
Financial assets			
Trade receivables	48,007,230	48,007,230	-
Other receivables and deposits *	2,437,772	2,437,772	-
Cash and short-term deposits	8,288,034	8,288,034	-
	58,733,036	58,733,036	-
Financial liabilities			
Trade payables	5,701,327	5,701,327	-
Other payables and accruals #	4,802,678	4,802,678	-
Borrowings ^	54,037,852	54,037,852	-
	64,541,857	64,541,857	-

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

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

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
Company			
2023			
Financial assets			
Trade receivables	1,500	1,500	-
Other receivables and deposits *	2,028,248	2,028,248	-
Other investments	17,447,545	-	17,447,545
Amounts due from subsidiaries	1,267,662	1,267,662	-
Cash and short-term deposits	831,920	831,920	-
	21,576,875	4,129,330	17,447,545
Financial liabilities			
Other payables and accruals #	523,337	523,337	-
Amounts due to subsidiaries	8,706,413	8,706,413	-
Amounts owing to directors	8,400,000	8,400,000	-
Borrowings ^	6,757,249	6,757,249	-
	24,386,999	24,386,999	-
2022			
Financial assets			
Other receivables and deposits *	289,045	289,045	-
Amounts due from subsidiaries	10,849,854	10,849,854	-
Cash and short-term deposits	1,258,167	1,258,167	-
	12,397,066	12,397,066	-
Financial liabilities			
Other payables and accruals #	1,323,776	1,323,776	-
Borrowings ^	176,975	176,975	-
	1,500,751	1,500,751	-

* Excluding advance to suppliers and prepayments

Excluding deposits

^ Excluding lease liabilities

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit and risk management committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

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

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile

The Group determine the credit risk concentration by monitoring the country of its trade receivables and contract assets on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	Group			
	2023 RM	%	2022 RM	%
By country:				
Malaysia	90,220,628	98	47,992,096	97
Republic of Indonesia	458,408	1	99,077	^
Republic of Singapore	1,146,394	1	903,529	2
Other countries	-	-	694,924	1
	91,825,430	100	49,689,626	100

Contract assets:

	Group			
	2023 RM	%	2022 RM	%
By country:				
Malaysia	24,622,145	100	1,934,835	100

^ Representing less than 1%.

The Group and the Company does not have any significant exposure to any individual customer at the reporting date.

The Group and the Company applies the simplified approach to providing expected credit losses ("ECL"), which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. The Group and the Company individually assessed ECL of individual customer based on indicators such as changes in financial capability of the receivables and contract customers, past payment trends of the receivables and contract customers and default or significant delay in payments. The determination of ECL also incorporate economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivable. The Group and the Company believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

For engineering works and project works, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial capability, past trend of payments and other external information relating to the debtors that are publicly available.

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 31 December 2023			
Trade receivables			
Current (not past due)	69,362,972	-	69,362,972
1 to 30 days past due	13,219,267	-	13,219,267
31 to 60 days past due	3,581,920	-	3,581,920
61 to 90 days past due	2,963,494	-	2,963,494
91 to 120 days past due	427,763	-	427,763
More than 120 days past due	836,324	-	836,324
Credit impaired:			
- Individually assessed	1,433,690	(1,433,690)	-
	91,825,430	(1,433,690)	90,391,740
Contract assets			
Current (not past due)	24,622,145	-	24,622,145
	116,447,575	(1,433,690)	115,013,885

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets are as follows (Continued):

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 31 December 2022			
Trade receivables			
Current (not past due)	25,086,385	-	25,086,385
1 to 30 days past due	4,755,197	-	4,755,197
31 to 60 days past due	2,053,719	-	2,053,719
61 to 90 days past due	722,232	-	722,232
91 to 120 days past due	1,610,149	-	1,610,149
More than 120 days past due	13,779,548	-	13,779,548
Credit impaired:			
- Individually assessed	1,682,396	(1,682,396)	-
	49,689,626	(1,682,396)	48,007,230
Contract assets			
Current (not past due)	1,934,835	-	1,934,835
	51,624,461	(1,682,396)	49,942,065
Company			
At 31 December 2023			
Trade receivables			
Current (not past due)	1,500	-	1,500

The significant changes in gross carrying amount of trade receivables and contract assets do not contribute to changes in the impairment loss allowance during the financial year.

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where possible are incorporated.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany balances between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the counterparty does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit impaired other receivables, the Group and the Company consider these financial assets to have low credit risk and any expected credit loss is negligible. As such, other than as disclosed in Note 20, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an ongoing basis. The maximum exposure to credit risks amounts to RM100,879,349 (2022: RM40,357,167) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 29(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, amount due to subsidiaries and directors, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient level of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirements.

The Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawdown to finance the import of goods.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows				Total RM
		On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	
2023						
Group						
Financial liabilities						
Trade payables	19,777,776	19,410,225	-	367,551	-	19,777,776
Other payables and accruals #	3,430,957	3,430,957	-	-	-	3,430,957
Amount due to directors	8,850,000	8,850,000	-	-	-	8,850,000
Bankers' acceptances (Islamic)	64,592,166	64,592,166	-	-	-	64,592,166
Bankers' acceptances	19,561,376	19,561,376	-	-	-	19,561,376
Revolving credits	5,150,364	5,150,364	-	-	-	5,150,364
Hire purchase payables	2,049,691	593,740	614,815	943,665	115,672	2,267,892
Lease liabilities	839,201	574,483	301,020	-	-	875,503
Bank overdraft	5,195,671	5,195,671	-	-	-	5,195,671
Margin facilities	6,616,109	6,616,109	-	-	-	6,616,109
Term loans	20,686,792	1,834,911	1,822,307	5,074,735	22,159,224	30,891,177
	156,750,103	135,810,002	2,738,142	6,385,951	22,274,896	167,208,991

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (Continued):

	Carrying amount RM	Contractual cash flows				Total RM
		On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	
2023						
Company						
Financial liabilities						
Other payables and accruals #	523,337	523,337	-	-	-	523,337
Amounts due to subsidiaries	8,706,413	8,706,413	-	-	-	8,706,413
Amounts due to directors	8,400,000	8,400,000	-	-	-	8,400,000
Hire purchase payables	141,140	42,540	42,540	66,570	1,456	153,106
Lease liabilities	184,491	166,963	20,870	-	-	187,833
Margin facilities	6,616,109	6,616,109	-	-	-	6,616,109
Financial guarantee *	-	100,879,349	-	-	-	100,879,349
	24,571,490	125,334,711	63,410	66,570	1,456	125,466,147
2022						
Group						
Financial liabilities						
Trade payables	5,701,327	5,701,327	-	-	-	5,701,327
Other payables and accruals #	4,802,678	4,802,678	-	-	-	4,802,678
Bankers' acceptances (Islamic)	26,029,134	26,029,134	-	-	-	26,029,134
Bankers' acceptances	14,639,000	14,639,000	-	-	-	14,639,000
Revolving credits	4,500,000	4,500,000	-	-	-	4,500,000
Bank overdraft	386,624	386,624	-	-	-	386,624
Term loans	5,176,433	557,900	545,780	1,484,410	5,145,840	7,733,930
Hire purchase payables	3,306,661	1,140,763	754,999	1,401,606	353,820	3,651,188
Lease liabilities	1,332,901	872,712	423,413	78,880	-	1,375,005
	65,874,758	58,630,138	1,724,192	2,964,896	5,499,660	68,818,886

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (Continued):

	Carrying amount RM	Contractual cash flows				Total RM
		On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	
2022						
Company						
Financial liabilities						
Other payables and accruals #	1,323,776	1,323,776	-	-	-	1,323,776
Hire purchase payables	176,975	42,540	42,540	90,990	19,576	195,646
Lease liabilities	342,099	166,963	166,963	20,870	-	354,796
Financial guarantee *	-	40,357,167	-	-	-	40,357,167
	1,842,850	41,890,446	209,503	111,860	19,576	42,231,385

* The Company has given corporate guarantee to banks on behalf of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries. As at 31 December 2023, approximately RM100,879,349 (2022: RM40,357,167) of the banking facilities were utilised by the said subsidiaries.

Excluding deposits

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings with floating interest rates.

Borrowings at floating rate amounting to RM121,802,478 (2022: RM50,731,191) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM2,888,892 (2022: RM4,639,562) expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2022: 50) basis points higher/lower and all other variables were held constant, the Group's loss/profit net of tax ended 31 December 2023 would increase/decrease by RM462,849 (2022: RM192,779) as a result of exposure to floating rate borrowings.

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency).

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

Financial assets/(liabilities) denominated in USD, SGD and RMB are as follows:

Group	2023 RM	2022 RM
USD		
Trade receivables	71,977	794,001
Other receivables, deposits and prepayments	219,941	1,064,496
Cash and bank balances	30,548	37,679
Trade payables	(21,279)	-
Other payables	-	(982)
	301,187	1,895,194
SGD		
Trade receivables	1,146,394	903,529
Cash and bank balances	128,212	183,585
	1,274,606	1,087,114
RMB		
Trade payables	-	(1,259,290)
Other payables	-	(255,589)
	-	(1,514,879)

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit net of tax to a reasonably possible change in the USD, SGD and RMB exchange rate against the functional currency of the Group, with all other variables held constant.

	Increase/(Decrease) in loss/ profit for the financial year	
	Group	
	2023 RM	2022 RM
USD/RM - strengthened 5% (2022: 5%)	11,445	72,017
- weakened 5% (2022: 5%)	(11,445)	(72,017)
SGD/RM - strengthened 5% (2022: 5%)	48,435	41,310
- weakened 5% (2022: 5%)	(48,435)	(41,310)
RMB/RM - strengthened 5% (2022: 5%)	-	(57,565)
- weakened 5% (2022: 5%)	-	57,565

(v) Market price risk

The Group's and the Company's investment in quoted equity instruments are subject to market price risk. Such exposures are not hedged as the investments are mostly stable companies where the risks accepted are commensurate with the expected returns.

Sensitivity analysis for equity risk

The following table demonstrates the sensitivity Group's and the Company's loss/profit net of tax to a reasonably possible change in the FTSE Bursa Malaysia KLCI ("FBM KLCI"), with all other variables held constant.

	Increase/(Decrease) in loss/ profit for the financial year	
	Group and Company	
	2023 RM	2022 RM
Change in % of FBMKLCI		
- strengthened 10%	1,326,013	-
- weakened 10%	(1,326,013)	-

Notes to the Financial Statements

(CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers. There have been no transfers between Level 1 and Level 2 during the financial year (2022: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments that are carried at fair value:

Group and Company 2023	Carrying amount RM	Fair value of financial instruments carried at fair value		
		Level 1 RM	Level 2 RM	Level 3 RM
Current asset				
Other investments	17,519,402	17,519,402	-	-

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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

The Group monitors capital using gearing ratio, which is calculated as total interest-bearing borrowings divided by total equity. Total interest-bearing borrowings include bankers' acceptances and lease liabilities. The Group and certain subsidiaries are required to comply with certain leverage ratio, gearing ratio and tangible net worth in respect of the banking facilities.

	Group	
	2023 RM	2022 RM
Total interest-bearing borrowings	124,691,370	55,370,753
Total equity	109,061,867	100,551,322
Gearing ratio %	114%	55%

The Group monitors and maintains a prudent level of gearing ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements, if any.

As at reporting date, a subsidiary did not comply with the required leverage ratio which are based on the Group's total liabilities against total net worth of 1.5 times for its bankers' acceptance facility. The bankers' acceptance has been fully settled without incurring any additional charges subsequent to the financial year.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

31. CAPITAL COMMITMENT

	2023 RM	2022 RM
Approved and contracted for:		
Acquisition of freehold land, factory and office		
- Mukim of Kapar	-	13,230,000

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to end of the financial year are as follows:

- (a) Shanghai JBS Bearing Co. Ltd (“SJBS”) vs K. Seng Seng Manufacturing Sdn. Bhd. (“KSSM”)

KSSM, a wholly-owned subsidiary of the Company, held on 14 September 2022 has been served with a Writ of Summons and Statement of Claim both dated 6 September 2022 by SJBS due to the allegation that KSSM has failed to settle an outstanding RMB2,992,084 (equivalent to RM1,936,447) purportedly for the purchase of goods from SJBS.

KSSM has filed a counterclaim against SJBS for the warehouse rental fees of RM200,000.

SJBS had filed an application for summary judgement and interim payment against KSSM (Enclosure 10) on 12 October 2022.

KSSM had filed two (2) interlocutory applications against SJBS:

- (i) Application for Further and Better Particulars (in respect of the Statement of Claim)(Enclosure 5) on 7 October 2022; and
- (ii) Application for Security for Costs (Enclosure 16) on 14 October 2022.

On 8 March 2023, both parties have submitted Enclosure 10.

On 5 April 2023, SJBS agreed to go for global settlement for the cases between itself with KSSM and KSG Engineering Sdn. Bhd. (“KSG”) (“the Group”) and agreed not to commence or proceed with any mode of execution of Judgement obtained against KSG while the negotiation is on-going. The Group is currently in the midst of finalising a proposal for the global settlement. The Sessions Court has therefore adjourned the matter to 2 May 2023. In the event no settlement is reached between parties before the next date, the Sessions Court will deliver the decision for Enclosure 5 and 10 on 2 May 2023. The case management date for Enclosure 1 and Enclosure 16 is also fixed on 2 May 2023.

On 2 May 2023, the Kuala Lumpur High Court has granted Summary Judgment in the sum of RMB2,992,084 (approximately to RM1,936,447) with costs of RM5,000 against KSSM. Enclosure 5 and Enclosure 16 were stuck off by the High Court with no order as to costs. KSSM has 30 days from the decision date, which is by 1 June 2023 to file its Notice of Appeal to the Court of Appeal.

KSSM had on 5 May 2023 filed Notice of Appeal to the Court of Appeal in respect of Decision at High Court for Plaintiff’s application for summary judgement which was allowed and Defendant’s application for further and better particulars of the statement of claim which was dismissed. Both Appeals are fixed for case management on 3 August 2023 which was subsequently adjourned to 4 October 2023.

On 6 October 2023, KSSM has reached a global settlement with SJBS. KSSM has filed the Notice of Discontinuance to withdraw its appeals pursuant to the global settlement terms.

The global settlement with SJBS was collectively for the suits with KSSM and KSG as disclosed in Note 32(b). The final settlement sum of RM1,200,000 has been fully paid by KSSM and KSG.

Notes to the Financial Statements

(CONTINUED)

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

- (b) Shanghai JBS Bearing Co. Ltd (“SJBS”) vs KSG Engineering Sdn. Bhd. (“KSG”)

KSG, a wholly-owned subsidiary of the Company, had on 14 September 2022 been served with a Writ of Summons and Statement of Claim both dated 6 September 2022 by SJBS due to the allegation that KSG has failed to settle an outstanding amount of RMB873,032 (approximately RM565,018) purportedly for the purchasers of goods from SJBS.

SJBS had filed an application for summary judgement against KSG (Enclosure 5) on 12 October 2022.

KSG had filed two (2) interlocutory applications against SJBS:

- (i) Application for Further and Better Particulars (in respect of the Statement of Claim) on 12 October 2022;
- (ii) Application for Security for Costs on 18 October 2022.

On 14 March 2023, the Kuala Lumpur Sessions Court has granted Summary Judgment in the sum of RMB886,363 with costs of RM1,500 against KSG. KSG’s applications for Further & Better Particulars and Security for Costs were struck off by the Sessions Court with no order as to costs.

On 20 March 2023, KSG had filed a Notice of Appeal against the decision of the Kuala Lumpur Sessions Court at the High Court, whereby the first case management was held on 12 April 2023.

On 27 March 2023, SJBS demands KSG to pay the judgment sum of RMB866,363 together with interests and costs to them within 14 days from 27 March 2023.

On 5 April 2023, SJBS agreed to go for global settlement for the cases with KSG and KSSM. SJBS agreed not to commence or proceed with any mode of execution of Judgement obtained against KSG while the negotiation is on-going. KSG is currently in the midst of finalising a proposal for global settlement.

On 12 April 2023, the High Court has fixed the hearing date on 26 July 2023.

On 28 June 2023, KSG has requested to vacate the date for party to file Written Submissions, Submissions in Reply and Hearing. The Court has fixed 6 October 2023 as the new case management date.

On 6 October 2023, KSG has reached a global settlement with SJBS. The High Court has struck out KSG’s appeal with no order as to costs.

The global settlement with SJBS was collectively for the suits with KSG and KSSM as disclosed in Note 32(a). The final settlement sum of RM1,200,000 has been fully paid by KSSM and KSG.

- (c) Proposed private placement

On 15 January 2024, the Company proposes to undertake a private placement involving up to 55,739,900 new ordinary shares representing not more than 30% of the issued ordinary shares of the Company. The additional listing application has been submitted to Bursa Securities on 27 February 2024. As at date of financial statement, the proposed private placement is still pending regulatory approval.

- (d) Proposed acquisition

On 15 January 2024, the Company has entered into a new conditional share sale agreement (“SSA”) with Low Kim Yoong (“Vendor”) for the acquisition of 1,104,000 ordinary shares in Metalmach Micro Technology Sdn Bhd (“Metalmach”), representing 40% equity interest in Metalmach for a total cash consideration of RM14,000,000. Pursuant to the proposed acquisition, the Company will be diversifying the existing business of the Company and its subsidiaries to include the manufacturing of intermediate metal products. On 12 April 2024, the Company and the Vendor agreed to extend the conditional period of the SSA until 13 July 2024. As at date of financial statement, the proposed acquisition is still pending regulatory approval.

4. FINANCIAL INFORMATION

Notes to the Financial Statements

(CONTINUED)

33. SEGMENT INFORMATION

For management purposes, the Group is organised into operating units reportable operating segments as follows:

- (i) Stainless steel and metal related products
- (ii) Marine hardware and consumable
- (iii) Other industrial hardware
- (iv) Investment holding
- (v) Engineering and project works

Management monitors the operating revenue of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

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

	Stainless steel and metal related products RM	Marine hardware and consumable RM	Other industrial hardware RM	Investment holding RM	Engineering and project works RM	Elimination RM	Total RM
2023							
Revenue							
External revenue	106,791,568	22,965,723	75,246,530	630,000	40,876,007	-	246,509,828
Inter-segment revenue	27,154,970	5,648	2,346,386	3,375,761	178,742	(33,061,507)	-
Total segment revenue	133,946,538	22,971,371	77,592,916	4,005,761	41,054,749	(33,061,507)	246,509,828
Gross profit	12,973,294	5,111,210	3,313,122	3,861,780	3,002,149	(2,624,209)	25,637,346
2022							
Revenue							
External revenue	143,105,772	22,687,905	5,758,403	29,500	21,139,333	-	192,720,913
Inter-segment revenue	40,995,419	52,714	49,906,833	6,501,280	206,432	(97,662,678)	-
Total segment revenue	184,101,191	22,740,619	55,665,236	6,530,780	21,345,765	(97,662,678)	192,720,913
Gross profit/(loss)	21,444,110	4,918,254	2,185,348	6,530,780	(1,495,829)	(5,850,235)	27,732,428

Notes to the Financial Statements

(CONTINUED)

33. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	Group	
	2023 RM	2022 RM
Malaysia	240,811,265	171,967,815
Thailand	2,090,187	15,362,942
Republic of Indonesia	-	2,081,399
Republic of Singapore	3,566,089	2,930,266
Brunei	42,287	15,489
Vietnam	-	4,948
Taiwan	-	358,054
	246,509,828	192,720,913

All non-current assets (other than financial instruments and deferred tax assets) of the Group are located in Malaysia.

Information about major customer

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



4. FINANCIAL INFORMATION

Statement by Directors

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATUK KEH CHUAN SENG** and **LEE HAI PENG**, being two of the directors of K. SENG SENG CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 78 to 155 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

.....
DATUK KEH CHUAN SENG

Director

.....
LEE HAI PENG

Director

Date: 17 April 2024

Statutory Declaration

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **YEOH SOO CHIN**, being the officer primarily responsible for the financial management of K. SENG SENG CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 78 to 155 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
YEOH SOO CHIN
(MIA Membership No.: 25615)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 17 April 2024.

Before me,

.....
AZRIN BIN DARUS
No. W670
Commissioner for Oaths

Independent Auditors' Report

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of K. Seng Seng 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 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 78 to 155.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

Inventories (Note 15 to the financial statements)

As at 31 December 2023, the Group's inventories amounted to RM71,392,311. We focused on this area because certain inventories of the Group are slow moving inventories. The review of saleability and valuation of these inventories at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories as at 31 December 2023;
- observing year end physical inventory count to observe physical existence and condition of the finished goods and understanding the design and implementation of controls during the count;
- checking subsequent sales and evaluating directors' assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Independent Auditors' Report

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD (Incorporated in Malaysia)

Key Audit Matters (Continued)

Group (Continued)

Trade receivables and contract assets (Note 16 and Note 18 to the financial statements)

As at 31 December 2023, the Group's trade receivables and contract assets amounted to RM90,391,740 and RM24,622,145 respectively. We focused on this area because the Group made judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and expected credit losses calculation;
- understanding the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and the directors' explanation on recoverability with significantly past due balances; and
- testing the mathematical computation of expected credit losses as at the end of the reporting period.

Revenue recognition of project works (Note 5 to the financial statements)

As at 31 December 2023, the revenue of the Group's project works amounted to RM31,591,059. The revenue of the Group's project works are recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of project costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the project costs incurred and the estimated total project revenue and costs.

Our response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with selected customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the directors' key assumptions to contractual terms and discussing with project manager;
- checking the mathematical computation of recognised revenue for the projects during the financial year.

Company

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

4. FINANCIAL INFORMATION

Independent Auditors' Report

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.



4. FINANCIAL INFORMATION

Independent Auditors' Report

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD (Incorporated in Malaysia)

Other Matters

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

Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan

No. 03264/04/2025 J
Chartered Accountant

Kuala Lumpur

Date: 17 April 2024

5. Other Information



Analysis of Shareholdings	164
Analysis of Warrant Holdings	167
List of Properties	170
Notice of Thirty-Ninth ("39 th ") Annual General Meeting	171
Administrative Guide	175

Form of Proxy
Request Form

5. OTHER INFORMATION

Analysis of Shareholdings

As at 01 April 2024

Number of Shares Issued	:	150,279,255
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share
No. of shareholders	:	1,150

DISTRIBUTION OF SHAREHOLDINGS AS AT 01 APRIL 2024

Category	No. of Shareholders	No. of Shares	Percentage (%)
Less than 100	191	8,586	0.01%
100 - 1,000	150	43,722	0.03%
1,001 - 10,000	388	1,774,689	1.18%
10,001 - 100,000	323	10,148,409	6.75%
100,001 - less than 5% of issued shares	96	62,412,937	41.53%
5% and above of issued shares	2	75,890,912	50.50%
Total	1,150	150,279,255	100.00%

LIST OF SUBSTANTIAL SHAREHOLDINGS AS AT 01 APRIL 2024

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Cheong Lai Sin	41,359,900	27.52	-	-
2.	Datuk Keh Chuan Seng	-	-	34,531,012*	22.98

DIRECTORS' INTERESTS IN SHARES AS AT 01 APRIL 2024

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Datuk Keh Chuan Seng	-	-	34,531,012*	22.98
2.	Lee Hai Peng	3,000,000	2.00	-	-
3.	Er Kian Hong	-	-	-	-
4.	Datuk Low Chin Koon	-	-	-	-
5.	Teh Boon Beng	-	-	-	-
5.	Dr Lim Pang Kiam	-	-	-	-

Note:

* Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Frazel Group Sdn Bhd.

Analysis of Shareholdings

As at 01 April 2024

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 01 APRIL 2024

No.	Names	No. of Shares held	Percentage (%)
1.	CHEONG LAI SIN	41,359,900	27.52
2.	FRAZEL GROUP SDN BHD	34,531,012	22.98
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HWA SING (M04)	4,384,800	2.92
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HAI PENG	3,000,000	2.00
5.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OCR GROUP BERHAD (M04)	2,800,000	1.86
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PHAIK LIM	2,710,000	1.80
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HANG PING	2,527,200	1.68
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK CHOON	2,310,000	1.54
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG LAI HOCK	2,264,800	1.51
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG	2,187,900	1.46
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW KIAN HUNG	1,920,400	1.28
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN TOAN SIAW WEI	1,900,000	1.26
13.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHEN SENG	1,490,000	0.99
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR KAI FU	1,455,000	0.97
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG HOONG WAI	1,440,000	0.96
16.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HWA SING	1,364,400	0.91
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OW KEE TEIK	1,350,000	0.90
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG PAK YII	1,269,500	0.84
19.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ROGER LIM SWEE KIAT (MY4576)	1,080,700	0.72
20.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG LEE CHIN (MF00356)	1,010,000	0.67
21.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	1,000,000	0.67
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW LOON	970,000	0.65

5. OTHER INFORMATION

Analysis of Shareholdings

As at 01 April 2024

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 01 APRIL 2024

No.	Names	No. of Shares held	Percentage (%)
23.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEW HEW WEARN (MY4130)	910,000	0.61
24.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PHAIK LIM	900,000	0.60
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YOONG LING	890,000	0.59
26.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH PHAIK LIM (M04)	850,000	0.57
27.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHNG TEONG SENG	795,000	0.53
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR KHOR KIAN HIN	760,000	0.51
29.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG (MY3923)	756,300	0.50
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HWA SING (7000335)	750,000	0.50
TOTAL		120,936,912	80.74

Analysis of Warrant Holdings

As at 01 April 2024

Number of Warrants Issued : 43,199,879
Exercise price of the Warrants : RM0.54 each
Expiry date of the Warrants : 10 October 2029

DISTRIBUTION OF WARRANT HOLDINGS AS AT 01 APRIL 2024

Category	No. of Shareholders	No. of Shares	Percentage (%)
Less than 100	290	12,533	0.04%
100 - 1,000	143	65,367	0.18%
1,001 - 10,000	265	1,013,603	2.85%
10,001 - 100,000	87	2,627,627	7.40%
100,001 - less than 5% of issued shares	20	4,819,662	13.57%
5% and above of issued shares	3	26,981,737	75.96%
Total	808	35,520,529	100.00%

LIST OF SUBSTANTIAL WARRANT HOLDINGS AS AT 01 APRIL 2024

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Koh Shing Yee	13,860,000	39.02	-	-
2.	Datuk Keh Chuan Seng	-	-	11,177,637*	31.47
3.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cha Weay Chia	1,944,100	5.47	-	-

DIRECTORS' INTERESTS IN WARRANTS SHARES AS AT 01 APRIL 2024

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Datuk Keh Chuan Seng	-	-	11,177,637*	31.47
2.	Lee Hai Peng	1,000,000	2.82	-	-
3.	Er Kian Hong	-	-	-	-
4.	Datuk Low Chin Koon	-	-	-	-
5.	Teh Boon Beng	-	-	-	-
6.	Dr Lim Pang Kiam	-	-	-	-

Note:

* Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Frazel Group Sdn Bhd.

5. OTHER INFORMATION

Analysis of Warrant Holdings

As at 01 April 2024

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 01 APRIL 2024

No.	Names	No. of Shares held	Percentage (%)
1.	KOH SHING YEE	13,860,000	39.02
2.	FRAZEL GROUP SDN BHD	11,177,637	31.47
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHA WEAY CHIA	1,944,100	5.47
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HAI PENG	1,000,000	2.82
5.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOK BOON CHENG	479,900	1.35
6.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW KUM MOON (MY4159)	436,500	1.23
7.	HOW BEE LAY	248,075	0.70
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GAIK ENG (LIM4779C)	238,000	0.67
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SU SEE (7004139)	237,800	0.67
10.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHU KERD YEE (M01)	232,000	0.65
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEW HEW WEARN	200,200	0.56
12.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG SOO	200,200	0.56
13.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOK AI TEE	192,100	0.54
14.	CHENG LAI HOCK	175,800	0.49
15.	TAN ENG BEE	162,800	0.46
16.	LOW KUM MOON	150,000	0.42
17.	TAN POH CHEOK	136,700	0.38
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG BAT CHAU	130,000	0.37
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHONG MING	128,100	0.36
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG BENG HOO	117,487	0.33
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SIE CHIN GEE	112,000	0.32
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WEI YEE	108,200	0.30
23.	HOW LIAN YEONG	103,800	0.29
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIEW JOR HO	99,900	0.28
25.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHNG TEONG SENG	91,400	0.26

Analysis of Warrant Holdings

As at 01 April 2024

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 01 APRIL 2024

No.	Names	No. of Shares held	Percentage (%)
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HWA SING	89,000	0.25
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHAI YAN MIN	80,000	0.23
28.	LEE KEAN ENG	80,000	0.23
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEW MAY LIN (E-BPT)	72,000	0.20
30.	LEONG SUI LAI	70,000	0.20
TOTAL		32,353,699	91.08

5. OTHER INFORMATION

List of Properties

Held by the Group as at 31 December 2023

Registered Owner(s)	Location	Description/ Existing Use	Tenure of Land	Land Area/ Built-up Area	Issuance date of Certificate of Fitness	Net book value as at 31 December 2023 (RM'000)
KSSC	Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.	Double storey office cum factory/ Administration and Trading Office and Manufacturing and Processing Plant	Freehold	14,796 square metre/ 7,580.90 square metres	10 September 2003	5,641
KSSC	102 and 102A, Jalan Keris Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim.	Double storey shophouses/For rental income purposes	Freehold	163.509 square metre/ 237.832 square metres	9 January 1977	44
TTH	No. 3, Jalan Perniagaan Setia 1/8, Taman Perniagaan Setia, 81100 Johor Bahru, Johor Darul Takzim.	One and a half- storey cluster factory/For light industrial purposes	Freehold	1,945 square metres/ 1,217.46 square metres	18 February 2013	4,519
KS	PT 73964, Jalan Bestari 2A/KU7, Taman Perindustrian Kapar Bestari, 42200 Kapar, Selangor Darul Ehsan.	Single-storey detached factory annexed with three- storey office building/For light industrial purposes	Freehold	5,037 square metres/ 2,799 square metres	8 November 2018	15,123
EIEIP	No. 16, Jalan TS 6/9, Taman Perindustrian Subang, 47500 Subang Jaya, Selangor.	One and a half-storey semi-detached factory/For light industrial purposes	Leasehold (99 years) (Expiring on 25 January 2114)	725 square metres/ 578.77 square metres	26 January 2015	3,277

Notice of Thirty-Ninth (“39th”) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of K. Seng Seng Corporation Berhad (“KSSC” or the “Company”) will be conducted via an online portal from Broadcast Venue at Unit 8-5, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor on Wednesday, 29 May 2024 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS:

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (a) |
| 2. | To approve the payment of Directors’ Fees up to RM220,000 for the financial year ending 31 December 2024. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors’ Benefit up to RM20,000 for the period commencing from 30 May 2024 until the next Annual General Meeting in 2025. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors of the Company who retire in accordance with Clause 92 of the Company’s Constitution and being eligible, offer themselves for re-election:- | |
| | i) Lee Hai Peng | Ordinary Resolution 3 |
| | ii) Datuk Low Chin Koon | Ordinary Resolution 4 |
| 5. | To re-elect Dr Lim Pang Kiam, who retires in accordance with Clause 99 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 5 |
| 6. | To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolution:-

- | | | |
|----|--|------------------------------|
| 7. | Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights | Ordinary Resolution 7 |
|----|--|------------------------------|

THAT, subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons 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 ten percent (10%) of the total number of issued shares of the Company for the time being.

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 57 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 of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

5. OTHER INFORMATION

Notice of Thirty-Ninth (“39th”) Annual General Meeting

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.

ANY OTHER BUSINESS:

8. To transact any other business for which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act 2016.

BY ORDER OF THE BOARD,

SIEW SUET WEI (MAICSA 7011254) (SSM PC No. 202008001690)

CHAN MIN WAI (MIA 26548) (SSM PC No. 202108000131)

YIP WEI LUN (MIA 47569) (SSM PC No. 202208000373)

Company Secretaries

Kuala Lumpur

29 April 2024

NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Unit 8, Level 7, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 21 May 2024 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Notice of Thirty-Ninth (“39th”) Annual General Meeting

EXPLANATORY NOTES:-

(a) Audited Financial Statements for financial year ended 31 December 2023

The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders’ approval. Hence, this Agenda will not be put forward for voting.

(b) Ordinary Resolutions 1 and 2: Payment of Directors’ Fees and Benefit

Pursuant to Section 230(1) of Companies Act 2016, the shareholders’ approval is sought for the proposed payment of Directors’ Fees for financial year ending 31 December 2024 and Benefit to the Non-Executive Directors (“NEDs”). The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees’ meetings and on the assumption that the number of NEDs in office until the next AGM remains the same.

(c) Ordinary Resolutions 3, 4 and 5: Re-election of Directors

Clause 92 of the Company’s Constitution provides that an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Clause 99 of the Company’s Constitution provides that any Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The Board through its Nomination Committee had assessed the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The profiles of the Directors standing for re-election are set out in the Annual Report 2023.

(d) Ordinary Resolution 6: Re-appointment of Auditors

The Board and Audit and Risk Management Committee had at their respective meetings on 17 April 2024 recommended the re-appointment of Messrs Baker Tilly Monteiro Heng PLT for the financial year ending 31 December 2024. Messrs Baker Tilly Monteiro Heng PLT have met the criteria prescribed under the Paragraph 15.21 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and indicated their willingness to continue their services for the next financial year.

5. OTHER INFORMATION

Notice of Thirty-Ninth (“39th”) Annual General Meeting

(e) **Ordinary Resolution 7: Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights**

The Company had during its 38th AGM held on 24 May 2023 obtained from its shareholders, a general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company.

The proposed Ordinary Resolution 7, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company (“Renewed Mandate”) provided that the aggregate number of shares issued pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company for the time being. The shareholders of the Company will waive their statutory pre-emptive rights and thus will allow the Directors to issue new shares to any person under the Renewed Mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

On 23 August 2023, the Company had announced its proposal to undertake a private placement exercise to place up to 17,279,978 new ordinary shares in the Company, representing not more than 10% of the total number of issued shares pursuant to the mandate granted to the Directors at the 38th AGM.

On 8 September 2023, the Company completed the Private Placement by the issuance of 13,000,000 new ordinary shares at an issue price of RM1.06 per share and a total gross proceed received of RM13,780,000. The proceed was fully utilised for the purchase of machineries, equipment, raw materials and semi-finished products for the aluminium business.

STATEMENT ACCOMPANYING THE NOTICE OF 39TH ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individual who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 39th AGM of the Company

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Company will seek shareholders’ approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Proposed Ordinary Resolution 7 as stated in the Notice of the 39th AGM of the Company for details.

Administrative Guide

For the 39th Annual General Meeting (“39th AGM”)

Date	: Wednesday, 29 May 2024
Time	: 10:00 a.m.
Meeting Venue	: Online Meeting Platform via Vote2U at https://web.vote2u.my
Domain Registration	
Numbers with MYNIC	: D6A471702
Broadcast Venue	: Unit 8-5, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor Darul Ehsan

The 39th AGM of K. Seng Seng Corporation Berhad (“**KSSC**” or “**the Company**”) will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities provided by Vote 2U via online platform at <https://web.vote2u.my>.

Shareholders whose names appear on the Record of Depositors (“**ROD**”) as at 21 May 2024 shall be eligible to attend, participate and vote remotely in the meeting, or appoint proxy(ies)/ the Chairman of the general meeting to attend, participate and/or vote on his/ her behalf.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Digital Solutions Sdn. Bhd. (“**AGMO**”) via its **Vote2U Online** website at <https://web.vote2u.my>.

PROCEDURES TO PARTICIPATE IN RPV FACILITIES

Please follow the Procedure to Participate in RPV as summarized below:

BEFORE AGM DAY

A: REGISTRATION

Individual Shareholders

Description	Procedure
i. Shareholders to register with Vote2U online	<p>The registration will open from the day of notice</p> <ol style="list-style-type: none"> Access website at https://web.vote2u.my Click “Sign Up” to sign up as a user. Read and indicate your acceptance of the ‘Privacy Policy’ and ‘Terms & Conditions’ by clicking on a small box. Then select “Next”. Fill-in your details – (i) ensure your email address is valid & (ii) create your own password. Then select “Continue”. Upload a clear copy of your MYKAD for Malaysian (front only) or Passport for non-Malaysian (page with photo). Registration as user completed. The registration will be verified and an email notification will be sent to your registered email address in due course. <p>Note: If you have already signed up/registered as a user with Vote2U previously, you are not required to register again.</p>

5. OTHER INFORMATION

Administrative Guide

For the 39th Annual General Meeting (“39th AGM”)

B: REGISTER PROXY

Individual Shareholder / Corporate Shareholder / Nominees Company

Description	Procedure
i. Submit Form of Proxy (hardcopy) <ul style="list-style-type: none"> - Individual Shareholders - Corporate Shareholders - Authorised Nominee - Exempt Authorised Nominee 	a. Fill-in details of the Proxy Form by providing the following information: <u>Proxy(ies) & Corporate Representative</u> <ul style="list-style-type: none"> • Name • Number of MYKAD for Malaysian or passport for non-Malaysian • Address and email address – ensure email address is valid b. Corporate Representative only – deposit the hard copy of Proxy Form with Corporation’s Common Seal or Under the hand of an officer or attorney so authorized to the address as stated on the Proxy Form. c. Individual shareholders, authorized nominee and exempt authorized nominee – deposit the hard copy Proxy Form to be address as stated on the Proxy Form. d. Submitted Proxy Form will be verified. e. After verification, proxy(ies) and corporate representative will receive an email notification with temporary credentials, i.e. email address & password, to log in to Vote 2U.

Shareholders who appoint Proxy(ies) to participate the virtual AGM must ensure that the hardcopy Form of Proxy is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

ON AGM DAY

1.	Log in to https://web.vote2u.my with your registered email address and password. For proxy(ies) and corporate representative, log in with the temporary credentials in the email which you have received from Vote2U.
2.	Vote 2U will be opened for log in one (1) hour before the commencement of the general meeting you are attending.
3.	When you are logged in, select the general meeting event you are attending. On the main page, you are able to access the following:

	Description	Procedure
i.	Livestream	a. Select “ Watch Live ” button to view the livestream.
ii.	Ask Question (real-time)	a. Select “ Ask Question ” button to pose a question. b. Type in your question and select “ Submit ”. Note: The Chairman of the general meeting / Board of Director will endeavor to respond to questions submitted by remote shareholders, proxies and corporate representatives during the meeting.
iii.	Remote Voting	a. On the main page, scroll down and select “ Confirm Details & Start Voting ”. b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Select “Next” to continue voting for all resolutions. c. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Select “ Confirm ” to submit your vote. Note: Once you have confirmed and submitted your votes, you are not able to change your voting choices.
iv.	View Voting Results	a. On the main page, scroll down and select “ View Voting Results ”.
v.	End of RPV	a. Upon the announcement by the Chairman of the general meeting on the closure of the said meeting, the live streaming will end. b. You may log out from Vote2U.

Administrative Guide

For the 39th Annual General Meeting (“39th AGM”)

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. The Company has appointed Agmo Digital Solutions Sdn. Bhd. as the Poll Administrator to conduct the polling process and Aegis Communication Sdn. Bhd. as the Independent Scrutineers to verify the results of the poll.

Upon completion of the voting session for the 39th AGM, the Independent Scrutineers will verify the poll results by the Chairman’s declaration whether the resolutions are duly passed.

No Recording or Photography

Unauthorised recording and photography of the proceedings of the 39th AGM are strictly prohibited.

No e-Voucher, Gifts and Food Voucher

There will be no e-Voucher, gift or food voucher given at this AGM.

Enquiry

- a. For enquiries relating to the general meeting, please contact our Investor Relation during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Email: _____

- b. For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact Vote2U helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Telephone Number : 03-7664 8520 / 03-7664 8521

Email : vote2u@agmostudio.com

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Form of Proxy



誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)

No. of Ordinary Shares Held	
CDS Accounts No.	

I/We _____ *NRIC/Passport/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

with email address _____ mobile phone no. _____

being a member/members of **K. SENG SENG CORPORATION BERHAD** hereby appoint the following person(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 39th Annual General Meeting of the Company to be conducted via an online portal from Broadcast Venue at Unit 8-5, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor on Wednesday, 29 May 2024 at 10.00 a.m. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO: -		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
ORDINARY RESOLUTION					
1.	To approve the payment of Directors' Fees up to RM220,000 for the financial year ending 31 December 2024.				
2.	To approve the payment of Directors' Benefit up to RM20,000 for the period commencing from 30 May 2024 until the next Annual General Meeting in 2025.				
3.	To re-elect Lee Hai Peng, who retires in accordance with Clause 92 of the Company's Constitution.				
4.	To re-elect Datuk Low Chin Koon, who retires in accordance with Clause 92 of the Company's Constitution.				
5.	To re-elect Dr Lim Pang Kiam, who retires in accordance with Clause 99 of the Company's Constitution.				
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
SPECIAL BUSINESS					
7.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights				

(Please indicate with a "V" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this _____ day of _____ 2024

Signature of Shareholder(s)/Common Seal

Notes :

1. A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Unit 8, Level 7, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 21 May 2024 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

AFFIX STAMP

THE COMPANY SECRETARY
K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427-W))
Unit 8, Level 7, Kompleks Komersil Akasa,
Jalan Akasa, Akasa Cheras Selatan,
43300 Seri Kembangan, Selangor Darul Ehsan,
Malaysia

REQUEST FORM FOR PRINTED COPY OF K. SENG SENG CORPORATION BERHAD ANNUAL REPORT 2023

To: K. Seng Seng Corporation Berhad
Unit 8, Level 7, Kompleks Komersil Akasa,
Jalan Akasa, Akasa Cheras Selatan,
43300 Seri Kembangan, Selangor Darul Ehsan,
Malaysia

Please find below my complete particulars for the delivery of a printed copy of KSSC Annual Report 2023:

Particulars of Shareholder

Name:

Identity Card No./Passport No./Company No.:

CDS Account No.:

Mailing Address:

Telephone No.:

Date:

Signature of Shareholder:

Name:



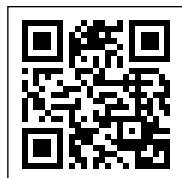
Lot 3707, Jalan 7/5,
Taman Industri Selesa Jaya,
43300 Balakong, Selangor

Tel: +603-8961-5555 (Hunting Line)

Fax: +603-8962-6666 (Marketing)

Tel: +603-8962-1111 (accounts)

Email: sales@kssc.com.my



www.kssc.com.my