



**EONMETALL**

**Eonmetall Group Berhad**  
Registration No. 200301029197 (631617-D)  
(Incorporated in Malaysia)

MAXIMIZE OUR STRENGTH AND GRAB FOR  
**GREATER TRIUMPH**

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**ANNUAL  
REPORT  
2023**

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## MAXIMIZE OUR STRENGTH AND GRAB FOR GREATER TRIUMPH

In partnering Eonmetall Group Berhad and having access to our comprehensive one-stop solutions, clients can be at ease as we provide only the best and convenience. We strive to deliver more and better. We are committed to innovation in our manufacturing capabilities for continuous improvements in all sectors. Building on our commitment, we can only go forward and upwards for innovative solutions and excellence.



## CORPORATE INFORMATION

### Board of Directors

Tan Sri Dato' Mohd Desa Bin Pachi  
*Independent Non-Executive Chairman*

Yeoh Cheng Chye  
*Managing Director & Chief Executive Officer*

Dato' Goh Cheng Huat  
*Executive Director*

Goh Hong Kent  
*Executive Director & Chief Operating Officer*

Dato' Wahab Bin Hamid  
*Non-Independent Non-Executive Director*

Tang Yin Kham  
*Non-Independent Non-Executive Director*

Chan Theng Sung  
*Independent Non-Executive Director*

Goh Kee Seng  
*Non-Independent Non-Executive Director*

Dato' Mohammad Radhi Bin Abdul Razak  
*Independent Non-Executive Director*

Datuk Yogeesvaran A/L Kumaraguru  
*Independent Non-Executive Director*  
*(Appointed on 31 May 2023)*

### Company Secretaries

Tai Yit Chan  
*(MAICSA 7009143) (SSM PC No. 202008001023)*

Ong Tze-En  
*(MAICSA 7026537) (SSM PC No. 202008003397)*

### Audit Committee

Chan Theng Sung	<i>Chairman</i>
Tang Yin Kham	<i>Member</i>
Dato' Wahab Bin Hamid	<i>Member</i>
Dato' Mohammad Radhi Bin Abdul Razak	<i>Member</i>
Datuk Yogeesvaran A/L Kumaraguru	<i>Member</i>

### Nominating Committee

Datuk Yogeesvaran A/L Kumaraguru	<i>Chairman</i>
Chan Theng Sung	<i>Member</i>
Dato' Wahab Bin Hamid	<i>Member</i>
Dato' Mohammad Radhi Bin Abdul Razak	<i>Member</i>

### Remuneration Committee

Dato' Mohammad Radhi Bin Abdul Razak	<i>Chairman</i>
Chan Theng Sung	<i>Member</i>
Dato' Wahab Bin Hamid	<i>Member</i>
Datuk Yogeesvaran A/L Kumaraguru	<i>Member</i>

### Registered Office

170-09-01, Livingston Tower  
Jalan Argyll, 10050 George Town, Penang.

Telephone No. : (04) 229 4390

Facsimile No. : (04) 226 5860

Email : boardroom-kl@boardroomlimited.com

### Head Office

Lot 1258 & 1259, MK 12  
Jalan Seruling  
Kawasan Perusahaan Valdor  
14200 Sungai Bakap, Penang

Telephone No. : (04) 582 8323

Facsimile No. : (04) 582 1525

Email : info@eonmetall.com

Website : www.eonmetall.com

### Registrar

Securities Services (Holdings) Sdn. Bhd.  
Suite 18.05, MWE Plaza  
No. 8 Lebuh Farquhar  
10200 George Town, Penang

Telephone No. : (04) 263 1966

Facsimile No. : (04) 262 8544

Email : www.securities-services.com.my

### Auditors

BDO PLT  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants  
51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 George Town, Penang

Telephone No. : (04) 222 0288

Facsimile No. : (04) 222 0299

### Principal Bankers

Alliance Bank Malaysia Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad  
AmBank (M) Berhad  
Bank of China (Malaysia) Berhad  
CIMB Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
Malaysia Building Society Berhad  
RHB Bank Berhad  
United Overseas Bank (M) Berhad

### Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Code : 7217

Stock Name : EMETALL

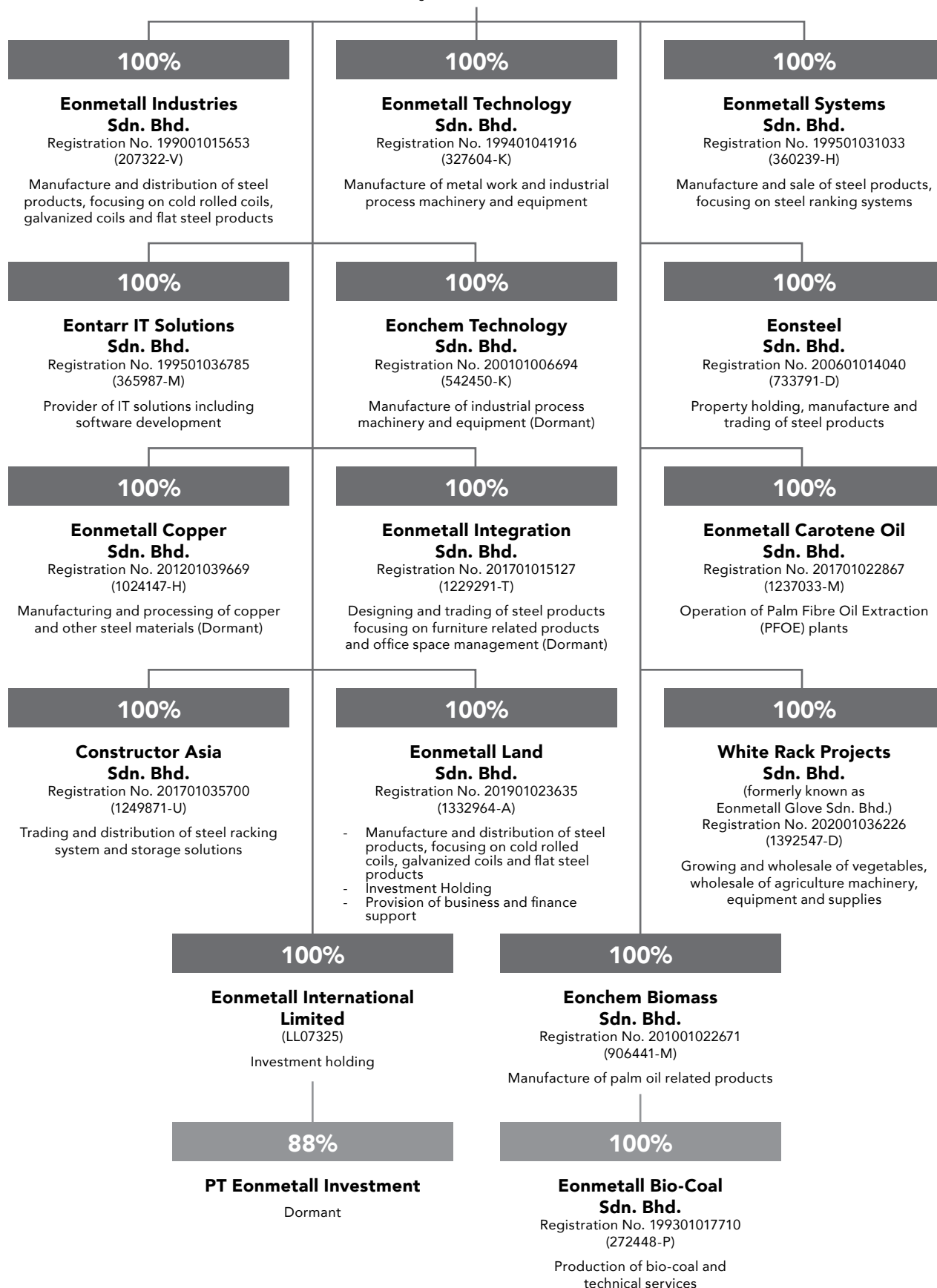
# GROUP STRUCTURE & PRINCIPAL ACTIVITIES

AS AT 31ST DECEMBER 2023



**EONMETALL**

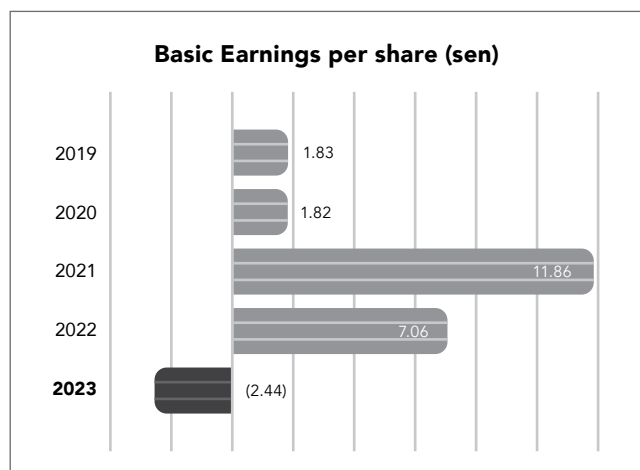
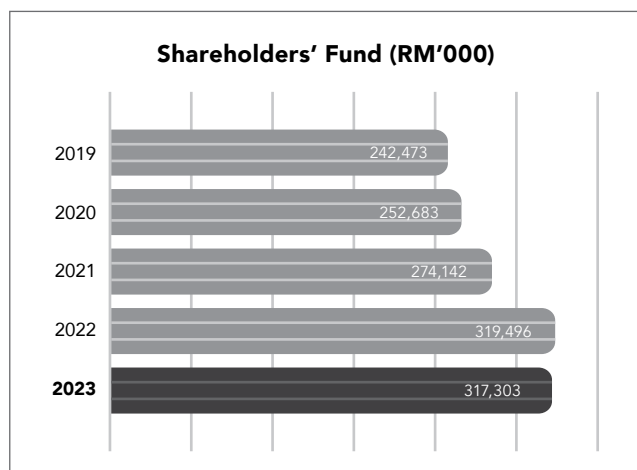
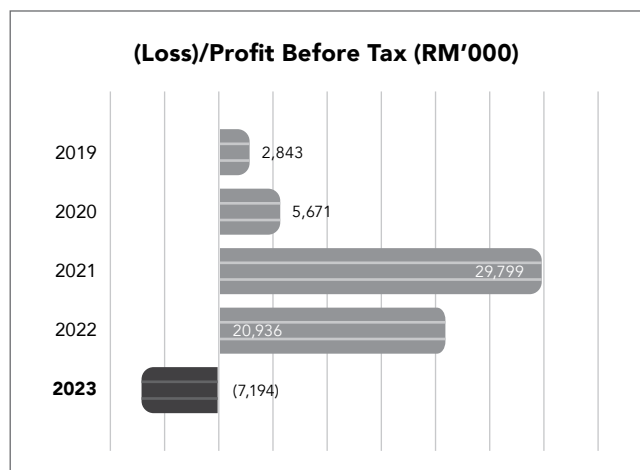
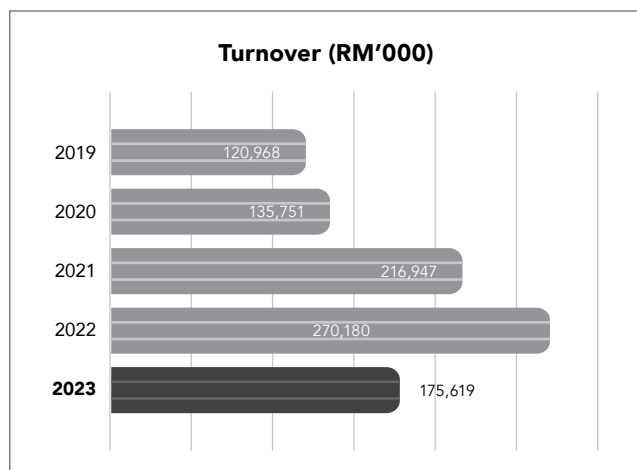
**Eonmetall Group Berhad**  
Registration No. 200301029197 (631617-D)



## GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
<b>INCOME</b>					
Turnover	120,968	135,751	216,947	270,180	<b>175,619</b>
(Loss)/Profit Before Tax	2,843	5,671	29,799	20,936	<b>(7,194)</b>
(Loss)/Profit attributable to Owners of the Company	3,400	3,468	24,164	17,675	<b>(6,741)</b>
<b>FINANCIAL POSITION</b>					
Total assets	427,952	502,158	511,732	608,263	<b>529,352</b>
Share Capital	99,801	106,097	106,097	137,426	<b>137,734</b>
Shareholders' Fund	242,473	252,683	274,142	319,496	<b>317,303</b>
<b>PER SHARE</b>					
Gross dividend (%)	0.0	3.0	0.0	2.6	<b>0.0</b>
Net assets per share (RM)***	1.31	1.32	1.35	1.28	<b>1.15</b>
Basic (Loss)/Earnings per share (sen)***	1.83	1.82	11.86	7.06	<b>(2.44)</b>

\*\*\* Based on weighted average number of shares in issue net of treasury shares as at 31 December 2023.





## PROFILE OF DIRECTORS

### TAN SRI DATO' MOHD DESA BIN PACHI

PSM, DSPN, KMN

INDEPENDENT  
NON-EXECUTIVE CHAIRMAN

Age	Gender	Nationality
90	Male	Malaysian

**Tan Sri Dato' Mohd Desa Bin Pachi** was appointed to the Board on 3 March 2005 and re-designated as Independent Non-Executive Chairman on 1 March 2018.

He is a Chartered Accountant by profession and is a Fellow of the Institute of Chartered Accountants in Australia. He studied accountancy in Melbourne, Australia under a Colombo Plan Scholarship. He joined Shell group of companies in 1962 and served in various capacities in the Finance/Administration. He is a fellow member of the Malaysian Institute of Management.

From 1970 to 1976, he was in public practice as a Chartered Accountant and was a partner of Desa Megat & Co and KPMG Peat Marwick. Subsequently, he was appointed as the first Chief Executive Officer ("CEO") of Permodalan Nasional Berhad (PNB) and later served as Chairman/CEO of Malaysia Mining Corporation Bhd, Executive Chairman of Fleet Group Sdn Bhd, Chairman/Managing Director of The New Straits Times Press (Malaysia) Berhad and Chairman of Sistem Televisyen Malaysia Berhad (TV3). He was Chairman of Bumiputra – Commerce Holdings Berhad (now known as CIMB Group Holdings Berhad) from 1984 to 2006.

He also sits on the Board of one (1) subsidiary of Eonmetall and several other private companies.

He has attended all four (4) board meetings held during the financial year ended 31 December 2023.

### YEOH CHENG CHYE

MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

Age	Gender	Nationality
55	Male	Malaysian

**Yeoh Cheng Chye** was appointed to the Board on 3 March 2005 and re-designated as Managing Director and Chief Executive Officer on 1 January 2013.

He graduated from University Pertanian Malaysia with a Bachelor in Computer Science (Hons) in year 1993. In year 2004, he obtained his Master in Business Administration from the University of Southern Pacific, United States.

He started his career in 1993 as a Systems Engineer I with Penang Seagate Industries (M) Sdn Bhd, Penang, a manufacturer of hard disc drives, where he was involved in IT and test engineering systems support. In 1995, he was promoted to System Engineer II and Project Manager. He left in 1996 and joined Southern Steel Bhd as a Senior Systems Analyst where he headed the IT division for automation and manufacturing. In 1997, he joined Leader Steel Holdings Berhad as Management Information System Manager where he was responsible for the overall management of the IT function.

He was appointed as the Executive Director of Eontarr IT Solutions Sdn Bhd in year 1999 and Chief Operating Officer of Eonmetall Technology Sdn Bhd in 2001. Subsequently, he was promoted to Executive Director and Chief Operating Officer of the Group in 2005. He is mainly responsible for the overall general management and operation of the Group.

He served in the Malaysian Iron and Steel Industry Federation (MISIF) Council as Chairman of The Machinery and Equipment Group since May 2013. He was then elected as the Chairman of Northern Region Branch of MISIF for the term 2018 to 2021 and reappointed for the year 2021 to 2024.

He sits on the Board of certain subsidiaries of Eonmetall.

He has attended all four (4) board meetings held during the financial year ended 31 December 2023.

## DATO' GOH CHENG HUAT

EXECUTIVE  
DIRECTOR

Age <b>63</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Dato' Goh Cheng Huat** was appointed to the Board on 3 March 2005 and re-designated as Executive Director on 1 January 2013.

As the founder of the Group, he has extensive experience, expertise and knowledge in the processing of iron and steel products. With more than 30 years in the industry, he has accumulated invaluable skills, which includes amongst others, the invention and enhancement of steel making machine and its related processes. In recognition of his entrepreneur skills, he was conferred the 1990 Young Entrepreneur Award by the Ministry of Youth and Sports. His zeal and untiring efforts to improve steel products making processes did not go unnoticed, for in year 1999, he was awarded a patent for "Process For The Manufacturing Of Steel Products And Apparatus" and "4x2 High Cold Roll Angle Bar Machine". He is also the key inventor for "Recovery Oil From Palm Mesocarp Fibres", where the patent was granted in year 2009. His visionary approach and keen business acumen certainly augur well for the Group especially in its business direction.

In year 2013, he obtained his Master of Business Administration from the National University of Singapore.

He was appointed to the Board of Malaysian Bulk Carriers Berhad (now known as Maybulk Berhad) and re-designated as Managing Director on 27 February 2023.

Currently, he is an Executive Director of Leader Steel Holdings Berhad and its subsidiaries.

He also sits on the Board of subsidiaries of Eonmetall and several other private companies.

He has attended three (3) out of four (4) board meetings held during the financial year ended 31 December 2023.

## GOH HONG KENT

EXECUTIVE DIRECTOR &  
CHIEF OPERATING OFFICER

Age <b>41</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Goh Hong Kent** was appointed to the Board on 7 September 2020.

He was appointed on 1 January 2013 as Chief Operating Officer.

He started his career in 2005 as Personal Assistant to Managing Director of Leader Steel Holdings Berhad.

Later in 2005, he joined Eonmetall Technology Sdn Bhd as Assistant Operations Manager where he was mainly responsible for overseeing the Purchasing Department. Following his promotion to Operations Manager in 2007, he was responsible for heading the Purchasing and Human Resources departments.

In 2010, he was promoted as General Manager where he is in-charge of overall steel business activities of Eonmetall Industries Sdn Bhd and Eonmetall Systems Sdn Bhd.

Currently, he is Director of Leader Steel Holdings Berhad's subsidiaries.

He also sits on the Board of certain subsidiaries of Eonmetall and several other private companies.

He has attended four (4) board meetings held during the financial year ended 31 December 2023.

## DATO' WAHAB BIN HAMID

DPMS, DSDK, AMS, PPB

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Age <b>71</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Dato' Wahab Bin Hamid** was appointed to the Board on 1 June 2011 and re-designated as Non-Independent Non-Executive Director on 1 June 2023.

He is a member of Audit Committee and Nominating Committee and Remuneration Committee.

He graduated from National University of Malaysia with a Bachelor in Arts (Hons), major in Economic in year 1977. He was conferred with Darjah Kebesaran Datuk Setia Diraja Kedah (DSDK) in year 2009 and Darjah Kebesaran Datuk Paduka Mahkota Selangor (DPMS) in year 2010. Both awards carry the title of "Dato".

He has 36 years of service in Malaysian Investment Development Authority (MIDA) in various Divisions with increasing seniority including serving as a Director of MIDA Sarawak, Director of MIDA Korea, Director of MIDA Selangor, Director of MIDA Germany, Director of Human Resource Division, Director of Industry Support Division and Senior Director of Resource Based Industry Division. He was also the Deputy Director General II from June 2008 to April 2011.

He previously served as a Chairman of National Duty Exemption Committee and various Technical Working Group Committee under the Industrial Master Plan 3 (IMP 3), a Member of Standard Malaysia Council and National Committee on Investment. He was also a permanent member of ECER Investment Committee, Sabah Industrial Development and Finance Committee, Negeri Sembilan Investment Committee and Perak State Investment Management Committee.

He is currently an Advisor to YKGI Holding Berhad, Deputy Chairman of Starshine Holdings Sdn. Bhd., and as an Independent Director of TN Engineering Sdn. Bhd.

He has attended four (4) board meetings held during the financial year ended 31 December 2023.

## TANG YIN KHAM

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Age <b>72</b>	Gender <b>Female</b>	Nationality <b>Malaysian</b>
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**Tang Yin Kham** was appointed to the Board on 3 March 2005 and re-designated as Non-Independent Non-Executive Director on 24 February 2023.

She is a member of the Audit Committee.

Ms Tang is the Senior Partner of a Firm of Chartered Accountants and has more than 40 years of professional experience in public accounting sector. She is Chartered Accountant of the Malaysian Institute of Accountants (MIA), a Fellow of the Association of Chartered Certified Accountants (ACCA), UK and a Fellow of the Chartered Tax Institute of Malaysia (CTIM).

She also sits on the board of several private limited companies.

She has attended all four (4) board meetings held during the financial year ended 31 December 2023.





## CHAN THENG SUNG

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Age <b>77</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Chan Theng Sung** was appointed to the Board on 24 February 2022.

He was appointed as the Chairman of Audit Committee on 24 February 2023. He is also a member of Nominating Committee and Remuneration Committee.

Mr Chan graduated from University of Malaya with a Bachelor of Economics (Hons) (1971) and a post graduate Diploma in Accounting (1976). He is a Chartered Accountant of Malaysian Institute of Accountants and a member of Chartered Taxation Institute of Malaysia.

In 1977, he was appointed as the Manager of Financial and Statutory Accounts Department, Petronas group of companies. In 1981, he joined Body Fashion (M) Sdn. Bhd. as Financial Controller cum Company Secretary. Since 1983, he started his own Public Practice.

He attended all four (4) board meeting held during the financial year ended 31 December 2023.

## GOH KEE SENG

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Age <b>68</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Goh Kee Seng** was appointed to the Board on 3 March 2005.

He graduated from National Taiwan University of Taiwan in year 1979 with a Bachelor of Science in Agricultural Chemistry.

His career started in 1980 when he joined Brion Research Institute of Taiwan. Following that, he spent 10 years on extensive travelling in the Asean countries while taking up regional postings in Brunei, Singapore and Malaysia. In 1991 he started his own business and has since ventured into various industries ranging from software, biotechnology to food industries. Currently, he is actively running a regional food business covering from beverage ingredient manufacturing to franchise operation in various countries.

He also sits on the board of certain subsidiaries of Eonmetall and several other private companies.

He has attended all four (4) board meetings held during the financial year ended 31 December 2023.



## DATO' MOHAMMAD RADHI BIN ABDUL RAZAK

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Age <b>61</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Dato' Mohammad Radhi Bin Abdul Razak** was appointed to the Board of Eonmetall on 30 May 2022.

He is the Chairman of Remuneration Committee. He is also a member of Audit Committee and Nominating Committee.

He started his career in 1992 as assistant director of Ministry of Finance.

Later in 2001, he joined the Ministry of International Trade and Industry as a director where he was mainly responsible for sectoral policy division on iron and steel, he was also appointed as a director for anti-dumping division. He was a deputy director of Economy Planning Unit, Ministry of Economic Affairs in 2015.

In 2019, he was promoted as director of Development Budget of Economy Planning Unit, Ministry of Economic Affairs.

He was also Deputy Secretary General responsible for policy and monitoring in the Ministry of Entrepreneur Development and Cooperatives from 2020 until 2022.

He has attended four (4) board meetings held during the financial year ended 31 December 2023.

## DATUK YOGEESVARAN A/L KUMARAGURU

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Age <b>66</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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**Datuk Yogeesvaran A/L Kumaraguru** was appointed to the Board of Eonmetall as Independent Non-Executive Director on 31 May 2023.

He is the Chairman of Nominating Committee. He is also a member of Audit Committee and Remuneration Committee.

He has served 36 years in the Malaysian Administrative and Diplomatic Service. He was Deputy Director General of the Economic Planning Unit, Prime Minister's Department from 2012 to August 2017. He was responsible for overseeing six (6) divisions namely Macroeconomics, Services Industry, Manufacturing, Science and Technology Industry, Environmental Economics and Natural Resources, Knowledge Economy, and National Development Budget.

In 2017, he assumed the post of Secretary General of the Ministry of Plantation and Commodities until his retirement where he oversaw industry policy, strategy formulation and programme implementation for agro commodities.

Currently, he is a trustee of Yayasan MySDG, and a consultant for the World Bank (Fiji).

He has attended three (3) board meetings held since the date of his appointment.

### Notes:

- Other than Dato' Goh Cheng Huat and Datin Tan Pak Say, who are major shareholders of Eonmetall, none of the other Directors has any direct or indirect shareholdings of Eonmetall. Datin Tan Pak Say is the spouse of Dato' Goh Cheng Huat.
- Other than Dato' Goh Cheng Huat and Goh Kee Seng being siblings, Goh Hong Kent who is the son of Dato' Goh Cheng Huat and the nephew of Goh Kee Seng, none of the other Directors has any family relationship, as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, with any other Directors and/or major shareholders of Eonmetall.
- None of the Directors has any conflict of interest with Eonmetall Group other than as disclosed in the notes to the financial statements.
- Except as disclosed by Tan Sri Dato' Mohd Desa Bin Pachi, Dato' Goh Cheng Huat and Dato' Mohammad Radhi Bin Abdul Razak none of the other Directors holds any other directorship in public companies.
- None of the Directors has been convicted of any offences, other than traffic offences, within the past 5 years.
- None of the Directors has public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT

**YEOH CHENG CHYE**, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER  
**DATO' GOH CHENG HUAT**, EXECUTIVE DIRECTOR  
**GOH HONG KENT**, DIRECTOR & CHIEF OPERATING OFFICER

For the profile of the above Directors, please refer to profile of directors of this Annual Report.  
The above Directors are referred to as the Executive Team.

### TEH IVAN

DEPUTY GENERAL MANAGER

Age	Gender	Nationality
<b>52</b>	<b>Male</b>	<b>Malaysian</b>

**Teh Ivan** joined Eonmetall Industries Sdn Bhd, a wholly-owned subsidiary company of Eonmetall as Deputy General Manager on 03 January 2017 in charge of Steel product and trading activity division. He has over 20 years of experience in the manufacturing field which includes managing production lines, handling store arrangements and product quality checking.

He graduated from Penang Skill And Development Center with Higher National Diploma In Mechanical Engineering in 2001 and Diploma In Business Administration in 1997.

### TEE CHIN WEE

SENIOR ENGINEERING MANAGER

Age	Gender	Nationality
<b>35</b>	<b>Male</b>	<b>Malaysian</b>

**Tee Chin Wee** joined Eonmetall Industries Sdn Bhd, a wholly-owned subsidiary company of Eonmetall as Senior Engineering Manager on 11 January 2021 in charge of Engineering and Technical Sales of Steel Storage Racking Systems including high bay warehouse. He brings a wealth of expertise to his current position.

He graduated from Universiti Teknologi Malaysia with Master Degree in Engineering (Structure and Material) in 2016. His research title is Behavior of The Innovative Connection Used in Steel Storage Racking Systems.



### LEONG KOI SEONG

#### FACTORY MANAGER

Age	Gender	Nationality
<b>55</b>	<b>Male</b>	<b>Malaysian</b>

**Leong Koi Seong** joined Eonmetall Technology Sdn Bhd, a wholly-owned subsidiary company of Eonmetall on 16 June 1988 and is currently the Factory Manager in charge of Machinery division. He brings more than 30 years of experience in machinery business to the division.

He started his career as an Assistant Supervisor and being promoted to Senior Production Executive in year 1997. In year 1999, due to his outstanding performance in the company, he was promoted to Assistant Production Manager and subsequent to Factory Manager in year 2001 where he take lead on the factory production.

### CHIA KANG YAO

#### CORPORATE & FINANCE MANAGER

Age	Gender	Nationality
<b>34</b>	<b>Male</b>	<b>Malaysian</b>

**Chia Kang Yao** was appointed on 1 January 2022 as Corporate & Finance Manager. He is a member of the Malaysia Institute of Accountant (MIA) and a Fellow of the Association of Chartered Certified Accountants (FCCA).

He has extensive experience in accounting, tax, audit, internal audit and corporate finance from 10 years of working in both professional and commercial environment.

In 2022 he was promoted as Corporate & Finance Manager where he is in-charge of overall corporate and finance function and is responsible for finance, statutory reporting, corporate governance and management reporting of the Group.

#### Notes:

- None of the Key Senior Managements holds any other directorship in public companies.
- None of the Key Senior Managements has any family relationship, as defined under the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, with any other Directors and/or major shareholders of the Company.
- None of the Key Senior Managements has any conflict of interest with Eonmetall Group.
- None of the Key Senior Managements has been convicted of any offences, other than traffic offences, within the past 5 years.
- None of the Key Senior Managements has public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("the Board") of Eonmetall Group Berhad ("Eonmetall" or "the Company"), I am pleased to present the Annual Report and Audited Financial Statements of Eonmetall and its subsidiaries ("the Group") for the financial year ended 31 December 2023 ("FYE2023").

During the financial year under review, the Group operates in a business environment with major challenges such as slower economy growth both domestic and global, high depreciation and volatility of Ringgit Malaysia, and on-going US anti-dumping investigation on Malaysia which are related to the Group's export.

### Financial Performance

The Group recorded a loss of RM6.6 million from a revenue of RM175.6 million. Revenue dropped by 35.0% from RM270.2 million during FYE2023, solely due to the decrease of revenue contributed from the steel products and trading activity segment ("steel segment"). Loss before tax ("LBT") of RM7.2 million was reported during FYE2023 as compared to previous financial year profit before tax ("PBT") of RM20.9 million. The financial performance was mainly impacted by significantly lower revenue from US market which generated higher profit margin, increase in cost of production and non-operating expenses such as Employees' Share Option Scheme ("ESOS"), impairment on receivables.

The Group recorded net asset per share of RM1.15 and maintained a manageable gearing ratio of about 0.37 times.

### Operational Review

Revenue contribution from the steel segment declined by about 35.8% to RM152.0 million year-on-year ("y-o-y") from RM236.8 million in FYE2023, solely due to the drop of export to US. Y-o-y LBT recorded at RM7.2 million as compared to PBT of RM32.0 million in previous financial year mainly due to the absence of higher margin contribution from US market, higher cost of production and non-operating expenses such as ESOS, legal fees, rental expense.

Machinery and equipment segment ("machinery segment") recorded a revenue of RM20.7 million from RM19.6 million with PBT of RM0.3 million as compared to PBT of RM3.9 million in previous financial year. The LBT is contributed by non-operating expenses such as ESOS and impairment on receivables.

### Industry Trend and Prospect

The continued decline in the value of the Ringgit Malaysia touching as high as 4.7790 against the greenback during end February 2024 and near its lowest of 4.88 in January 1998 during the height of the Asian financial crisis. This has created a distressing operating condition. Our steel raw material imports cost has escalated higher and directly impacted our cost of production in the steel segment.

Towards end of 2023, despite escalating uncertainties in the global landscape, Malaysia's economy remains resilient and Bank Negara Malaysia ("BNM") chose to prolong its pause, signalling the near conclusion of its fiscal policy tightening phase in 2023. BNM is expected to maintain its policy rate at 3.00% throughout 2024. This would assist the Group to better manage its finance cost accordingly.

The Group is optimistic on the contribution from the machinery segment, specifically on our palm oil related machinery. Palm oil industry experts' inclusive analyst is projecting prices of crude palm oil ("CPO") to remain above RM3,800 to RM4,000-a-tonne level in 2024. This high-level price is based on the continued stagnation of palm production growth in Malaysia and Indonesia due to replanting, sustainability, and slowdown in new plantation. The elevated CPO price will continue to generate more interest in our oil extraction plant, mainly in support of higher demand for green and sustainable new energy of biofuels.

Malaysia economy expanded by 3.7% in 2023 as compared to 2022 of 8.7%, which is boosted by the opening effects, pent-up demand, and massive policy stimulus. BNM expected the economy expansion of 4.0 to 5.0% in 2024 as supported by resilient domestic demand, even the country is expecting more external headwinds as global growth is projected at 3.1% in 2024 and 3.2% in 2025. With such turbulences and challenges, the Group needs to be more aggressive in business expansion along the value chain to deliver more value-added products and solutions to our customers, and to meet the changing market demands.



### **Dividend**

The Board of Directors has not recommended any dividend payment for FYE2023.

### **Directorate**

On behalf of the Board, I welcome Datuk Yogeessvaran A/L Kumaraguru who joined the Board on 31 May 2023.

### **Appreciation**

The outlook for FY2024 remains uncertain and we anticipate continued economic and geo-political challenges. However, I hold steadfast confidence in our ability to navigate these adversities and ensure business sustainability. We will continue to adapt and evolve in response to sustainable growth. I believed that team Eonmetall, with the guidance of the Board and support from senior management, will prevail in strengthening and adaptation of various initiatives to meet standards and demand, thus enhancing a sustainable future for the Group moving forward. Therefore, on behalf of the Board, I extend heartfelt gratitude for your unwavering support. I thank our shareholders for their continuous commitment, our principals for their trust, our customers for their confidence and our employees for their dedication and hard work.

Last but not least, to my fellow Directors, I am grateful for your astute counsel and continued support.

**Tan Sri Dato' Mohd Desa Bin Pachi**  
**Independent Non-Executive Chairman**

26 April 2024

### Business & Economic Insight

The US economy grew by a bustling 3.1 percent in 2023, shaking off recession fears and offering an upbeat picture of consumers and businesses ahead of a pivotal election year. Gross domestic product grew even faster than many had anticipated in the last three months of the year by an annual rate of 3.3 percent, according to the Bureau of Economic Analysis evidenced that federal policymakers have managed to bring down inflation and secure a “soft landing” without major repercussions for workers or the economy.

Despite the recovering markets and economy in the US, our Group could not reap the benefits as the US anti-dumping policies affected us harshly.

Despite a challenging external environment, Malaysia’s economy grew by 3% in the fourth quarter of 2023 (Q4 2023), supported by resilient domestic demand that rose by 5.2% in Q4 2023 (Q3 2023: 4.8%). This helped cushion the 3.2% decline in Malaysia’s trade, as exports softened on the back of cooling global demand. Overall, the Malaysian economic growth normalised to 3.7% in 2023, following a strong growth registered in the previous year (2022: 8.7%).

Faced with multiple crises such as the epidemic, geopolitical tensions and wars, financial instability and climate change, the future of the steel market industry in Malaysia and globally is not optimistic. As China is Malaysia’s largest import and export trading country, China currently has chronic overcapacity and Malaysian steel manufacturers are unlikely to benefit from the expected increase in domestic steel consumption.

For the Malaysian steel industry to have a sustainable future, the industry and the Malaysian Government must jointly address three major challenges, namely overcapacity in construction steel, green transformation and financing transformation.

### Review of Business Operations and Financial Performance

#### Business Operations

The Group’s offering of material handling systems under the “Eonmetall” and “Constructor” marques have reached wider audience and emerged as leading brands in their respective categories across Asia, the Middle East, and Australasia. We have been granted exclusive manufacturing and marketing in Asia under “Constructor” brand name for our steel storage system by Gonvarri Material Handling AS (“GMH”) (one of Europe’s leading engineering and manufacturers of steel storage solutions) in 2019 and this was recently extended beyond 2023. This strategic partnership has allowed our products to gain acceptance and market penetration since its launch in early 2020. To date, our Group’s material handling system under these two brand names have emerged as leading brands in their respective categories in their markets. The Group continues to expand its material handling manufacturing capacity to cater for original equipment manufacturing (OEM) clients overseas beyond its original design manufacturing (ODM) clients. The performance of our material handling systems are shown under our steel products & trading segment (“Steel Segment”).

Since venturing into the US market two years ago, it has become a major revenue contributor for the Group. Nonetheless, the Group had been significantly affected by the US anti-dumping policies leading to a notable decrease in demand and consequently earnings.

The Group continues to be a niche player in the designing and fabrication of metalworking and palm oil related machines (“Machinery Segment”) under which the Group offers its built, operate-transfer (BOT) business model offering patented processing technology both for Palm Fibre Oil Extraction (“PFOE”) and Palm Kernel Oil Extraction (“PKOE”) plants to palm oil mill owners within this segment with the first of this plant being commissioned in early 2023. This business model, coupled with the Group’s extensive presence in Malaysia and Indonesia markets, underpinned the Group’s commitment to grow market presence for its products and services in support of the downstream palm oil business.

On August 2022, our subsidiary, Eonmetall Technology Sdn Bhd had entered into an agreement to build a PFOE plant to extract oil from mesocarp fibre from processed fresh fruit bunches for a major Government Linked Company’s palm oil mill in Johor. This PFOE plant had been commissioned in the third quarter of 2023. The Group is planning to build the largest PFOE capacity in Malaysia during the year 2023 which is expected to be commissioned in 2024.

## Review of Business Operations and Financial Performance (Cont'd)

### Business Operations (Cont'd)

On 9 February 2023, Eonmetall Industries Sdn. Bhd. ("EMI"), a wholly-owned subsidiary of the Company received a letter of circumvention inquiry pursuant to anti-dumping duty and countervailing duty orders on boltless steel shelving units prepackaged for sale ("boltless steel shelving"). EMI was selected by the United States Department of Commerce ("USDOC") as the mandatory respondent for the inquiry. On 12 April 2024, US DOC has released its final determination and decided to impose antidumping duties for importation of boltless shelving from Malaysia.

On 7 February 2023, the Group disposed off its entire 51% equity interest in Lienteh Technology Sdn. Bhd. for a consideration of RM35.7 million. On 28 December 2023, the Group disposed off its entire 60% equity interest in Africa Steel Investment Limited for a cash consideration of RM10.0 million.

### Financial Performance

Revenue decreased by 35.0% to RM175.6 million over the previous financial year mainly from the decrease in demand from the Steel Segment brought about by the inquiry from the USDOC on anti-dumping. Revenue from this segment decreased by 35.8% to RM152.0 million. Revenue from the property investment holding and other segment decreased by 89.0% to RM0.6 million mainly due to the disposal of a 51% subsidiary company, Lienteh Technology Sdn. Bhd. on 7 February 2023. The disposal of Lienteh Technology Sdn. Bhd. recorded a gain of RM24.4 million for the Group.

The Group recorded a loss before taxation of RM7.2 million mainly due to the decrease in revenue together with an impairment loss on trade receivables which amounted to RM4.5 million and ESOS expenses which amounted to RM4.4 million.

The Group recorded net asset per share of RM1.15 and maintained a manageable gearing ratio of approximately 0.37 times.

### Strategic Developments

The land in Kapar ("Kapar Land") acquired in 2019 for the construction of a new manufacturing plant to accommodate the expansion of its business. The Group expects to start development of the Kapar Land in 2024 following completion of clearing the said land which was completed in 2023. The development was delayed as the Group received a Notis Award and Tawaran Pampasan (Borang H) from the Pejabat Daerah Dan Tanah Klang invoking compulsory acquisition under the Land Acquisition Act, 1960 ('Act 486') to acquire approximately 8,996 square meters of the Kapar Land. The compulsory land acquisition was for the East Coast Rail Link (ECRL) project and was completed on 26 March 2024 for a total consideration of RM30.4 million and recorded a gain of RM27.9 million for the Group.

### Perspective on Risk Management

The Board maintains a vigilant stance in monitoring the myriad risks inherent in the Group's drive for growth and diversification. These include a broad spectrum of risks arising from our business operations, encompassing financial risks (such as credit, liquidity, and interest rate risks), price competitiveness, fluctuations in steel prices, foreign exchange exposure, global steel demand dynamics, and those associated with shifts in political, regulatory, and economic landscapes, project uncertainties, and potential contractual disputes.

The Group upholds stringent vigilance over financial risks to ensure sufficient resources for growth while mitigating adverse impacts from factors like interest rate and currency fluctuations on its financial standing, performance, and cash flows. Additionally, the Group meticulously assesses receivables to uphold a manageable level of credit risk exposure.

Given that the Group's core business activities revolve around manufacturing, comprehensive quality control measures, best practices, and relevant policies and procedures are implemented to guarantee deliveries meeting required specifications, value-added solutions, quality standards, and deadlines. Furthermore, the Group has implemented various legal and financial safeguards to mitigate associated risks through thorough review and execution of contracts.



### Dividend

The Company has not adopted a dividend policy. Notwithstanding, the Company will reward shareholders after taking into consideration its financial performance and the need to conserve cash for working capital and to fund business expansion.

### Corporate Governance & Sustainability

The Board of Eonmetall is committed to upholding high standards of governance practices that is essential for the Group to ensure integrity, transparency, accountability and to effectively deliver on our business strategies and generate sustainable value for all our stakeholders. The roll out of various policies underpinned our culture of accountability is to ensure all in the Group are guided by a set of governance policies and standard operating procedures to ensure comprehensive adherence to legal and ethical conduct.

The Group strives to reduce environmental footprints and establish operational resilience to deliver long-term value to our business, stakeholders and communities. As such we are committed to protect the environment by minimising and mitigating environmental impacts throughout the life cycle of operations. We have implemented and advocated several energy saving practices, efficient factory waste management and effective water management in our endeavour to minimise our carbon footprint and advance our sustainability objective.

The Group has committed to diversify our workplace that includes the recruitment of a workforce with a variety of backgrounds, ages, and experiences, considering the individual goals and ambitions of each candidate. We are dedicated in our commitment to merit-based decisions and the elimination of any form of discrimination. It is the top priority of the Group to ensure the health and safety of our employees and contractors in all business operations and workplaces.

The Board is deeply cognizant of the significance of conducting business in a sustainable manner and is unwaveringly dedicated to realising our sustainability objectives. We are actively integrating sustainable practices into our daily operations across multiple dimensions, including but not limited to environmental stewardship, social responsibility, and economic viability. Furthermore, we have already initiated pivotal milestones on our journey towards sustainability, demonstrating our firm commitment to creating a positive impact on our stakeholders and the planet.

Our sustainability Statement outlines the efforts carried out by our Group and our commitment to deliver on our sustainable deliverables in support of the United Nations Sustainable Development Goals.

### Moving Forward

The Group intends to focus on the expansion of new product lines under our material handling system to cater for automated warehouses. This would be done in collaboration with GMH. We look forward to the exciting times ahead with our material handling system by trying to secure new markets in Asia and Australia. There is also the potential of setting up a steel storage manufacturing facility outside Malaysia.

We will continue to tap into the potential of PFOE plants and the demand for biofuels to take the Group to greater heights.





## About This Report

(GRI 2-3)

Eonmetall Group Berhad and its subsidiaries ("Eonmetall", or "the Group") is honored to present our Annual Sustainability Statement ("SS") or ("the Statement") for 2023. This Statement provides an overview of the Group's sustainability performance during the period of 1 January 2023 to 31 December 2023, unless stated otherwise.

## Scope and Basis of Scope

(GRI 2-2)

This Statement discloses the sustainability performance of all our active subsidiaries located in Malaysia. Unless otherwise mentioned, SS2023 excludes any activities and operations that have been outsourced.

## Reporting Framework

This Statement has been developed according to Bursa Malaysia's Listing Requirements, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).

## Feedback

(GRI 2-3)

Our SS2023 can be viewed and downloaded from Eonmetall's official website at <https://www.eonmetall.com/>.

Eonmetall values its engagement to its valued stakeholders and is always open to any feedback, inquiries and concerns to ensure we consistently improve at the Group. Our contact details are as below:

+(604) 582 8323  
info@eonmetall.com  
Eonmetall Group Berhad  
Lot 1258, Mk. 12, Jalan Seruling,  
Kawasan Perusahaan Valdor  
14200 Sungai Bakap, Penang, Malaysia.



## Sustainability Governance

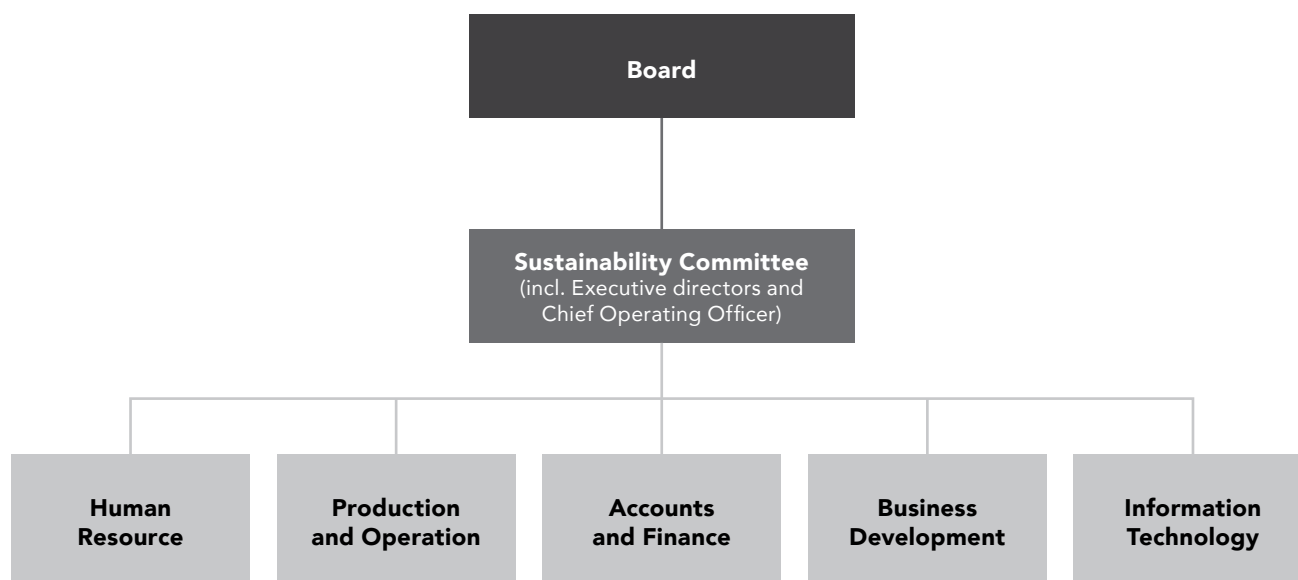
(GRI 2-14)

Eonmetall is dedicated to maintaining robust standards of corporate governance throughout the organization, ensuring integrity, transparency, and accountability. Our governance practices are outlined in the Board Charter and various other policy documents, guiding our actions to safeguard our reputation and enhance shareholder value.

The Board of Directors oversees Eonmetall's sustainability governance, setting the direction for sustainability strategies and identifying material sustainability matters (MSM). This top-tier leadership ensures alignment with our corporate values and long-term objectives. Our Sustainability Committee, comprising Executive Directors and the Chief Operating Officer, plays a pivotal role in executing sustainability initiatives. This committee assists the Board by supervising the implementation of sustainability strategies at the management level, ensuring effective execution of our sustainability agenda.

Day-to-day implementation of sustainability plans is entrusted to relevant departments within the organization. These departments are responsible for executing initiatives aligned with our sustainability objectives, contributing to our overall sustainability performance.

Through this three-tiered governance structure, Eonmetall fosters a culture of sustainability, integrating environmental, social, and governance principles into our business operations and decision-making processes.



## Stakeholder Engagement

(GRI 2-29)

We believe actively engaging with various stakeholders is a vital component in maintaining the efficiency of our operations. As defined by Eonmetall, stakeholders consist of individuals, organizations, or groups whose business strategies and models can be affected by Eonmetall, and, in turn, can influence our business operations.

Our primary stakeholder categories include employees, shareholders, investors, customers, suppliers, local communities, government entities and industry association. These categories were determined based on their varying degrees of influence on and reliance upon our business.

## Stakeholder Engagement (Cont'd)

(GRI 2-29)

Engagement with stakeholders occurs through a variety of communication channels, including online media platforms, meetings, seminars, and in-person interactions. The table highlighting key stakeholders and their engagement is presented below:

Key Stakeholders	Engagement Channel	Frequency of engagement	Key Areas of Interest/Concern	Our Response
<b>Employees</b>	Training course	Annually	<ul style="list-style-type: none"> <li>Compensation &amp; benefits</li> <li>Competency development</li> <li>Learning &amp; development</li> <li>Rewards &amp; recognition</li> <li>Safety at work</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparent communication with employees</li> <li>Provide equal employment opportunities without discrimination</li> <li>Offer industry-competitive benefits and remuneration packages</li> <li>Provide relevant upskilling and development opportunities</li> </ul>
	Performance appraisals	Annually		
	Internal communication	As required		
	Employee engagement activities	As required		
<b>Shareholders and investors</b>	Annual General meeting	Annual	<ul style="list-style-type: none"> <li>Corporate governance practices</li> <li>Sustainable return and growth</li> <li>Return on investment</li> <li>Sustainable financial &amp; operational performance</li> </ul>	<ul style="list-style-type: none"> <li>Timely updates on the Group's strategy and financial performance via investor briefings and announcements</li> <li>Uphold good governance practices across the Group, and supply chain</li> </ul>
	Extraordinary general meeting	As required		
	Corporate announcement	Annually		
	Media releases	As required		
	Investor Briefing	As required		
<b>Consumers</b>	Daily engagement	Daily	<ul style="list-style-type: none"> <li>Product quality &amp; safety</li> <li>Fair &amp; reasonable product pricing</li> <li>Products and services updates</li> </ul>	<ul style="list-style-type: none"> <li>Offer competitive products and services</li> <li>Implement rigid product assessments</li> </ul>
	Site visits	As required		
	Advertisement & social media releases	As required		
	Surveys	Annually		
<b>Suppliers</b>	Briefing Visits	Required	<ul style="list-style-type: none"> <li>Fair &amp; robust procurement system</li> <li>Support of local businesses</li> <li>Social &amp; environmental responsibility</li> <li>Ethics – anti-bribery &amp; corruption</li> </ul>	<ul style="list-style-type: none"> <li>Emphasis on provision of transparent procurement processes</li> </ul>
	Supplier evaluation & registration	Annually		
	Whistleblower platform	On-going		
<b>Local communities</b>	CSR Activity	As required	<ul style="list-style-type: none"> <li>Social &amp; environmental responsibility</li> <li>Job opportunities for locals</li> <li>Stimulating local economies</li> </ul>	<ul style="list-style-type: none"> <li>Investment in education and welfare to improve community well-being</li> </ul>
<b>Regulators</b>	Compliance efforts	Annually On-going As required	<ul style="list-style-type: none"> <li>Good governance</li> <li>Fair labour practices</li> <li>Safety at work</li> <li>Compliance with laws &amp; regulations</li> <li>Greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulatory requirements</li> <li>Adoption of practices outlined in the Malaysian Code on Corporate Governance</li> <li>Support government initiatives</li> </ul>

## Materiality Assessment and Material Matters

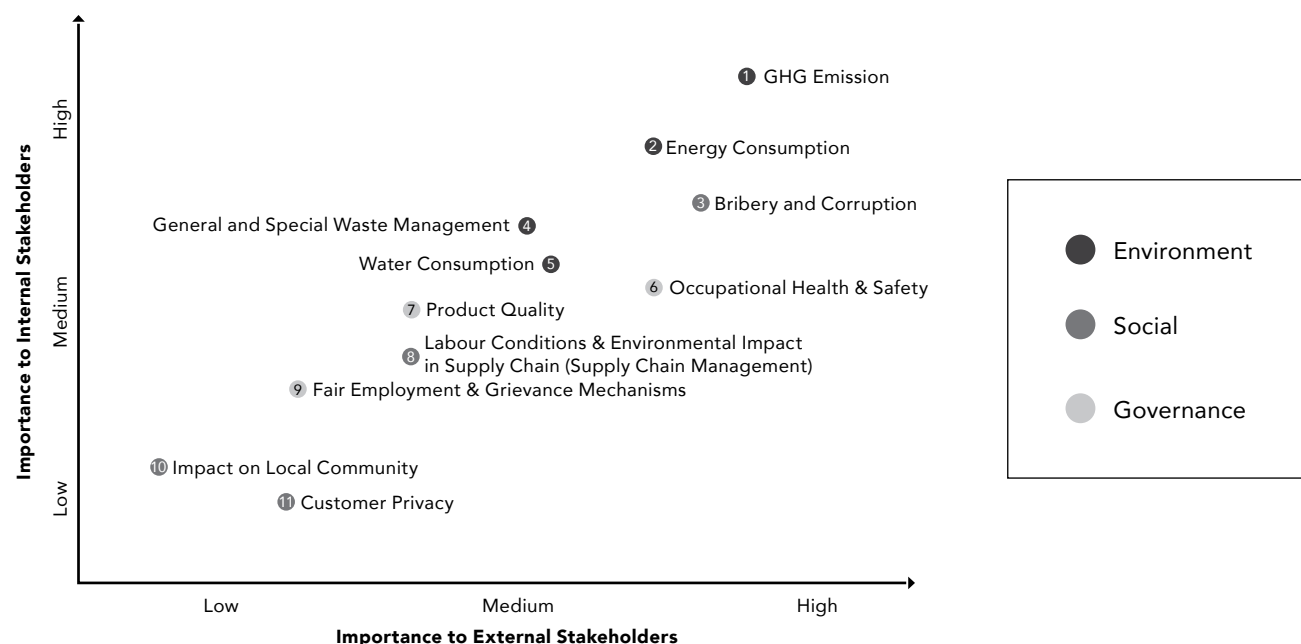
(GRI 3-1)

We acknowledge that the material issues can impact our capacity to generate sustainable value for stakeholders, whether directly or indirectly. In 2023, we initiated a comprehensive materiality assessment, including a survey involving key internal and external stakeholders for the first time. The aim was to not only consider but also address their interests and concerns appropriately. The following outlines our materiality assessment process.

Identification and Engagement	Prioritisation	Validation
We assembled a list of sustainability issues for assessment and engaged our senior management team in deliberations concerning the overall business environment, Group operations, and areas of risk, encompassing both internal and external factors.	By conducting a materiality assessment survey involving internal and external stakeholders, we prioritized and displayed a total of 11 material matters in our materiality matrix.	The outcomes of the materiality prioritization process and the creation of the materiality matrix were thoroughly examined and approved by the top management.

## Eonmetall's Material Matrix 2023

(GRI 3-2)



According to the materiality assessment, we list the material matters:

No.	Material Topic
01	GHG emission
02	Energy Consumption
03	Bribery and Corruption
04	General and Special Waste Management
05	Water Consumption
06	Occupational Health & Safety
07	Product Quality
08	Labour Conditions & Environmental Impact in Supply Chain (Supply Chain Management)
09	Fair Employment & Grievance Mechanisms
10	Impact on Local Community
11	Customer Privacy

## Sustainability Framework (GRI 2-22, 2-23)

The foundation of our sustainability framework rests on three core pillars: environmental, social, and governance. These aspects have been integrated into our business strategy to align with the expectations of our stakeholders. Across these three pillars, our goals include minimizing our environmental impact, actively contributing to local communities and our employees, and promoting responsible business practices. We are committed to address challenges related to each key area to realize our sustainable business strategy, ensuring an ongoing evaluation of our performance in sustainable development.

Three Core Pillars		
Environmental	Social	Governance
Reducing carbon emission and minimising environmental impacts of our operations	Cultivating a diverse culture, promoting employee wellness, and supporting the local community	Providing excellent services and creating value for stakeholders while upholding transparency and accountability
GHG Emissions	Occupational Health & Safety	Bribery & Corruption
Energy Consumption	Product Quality	Labour Conditions & Environmental Impact in Supply Chain
General and Special Waste Management	Fair Employment & Grievance Mechanisms	
Water Consumption	Impact on Local Community	
	Customer Privacy	

## Material Topics

### Environmental

**GHG Emissions & Energy Consumption**  
(GRI 302-1, 302-3, 305-1, 305-2, 305-3, 305-4, SDG-7, SDG-13)



We acknowledge that our business activities, particularly in the production of steel products, involve energy-intensive processes. Consequently, these operations can lead to a substantial influence on both the environment and operational costs if the usage of energy is not effectively controlled.

Eonmetall strives to reduce our environmental footprints and establish operational resilience to deliver long-term value to our business, stakeholders, and communities. In our Code of Conduct, we are committed to protect the environment by minimizing and mitigating environmental impacts throughout the life cycle of operations.

## Material Topics (Cont'd)

### Environmental (Cont'd)

#### GHG Emissions & Energy Consumption (Cont'd)

(GRI 302-1, 302-3, 305-1, 305-2, 305-3, 305-4, SDG-7, SDG-13)



### Energy Management

The main source of emission for Eonmetall would be from the direct consumption of fossil fuel sources such as diesel and petrol (Scope 1) in company operations and purchased electricity (Scope 2). To effectively manage energy consumption, we install energy-efficient LED lights with extended lifespans and greater energy efficiency, enhancing our work environment while reducing electricity expenses. We also advocate for energy-saving practices, such as limiting the use of air conditioners and minimizing electricity waste by turning off lights and electronic devices when not in use.

Our overall energy consumption in FY2023 amounted to 40,274 GJ, as shown below:

Energy Consumption		
Energy Type	Unit	FY2023
Diesel	Gigajoules	2304
Petrol	Gigajoules	1550
Liquefied Petroleum Gas	Gigajoules	19,925
Electricity	Gigajoules	16,494 <sup>2</sup>
Total energy consumption	Gigajoules	40,274
Energy Intensity	GJ / Revenue (RM' million)	177.84

### GHG Emissions

Greenhouse gas (GHG) emissions represent a crucial aspect of Eonmetall's sustainability efforts, reflecting our environmental impact and commitment to combatting climate change. Our GHG emissions reporting is structured into two primary categories: Scope 1 and Scope 2 emissions.

#### Fuel consumption and Scope 1 Emissions

Scope 1 emissions encompass direct GHG emissions generated from sources that are owned or controlled by Eonmetall. This includes emissions from the combustion of fuels such as diesel, petrol, and liquefied petroleum gas (LPG) used in our operations. As part of our commitment to sustainability, Eonmetall actively promotes the use of electric and hybrid electric vehicles (EVs) to reduce petrol consumption and minimize our carbon footprint,

The quantification of Scope 1 emissions allows us to understand and mitigate the environmental impact of our onsite activities, promoting efficiency and sustainability throughout our operations.

<sup>1</sup> The conversion factors are based on the methodology provided by Energy Statistics Manual from International Energy Agency.

<sup>2</sup> Electricity converted from 4,581,852 KWh.

### Electricity and Scope 2 Emissions

Scope 2 emissions comprise indirect GHG emissions associated with the consumption of purchased electricity. As electricity is a vital component of our operations, assessing Scope 2 emissions enables us to identify opportunities for energy efficiency improvements and transition to renewable energy sources, thereby reducing our carbon footprint and advancing our sustainability objective.



## Material Topics (Cont'd)

### Environmental (Cont'd)

#### GHG Emissions & Energy Consumption (Cont'd) (GRI 302-1, 302-3, 305-1, 305-2, 305-3, 305-4, SDG-7, SDG-13)



#### Emission Intensity

The emission intensity, indicating carbon dioxide emissions per revenue, stood at 22.12 tCO<sub>2</sub>e/RM million in FY2023.

Carbon Emissions <sup>3</sup>		
	Unit	FY2023
Scope 1 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> -e	1537.71
Scope 2 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> -e	3473.04
Total emissions	tCO <sub>2</sub> -e	5010.76
Emission intensity	tCO <sub>2</sub> -e / Revenue (RM' million)	22.12

#### General and Special Waste Management (GRI 306-3, 306-4, 306-5, SDG 3)



Inadequate waste management poses significant risks, impacting air and water quality, soil pollution, and increasing exposure to hazardous materials for both our staff and neighboring communities. At Eonmetall, prioritizing proper waste management is a crucial initiative to reduce our environmental impact and benefit the surrounding areas.

We implement factory waste management strategies aimed at optimizing the utilization of steel material, minimizing waste, and ensuring proper segregation to reduce environmental impact. Waste is sorted to facilitate recycling or transport to designated disposal sites. Our commitment extends to the adoption of the 3R approach—reduce, reuse, and recycle—while educating our employees about the significance of sustainable waste management.

Furthermore, we promote galvanized steel products over powder-coated steel products, reducing sludge waste disposal and hazardous chemical usage, particularly for racking components intended for clean room or food environments. By embracing the principles of waste reduction and energy conservation, we strive to enhance operational efficiency and contribute to a cleaner, more sustainable future.

In 2023, Eonmetall generated a total of 718.41 MT of waste was generated, of which consist of 98.03% (704.26 MT) was recycled and diverted from disposal of 14.15 MT waste was sent to the disposal.

Waste Management		
Indicator	Unit	FY2023
Total waste generated	Metric tonnes	718.41
a. Total waste diverted from disposal	Metric tonnes	704.26
b. Total waste directed to disposal	Metric tonnes	14.15

<sup>3</sup> Emission Factors referenced from World Resource Institute (2015), GHG Protocol tool for Stationary Combustion. Version 4.1, and 2021 Grid Emission Factor for Peninsular Malaysia by the Energy Commission

## Material Topics (Cont'd)

### Environmental (Cont'd)

#### Water Consumption (GRI 303-5, SDG 6)



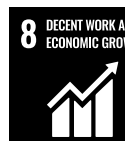
Water scarcity is a growing concern influenced by climate change, inadequate water management, and contamination. Recognizing the substantial water usage in steel production, particularly during chilling and descaling, we prioritize effective water management to address the risk of shortages and enhance efficiency across our operations.

We consistently track water usage within the group, identifying processes and machinery with unusually high consumption. Additionally, we promote water-saving habits among employees through awareness campaigns and reminders at our office premises. In FY2023, our water consumption was 29,058 m<sup>3</sup>.

Water Consumption		
	Unit	FY2023
Total volume of water used	m <sup>3</sup>	29,058

### Social

#### Occupational Health & Safety (GRI 403-4, 403-5, 403-9, SDG 8)



Our top priority is ensuring the health and safety of our employees and contractors in all business operations and workplaces. We are committed to creating a secure and supportive environment, with a focus on preventing injuries and illnesses among everyone working on our premises.

We aim to completely adhere to the Occupational Safety and Health Act 1994, Environmental Quality Act 1974, and Factories and Machinery Act 1967, prevent any workdays from being lost, and continuously enhance the effective implementation of our Occupational Health and Safety Management.

In addition to internal communications and safety rule reminders, we've established a Safety Committee to oversee and monitor on going safety and health initiatives which have been implemented. This committee also actively promotes and secures a safe and supportive environment to prevent work-related accidents, injuries, and health issues among our employees, contractors, and others.

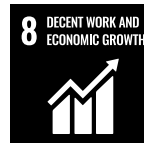
Other initiatives include implementing a standard security procedure to protect our factory from unauthorised access, sabotage, and espionage. We also conduct regular maintenance of fire extinguishers and proper layout location and signage plan for the fire extinguishers for easy identification in the event of emergency.

Eonmetall provides health and safety training with regular refresher sessions for our staff. Our training programs include theoretical knowledge and practical skills, addressing areas such as emergency response, hazard identification, risk management, and health awareness. These initiatives undergo regular evaluations to ensure their ongoing relevance.

## Material Topics (Cont'd)

### Social (Cont'd)

#### Occupational Health & Safety (Cont'd) (GRI 403-4, 403-5, 403-9, SDG 8)



Below are the internal safety and health training programs conducted for our employees in 2023:

Safety and Health Training Programs				
No	Training Programme	Training Date	Training Hours	Type of attendees
1	Working At Height	01/04	8	Production
2	Hot Work Safety & Fire Extinguisher Training	01/06	8	Production
3	Emergency Response Team (ERT) With Fire Fighting	01/11	8	Office + Production
4	Hirarc Implementation Training	01/12 01/13	16	Office + Production
5	Effective Safety & Health Committee	01/17	8	Office + Production
6	Prevention Of Ergonomic Injuries At Workplace	01/31	8	Office + Production
7	Lean Manufacturing Fundamentals	03/09	8	Production HOD
8	Application of risk-based thinking on ISO 9001 training	09/18	8	Production
9	Forklift Safety Training	10/20	8	Production & Store

Employees Trained on OHS		
	Unit	FY2023

Number of employees trained on health and safety standards	Number	97
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We consistently monitor, record, and evaluate key OSH performance indicators in its work environments. Our OSH performance details are shown below:

OHS Performance		
	Unit	FY2023
Number of work-related fatalities	Number	0
Number of lost time injuries	Number	0
Lost Time Incident Rate ("LTIR")	Rate	0

## Material Topics (Cont'd)

### Social (Cont'd)

#### Product Quality (GRI 416-2)

To live up to our “Customer Satisfaction First” commitment at all times, we established a quality management to monitor and control the processes from planning and development to production and after-sales service in order to fulfil our customers’ high demand for quality. In addition, product quality is of paramount importance to steel manufacturers because many industries and applications have strict standards and regulations regarding the quality of steel used.

We adhere to regulatory, safety, and quality standards in the production of our goods. Our products successfully enter export markets in ASEAN, Asia, Asia Pacific, the Middle East, and North Africa, as well as the USA, serving as a testament to the high quality of our products. Moreover, our commitment to product quality is reinforced by our exclusive authorization for manufacturing and distributing European standard storage systems.

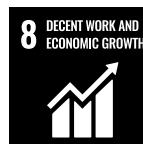
In addition to our expertise in steel production, we are acknowledged as the foremost design innovator and manufacturer of the patented solvent extraction plant for palm mesocarp fiber and palm kernel cake.

To elevate service quality, our staff undergo comprehensive training to prioritize customer satisfaction. To achieve this commitment, they are required to participate in training programs focusing on product knowledge and soft skills development, aligning with the Quality Policy outlined in ISO9001 : 2015.

The following table lists relevant certification acquired:

Product Quality Certification			
Entity Name	Product/Service	Certification	Certified Body
Intertek total quality Assured	Racking System	ISO 9001 : 2015	Intertek
Sirim QAS International Sdn. Bhd.	Coils (Raw Material)	QAS International	Sirim

#### Fair Employment and Grievance Mechanisms (GRI 405-1, SGD 5, SDG 8)



Implementing fair employment practices makes good business sense. It is also the right thing to do in a workforce such as Malaysia, with its diverse ethnic, religious, age, and gender makeup. Embracing diversity enables us to tap into a wider pool of talents and contributes to the retention of our existing skilled workforce. We are dedicated to evaluating our human resource practices, particularly in areas such as recruitment, talent development, and career advancement, with a firm commitment to merit-based decisions and the elimination of any form of discrimination.

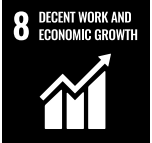
Following this principle, we actively aim to recruit a workforce with a variety of backgrounds, ages, and experiences, considering the individual goals and ambitions of each candidate. Furthermore, we’ve implemented a set of procedures to assess talent for career advancement, offering our employees relevant training in soft skills and professional development to ensure their ongoing competence.

In addition to the initiatives mentioned above, our dedication to cultivating a safe work environment, devoid of bias related to backgrounds, beliefs, or abilities, is underscored by our Code of Conduct (“CoC”), and effective grievance mechanism. These measures demonstrate our unwavering commitment to ensuring that every individual experience respect and protection, free from any form of harassment.

## Material Topics (Cont'd)

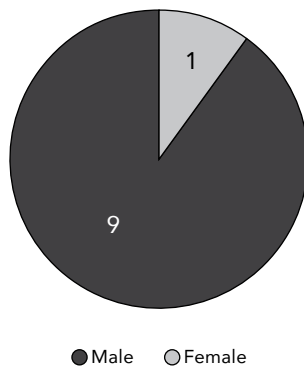
### Social (Cont'd)

#### Fair Employment and Grievance Mechanisms (Cont'd) (GRI 405-1, SGD 5, SDG 8)

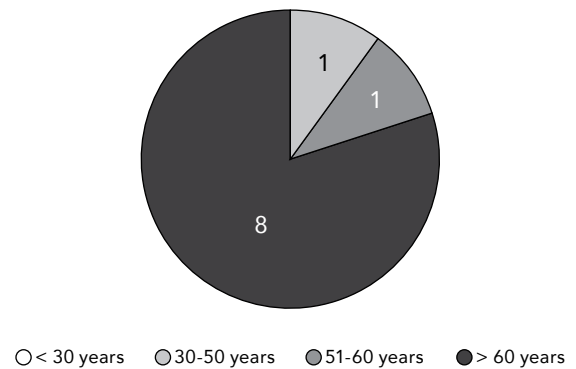


#### Board Diversity

Board Gender Diversity

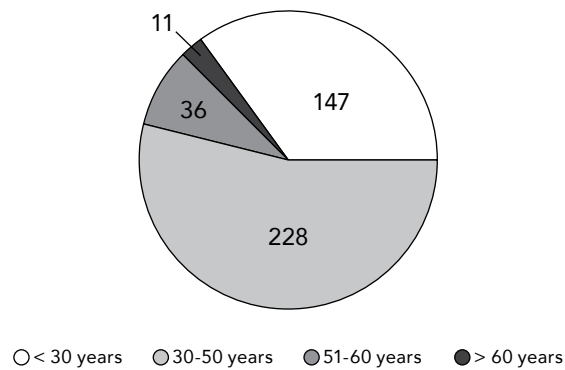


Board Age Diversity

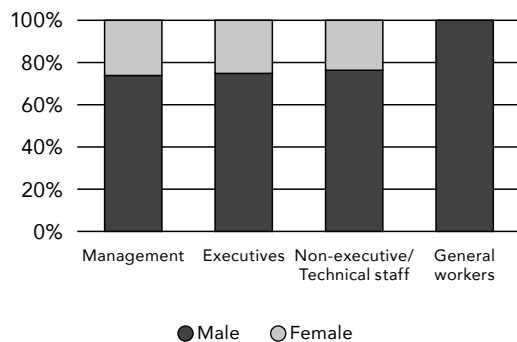


#### Workforce Profile

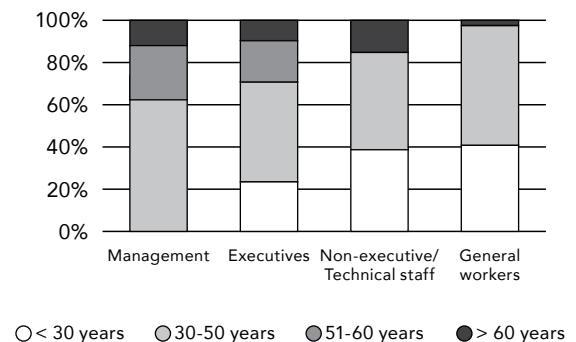
Age Diversity



Gender Diversity by Employee Category



Age Diversity by Employee Category



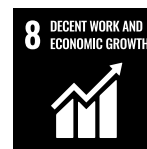


## Material Topics (Cont'd)

### Social (Cont'd)

#### Employment Practices

(GRI 401-1, 401-2, 404-1, 404-2, SDG 4, SDG 8)



Eonmetall views its employees as essential contributors to its success and expansion. We are committed to the recruitment, development, and retention of high-performing individuals within our workplace. Furthermore, significant investments are directed toward development programs to ensure that employees remain competitive, forward-thinking, and well-prepared for the future.

#### Talent Acquisition and Onboarding

Establishing a resilient and sustainable talent pipeline is critical for Eonmetall. We rigorously recruit individuals based on their merits, skills, experience, and suitability for the role, while also aligning with the company's values, culture, and vision. This equitable recruitment process aims to cultivate a strong employer brand that appeals to top-tier talent.

To retain our skilled workforce, we offer opportunities for high-potential employees to grow and advance into senior positions within the Group.

We also maintain a steady workforce through oversight of our hiring and attrition processes. As of FY2023, the Group's total employee count is 422, including both local and foreign employees. Additionally, there are no temporary or contract workers at Eonmetall.

#### Percentage of Employees That Are Contractors or Temporary Staff

Employee Category	FY2023
Permanent employees	100%
Temporary/Contract employees	0%
Total Employees	422

We actively advocate for the recruitment of local talents to enhance the domestic talent pool. In the fiscal year 2023, the Group onboarded 72 new employees, while 58 employees left due to resignations.

#### Total Number of New Hires by Employee Category

Employee Category	FY2023
Management	7
Executive	10
Non-executive/Technical Staff	11
General Workers	49
Total	77

#### Total Number of Employee Turnover by Employee Category

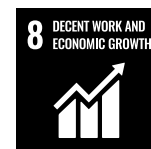
Employee Category	FY2023
Management	1
Executive	10
Non-executive/Technical Staff	16
General Workers	33
Total	60

## Material Topics (Cont'd)

### Social (Cont'd)

#### Employment Practices (Cont'd)

(GRI 401-1, 401-2, 404-1, 404-2, SDG 4, SDG 8)



### Talent Acquisition and Onboarding (Cont'd)

In 2023, Eonmetall had a voluntary turnover rate of approximately 13%.

New Hire and Turnover Rate	
	FY2023
New hire rate (%)	17.06%
Turnover rate (%)	13.74%

### Upskilling and Reskilling

We believe that providing appropriate training to our employees will lead to enhanced customer service, increased productivity, improved efficiency, and better workplace safety practices. To address any skill gaps, we consistently assess their training requirements through individual surveys and review existing training programs to ensure ongoing relevance.

During the year, we carried out 16 training sessions covering financial management to occupational health & safety and quality management for our employees. In FY2023, our employees completed a total of 176 training hours. Specific details of Eonmetall's training programs are highlighted in the table below:

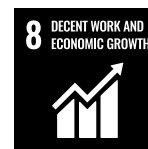
Employee Training (excluding OHS training)		
Date	Training Program	Training hours
04-01-2023	Working At Height	8
06-01-2023	Hot Work Safety & Fire Extinguisher Training	8
11-01-2023	Emergency Response Team (ERT) With Fire Fighting	8
12 & 13/1/23	Hirarc Implementation Training	16
17-01-2023	Effective Safety & Health Committee	8
31-01-2023	Prevention Of Ergonomic Injuries At Workplace	8
07-03-2023	Akta Kerja Pindaan 2022	8
09-03-2023	Lean Manufacturing Fundamentals	8
15-03-2023	BDO Malaysia Tax Virtual Seminar on Budget 2023	8
22 & 23/3/23	ISO9001 : 2015 QMS Internal Audit Training	16
7-11/8/2023	Certified Environmental Professional in Scheduled Waste Management	40
07-09-2023	Sales Tax Seminar: Latest Development in Sales Tax Legislation and Facilities	8
18-09-2023	Application of risk-based thinking on ISO9001 training	8
18-10-2023	Seminar Percukaian Kebangsaan 2023 (Bajet 2024) Webinar	8
20-10-2023	Forklift Safety Training	8
02-11-2023	BDO Tax Seminar on Budget 2024	8

## Material Topics (Cont'd)

### Social (Cont'd)

#### Employment Practices (Cont'd)

(GRI 401-1, 401-2, 404-1, 404-2, SDG 4, SDG 8)



### Upskilling and Reskilling (Cont'd)

Total Hours of Training by Employee Category		
FY2023		
Management	Total hours of training	336
	Average training hours	10.84
Executive	Total hours of training	616
	Average training hours	12.08
Non-executive/Technical Staff	Total hours of training	1,008
	Average training hours	11.45
General workers	Total hours of training	256
	Average training hours	1.02
Overall average training hours per employee (hours)		2,216

### Remuneration and Benefits

Eonmetall is committed to offering fair and competitive compensation and benefits that adhere to legal standards, with the goal of enhancing employee retention, morale, and overall satisfaction. All full-time employees receive a comprehensive benefits package, including medical coverage, hospitalization insurance, travel allowance, and more. The assessment of these benefits takes into account factors such as longevity, tenure, and job position at Eonmetall, aiming to cultivate a motivating environment that attracts and retains top talents.

#### Customer Privacy

(GRI 418-1, SDG 16)



The increased adoption of digital technologies due to recent trends like remote work, e-commerce, and automation has elevated the exposure of data to the risks posed by cyber threats. As a result, there is a growing responsibility to safeguard against cyber-attacks and secure customers' sensitive information to prevent any potential data breaches or losses.

At Eonmetall, the oversight of data and security is an essential component of our "IT Policy and Procedure". IT Manager/ Head of Department has the authority to maintain IT policies to protect the Group's business information and any client or customer information within its custody or safekeeping by safeguarding its confidentiality, integrity and availability.

Eonmetall has integrated a firewall system to safeguard our networks against external cyber threats. We consistently train our employees to identify phishing emails. In the entirety of fiscal year 2023, there were zero incident of data breaches, and no substantiated complaints regarding the loss of customer data or breaches of customer privacy.

Cybersecurity & Data Protection		
Indicator	Unit	FY2023
Number of substantiated complaints concerning breaches of customer privacy or losses of customer	Number	0

## Material Topics (Cont'd)

### Social (Cont'd)

#### Impact on Local Communities (GRI 413-2)

Eonmetall values its relationship with the communities in which it operates and understands the significance of contributing to their well-being. As of the current reporting period, Eonmetall has not engaged in any specific community investments or activities. However, our commitment to corporate social responsibility remains unwavering.

Moving forward, We are dedicated to exploring avenues for meaningful community engagement and identifying projects that align with our business objectives and stakeholders' needs. We remain committed to fostering positive relationships with the communities in which we operate and contributing to their sustainable development in the years to come.

#### Human Rights (GRI 2-23)

We believe that strict commitment to human rights and ethical treatment not only improves productivity but also cultivates a positive workplace atmosphere. Consequently, we are committed to fair labor practices, adherence to the laws of the regions and communities where we operate, and the maintenance of human rights standards. Eonmetall operates in accordance with Malaysian regulations, including the Malaysian Employment Act of 1955 and the Minimum Wages Order of 2016.

In our Code of Conduct ("CoC"), key principles are emphasized such as creating equal employment opportunities, respecting personal dignity and privacy, as well as protection against discrimination and harassment, etc.

We have communicated our grievance management procedures and whistleblowing policy to all our employees and workers. Our whistleblowing channels offer a secure and confidential channel for employees to anonymously report any violations of labor practices, disputes, or inappropriate conduct.

As of 2023, there was zero incident of human rights violations or non-compliance with labor standards within the Group.

Human Rights				
Indicator	Unit	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	Number	0	0	0

## Material Topics (Cont'd)

### Governance

#### Anti-Bribery and Corruption (GRI 205-1, 205-2, 205-3, SDG 16)



We place a strong emphasis on maintaining a high level of integrity, accountability, transparency, and fairness at the heart of our corporate governance. Through the implementation of our Anti-Bribery & Anti-Corruption Policy, we actively promote a culture of robust corporate governance, fostering confidence and trust among our stakeholders.

The Group maintains a strict zero-tolerance position towards corruption among our employees irrespective of rank and status, as outlined in our Anti-Bribery and Corruption Policy. This policy undergoes regular reviews to ensure compliance with the provisions of the Malaysian Anti-Corruption Commission ("MACC") Act 2009.

We consistently communicate the guidelines and principles of the ABC Policy to all employees. New employee orientation sessions include discussions on various Group policies, with a specific focus on anti-corruption and anti-bribery measures. Additionally, our business partners are obligated to adhere to ethical standards and follow anti-bribery and corruption guidelines outlined in both the Code of Conduct (CoC) and the ABC Policy.

We have implemented a whistleblowing channel in accordance with the Whistle Blower Policy. This channel enables both employees and external stakeholders to confidentially report any unethical practice through email or telephone. The identity of a whistleblower is protected under this policy. The Code of Conduct (CoC), Anti-Bribery and Corruption (ABC) Policy, and Whistle Blower Policy are readily accessible on our website, ensuring their availability to all stakeholders.

Eonmetall maintains a robust framework designed to prevent and address instances of bribery and corruption effectively. Our approach includes regular training programs for employees to raise awareness of ethical standards and legal obligations, coupled with clear policies and procedures outlining prohibited conduct and reporting mechanisms for any suspected violations. Continuous monitoring and review of our anti-bribery and corruption measures ensure ongoing effectiveness, with adjustments made as necessary to adapt to evolving regulatory requirements and emerging threats.

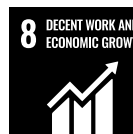
As of 31 December 2023, we recorded zero incidents of corruption across Eonmetall's business operations.

#### Confirmed Incidents of Corruption and Action Taken

**FY2023**

Total number of confirmed incidents of corruption	0
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#### Labour Conditions & Environmental Impact in Supply Chain (Supply Chain Management) (GRI 204-1, 308-1, 414-1, SDG 8)



The steel production process heavily relies on essential raw materials, namely iron ore and coal. Extracting these minerals from the earth is resource-intensive, and this activity often impacts on local community, workers, and ecosystem. As a purchaser of raw materials, we take proactive measures such as screening, monitoring, and engaging with their critical raw material suppliers to ensure they are not involved in unlawful or environmentally and socially harmful practices.

In addition, Our Anti-Bribery and Corruption (ABC) Policy extends to suppliers, vendors, contractors, and other partners involved with the Group to require them to adhere to our ethical business standards. As a result, upholding an ethical supply chain is pivotal to us, and we achieve this through robust governance and close collaboration with vendors and suppliers.

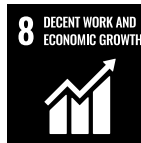
To ensure fairness and transparency in our procurement processes, we evaluate potential vendors and suppliers by examining various criteria such as quality, pricing, payment terms, production and capacity. We are also considering to include a sustainability assessment to foster awareness of sustainable practices throughout our supply chain in the coming year. Major suppliers must adhere to a defined set of sustainability standards, highlighting their commitment to ethical conduct, occupational health and safety, environmental responsibility, and human rights principles.



## Material Topics (Cont'd)

### Governance (Cont'd)

**Labour Conditions & Environmental Impact in Supply Chain (Cont'd)**  
**(Supply Chain Management)**  
 (GRI 204-1, 308-1, 414-1, SDG 8)



Acknowledging our operational needs, we place a significant emphasis on sourcing products and services from local suppliers whenever feasible. This not only makes a positive impact on the local economy but also reduce our carbon footprint. In the year 2023, 55.8 percentage of approximately RM155 million procurement expenditures was allocated to local suppliers.

Spending on Local Suppliers	
	FY2023

Proportion of spending on local suppliers (%)	55.8%
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## Moving Forward

Eonmetall recognises the challenges of global warming and environmental issues, as well as the global initiative to combat climate change by striving to keep the increase in the global average temperature below 2 degrees Celsius from pre-industrial levels. Our board of directors realises the substantial responsibility our company holds in this regard. Accordingly, we commit to integrating climate change strategies into our group's business approaches and setting specific objectives to reduce our carbon footprint in the future, aiming to align our business value creation with the principles of a low-carbon economy and adhere to national environmental policy guidelines when appropriate.



**Performance Data Table<sup>4</sup>**

Indicator	Unit	2023	2022	2021
<b>Bursa C1(a) Percentage of employees who have received training on anti- corruption by employee category</b>				
Overall	%	0%	NA	NA
Management	%	0%	NA	NA
Executive	%	0%	NA	NA
Non-Executive	%	0%	NA	NA
<b>Bursa C1(b) Percentage of operations assessed for corruption-related risks</b>				
Percentage of operations assessed for corruption-related risks	%	0%	NA	NA
<b>Bursa C1(c) Confirmed incidents of corruption and action taken</b>				
Confirmed incidents of corruption and action taken	Number	0	NA	NA
<b>Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer</b>				
Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0	NA	NA
<b>Bursa C2(b) Total number of beneficiaries of the investment in communities</b>				
Total number of beneficiaries of the investment in communities	Number	0	NA	NA
<b>Bursa C3(a) Percentage of employees by gender and age group by employee category</b>				
<b>Gender Group by Employee Category</b>				
Management - Male	Percentage	5.5% (23)	NA	NA
Management - Female	Percentage	1.9% (8)	NA	NA
Executive - Male	Percentage	9% (38)	NA	NA
Executive - Female	Percentage	3.1% (13)	NA	NA
Non-executive/ Technical Staff - Male	Percentage	15.9% (67)	NA	NA
Non-executive/ Technical Staff - Female	Percentage	5% (21)	NA	NA
General Workers – Male	Percentage	59.7% (252)	NA	NA
General Workers – Female	Percentage	0%	NA	NA

<sup>4</sup> Eonmetell has started reporting on most of the data points in 2023, and will continue to report on a rolling basis. Hence 2022 and 2021 data points are "NA" - Not Available.

## SUSTAINABILITY STATEMENT (Cont'd)

**Performance Data Table<sup>4</sup> (Cont'd)**

Indicator	Unit	2023	2022	2021
<b>Bursa C3(a) Percentage of employees by gender and age group by employee category (Cont'd)</b>				
<b>Age group by employee category</b>				
Management - Under 30	Percentage	0%	NA	NA
Management - 31-50	Percentage	4.5% (19)	NA	NA
Management – 51-60	Percentage	1.9% (8)	NA	NA
Management - Above 60	Percentage	0.9% (4)	NA	NA
Executive - Under 30	Percentage	2.8% (12)	NA	NA
Executive - 31-50	Percentage	5.7% (24)	NA	NA
Executive – 51-60	Percentage	2.4% (10)	NA	NA
Executive Above 60	Percentage	1.2% (5)	NA	NA
Non-executive/ Technical Staff - Under 30	Percentage	8.1% (34)	NA	NA
Non-executive/ Technical Staff - 31-50	Percentage	9.5% (40)	NA	NA
Non-executive/ Technical Staff - 51-60	Percentage	3.1% (13)	NA	NA
Non-executive/ Technical Staff - Above 60	Percentage	0.2% (1)	NA	NA
General Workers - Under 30	Percentage	23.9% (101)	NA	NA
General Workers - 31-50	Percentage	34.4% (145)	NA	NA
General Workers - 51-60	Percentage	1.2% (5)	NA	NA
General Workers - Above 60	Percentage	0.2% (1)	NA	NA
<b>Bursa C3(b) Percentage of directors by gender and age group</b>				
Total directors	Number	10	NA	NA
Male	Percentage	90% (9)	NA	NA
Female	Percentage	10% (1)	NA	NA
Under 30	Percentage	0%	NA	NA
31-50	Percentage	10% (1)	NA	NA
51-60	Percentage	10% (1)	NA	NA
Above 60	Percentage	80% (8)	NA	NA

**Performance Data Table<sup>4</sup> (Cont'd)**

Indicator	Unit	2023	2022	2021
<b>Bursa C4(a) Total energy consumption</b>				
Total energy consumption	GJ	40,274	NA	NA
<b>Bursa C5(a) Number of work-related fatalities</b>				
Number of work-related fatalities	Number	0	NA	NA
<b>Bursa C5(b) Lost Time Incident Rate ("LTIR")</b>				
Lost Time Incident Rate ("LTIR")	Rate	0	NA	NA
<b>Bursa C5(c) Number of employees trained on health and safety standards</b>				
Number of employees trained on health and safety standards	Number	97	NA	NA
<b>Bursa C6(a) Total hours of training by employee category</b>				
Management	Number	336	NA	NA
Executive	Number	616	NA	NA
Non-executive/ Technical Staff	Number	1008	NA	NA
General Workers	Number	256	NA	NA
Overall	Number	2216	NA	NA
<b>Bursa C6(b) Percentage of employees that are contractors or temporary staff</b>				
Percentage of employees that are contractors or temporary staff	Percentage	0%	NA	NA
<b>Bursa C6(c) Total number of employee turnover by employee category</b>				
Overall	Number	58	NA	NA
Management	Number	2	NA	NA
Executive	Number	9	NA	NA
Non-executive/ Technical Staff	Number	14	NA	NA
General Workers	Number	33	NA	NA
<b>Bursa C6(d) Number of substantiated complaints concerning human rights violations</b>				
Number of substantiated complaints concerning human rights violations	Number	0	NA	NA
<b>Bursa C7(a) Proportion of spending on local suppliers</b>				
Proportion of spending on local suppliers	Percentage	55.8%	NA	NA
<b>Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer</b>				
Number of substantiated complaints concerning breaches of customer privacy or losses of customer	Number	0	NA	NA



## SUSTAINABILITY STATEMENT (Cont'd)

### Performance Data Table<sup>4</sup> (Cont'd)

Indicator	Unit	2023	2022	2021
<b>Bursa C9(a) Total volume of water used</b>				
Total volume of water used	Cubic meter	29058	NA	NA
<b>Bursa C10(a) Total waste generated</b>				
Total waste generated	Metric tonnes	718.41	NA	NA
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	704.26	NA	NA
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	14.15	NA	NA
<b>Bursa C11(a) Scope 1 emissions in tonnes of CO<sub>2</sub>e</b>				
Scope 1 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	1537.71	NA	NA
<b>Bursa C11(b) Scope 2 emissions in tonnes of CO<sub>2</sub>e</b>				
Scope 2 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	3473.04	NA	NA
<b>Bursa C11 (c) Scope 3 emissions in tonnes of CO<sub>2</sub>e</b>				
Scope 3 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	NA	NA	NA

### Assurance Statement

The non-financial data presented in SS2023 has undergone rigorous validation by internal teams at Eonmetall to ensure accuracy and reliability. Going forward, we remain committed to continuously improving our sustainability reporting processes and may explore additional measures for enhancing data integrity and transparency.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Eonmetall Group Berhad ("**Company**" or "**Eonmetall**") fully appreciates the importance of adopting and continuously maintaining high standards of corporate governance throughout Eonmetall and its subsidiaries ("**the Group**") so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of enhancing business success, safeguarding shareholders' investment, enhancing shareholders value as well as the interests of other stakeholders. The main focus is to adopt the substance behind good corporate governance practices with the ultimate aim to ensure Board effectiveness and efficacy in enhancing shareholders' value.

This Corporate Governance Overview Statement ("**CG Statement**") provides the summary of the Company's corporate governance practices during the financial year ended 31 December 2023 ("**FYE2023**") with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG**"):

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

The application for each Practice as set out in the MCCG is disclosed in the Corporate Governance Report ("**CG Report**") which is available on the Company's website: [www.eonmetall.com](http://www.eonmetall.com) as well as through an announcement on the website of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). This CG Statement is to be read together with CG Report, based on a prescribed format as outlined under paragraph 15.25(2) of Main Market Listing Requirements of Bursa Securities ("**MMLR**").

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### 1 Board of Directors

The current Board comprised of ten (10) members; three (3) Executive Directors, two (3) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors, as at the date of this Annual Report as follows:

Position	Directors
Managing Director & Chief Executive Officer	Yeoh Cheng Chye
Executive Director & Chief Operating Officer	Goh Hong Kent
Executive Director	Dato' Goh Cheng Huat
Non-Independent Non-Executive Directors	Goh Kee Seng Tang Yin Kham Dato' Wahab Bin Hamid
Independent Non-Executive Directors	Tan Sri Dato' Mohd Desa Bin Pachi Chan Theng Sung Dato' Mohammad Radhi Bin Abdul Razak Datuk Yogeesvaran A/L Kumaraguru

During the financial year under review and up to the date of this CG Statement, there was one (1) new appointment of Independent Non-Executive Director ("**INED**"). Datuk Yogeesvaran A/L Kumaraguru was appointed on 31 May 2023. On 1 June 2023, Dato' Wahab Bin Hamid was redesignated as Non-Independent Non-Executive Directors ("**Non-INED**").

On 23 August 2023, Datuk Yogeesvaran A/L Kumaraguru was appointed member of the Board Committees. The Board Committees refers, collectively, to the Audit Committee ("**AC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**").

On 1 March 2024, Datuk Yogeesvaran A/L Kumaraguru was appointed as Chairman of AC while Dato' Mohammad Radhi Bin Abdul Razak was appointed as a member of AC. On even date, Dato' Wahab Bin Hamid was redesignated as a member of RC. Dato' Mohammad Radhi Bin Abdul Razak was appointed as Chairman of the RC.

The details of directors' background, experiences and qualifications are set out under the Profile of Directors in this Annual Report.

All concerns regarding the Group can be conveyed to any one of the Directors and or will be deliberated by all Directors during the Board meeting. As such, the Board had not appointed a Senior Independent Non-Executive Director to whom concerns regarding the Group may be conveyed.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)****1 Board of Directors (Cont'd)**

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in para 1.01 and Practice Note 13 of the MMLR. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and the Group

The Board scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice. During the FYE2023, the Board held four (4) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions, appointment of new INED and the direction of the Group.

The major deliberation, in terms of issues discussed and the conclusion arrived by the Board during the meetings, are recorded by the Company Secretary with the minutes signed by the Chairman of the meetings.

Detail of attendance of each Director at the Board and Board Committees meetings of Eonmetall held during the financial year under review is as follows:

Directors	Board	Audit Committee	Nominating Committee	Remuneration Committee
Tan Sri Dato' Mohd Desa Bin Pachi	4/4	-	-	-
Yeoh Cheng Chye	4/4	-	-	-
Dato' Goh Cheng Huat	3/4	-	-	-
Goh Hong Kent	4/4	-	-	-
Dato' Wahab Bin Hamid	4/4	4/4	1/1	1/1
Chan Theng Sung	4/4	4/4	1/1	1/1
Dato' Mohammad Radhi Bin Abdul Razak	4/4	4/4	1/1	1/1
Tang Yin Kham	4/4	4/4	1/1	1/1
Goh Kee Seng <sup>(1)</sup>	4/4	1/1	1/1	1/1
Datuk Yogeesvaran A/L Kumaraguru <sup>(2)</sup>	3/3	1/1	-	-

Note:

<sup>(1)</sup> Goh Kee Seng was resigned as the member of Audit Committee on 24 February 2023 and his attendance at the Audit Committee meeting is counted up to the date of his resignation.

<sup>(2)</sup> Datuk Yogeesvaran A/L Kumaraguru was appointed to the Board on 31 May 2023 and Board Committees on 23 August 2023. His attendance at the Board Committees (as applicable) is counted from the date of his appointment.

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda.

Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the time commitment given by the Directors as demonstrated by their full attendance to the meetings of the Board and Board Committees.

In addition, all of the Directors do not hold more than 5 directorships in other public listed companies as required under paragraph 15.06 of the MMLR of Bursa Securities to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. The Board members must notify the Board or the Chairman before accepting any new Directorship in other public listed companies.

In respect of the new appointee, Datuk Yogeesvaran A/L Kumaraguru had attended the Mandatory Accreditation Program ("MAP") Part I prescribed under the MMLR. All Directors would attend the MAP Part II: Leading in Impact soonest possible.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**1 Board of Directors (Cont'd)**

In compliance with Paragraph 15.08 of the MMLR, the Directors had attended the following training/conference/seminars in FYE2023:

Directors	Details of Training, Conferences or Seminars
Tan Sri Dato' Mohd Desa Bin Pachi	<ul style="list-style-type: none"> <li>Webinar on Enhanced Sustainability Disclosure 2023</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Yeoh Cheng Chye	<ul style="list-style-type: none"> <li>BDO Tax Webinar on Budget 2023</li> <li>CIMB Treasury &amp; Market Outlook Q2 2023</li> <li>Briefing on Malaysia's Withholding Tax Policy Implication For Your Business</li> <li>RHB Forex &amp; Economic Outlook Seminar</li> <li>Understanding ESG Data Webinar</li> <li>BDO Tax Webinar on Transfer pricing rules 2023 &amp; Special Voluntary Disclosure Programme</li> <li>E-invoicing: The Digital Way Forward</li> <li>Introduction to Bursa Carbon Exchange (BCX) &amp; Centralised Sustainability Intelligence Platform (CSIP)</li> <li>New Transfer Pricing Horizon: Transition or Transformation</li> <li>FTSE4Good ESG Ratings For All Plcs</li> <li>Malaysia Budget 2024 – What Your Need To Know About Personnel and Corporate Taxes</li> <li>BDO Tax Webinar on Capital Gain Tax (CGT)</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Dato' Goh Cheng Huat	<ul style="list-style-type: none"> <li>Internal briefing on Conflict of Interest</li> </ul>
Goh Hong Kent	<ul style="list-style-type: none"> <li>General Management Programme</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Dato' Wahab Bin Hamid	<ul style="list-style-type: none"> <li>Business Opportunities For Malaysian SMES</li> <li>Leading Malaysia's Charge In Sustainable Investment Across ASEAN</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Chan Theng Sung	<ul style="list-style-type: none"> <li>Budget Training 2023</li> <li>Budget Training 2024</li> <li>Tax Investigation &amp; Enforcement</li> <li>Malaysian Private Entities Reporting Standard (MPERS)</li> <li>ISA 230 – Audit Documentation</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Dato' Mohammad Radhi Bin Abdul Razak	<ul style="list-style-type: none"> <li>Internal briefing on Conflict of Interest</li> </ul>
Tang Yin Kham	<ul style="list-style-type: none"> <li>Webinar on Latest Tax Implications on Digital Transactions</li> <li>Webinar on Determining Materiality in Audit</li> <li>Webinar on A New Approach to Risk Assessment; ISA 315 (Revised 2019)</li> <li>Webinar on Taxation of Share Transactions under RPGT – Real Property Company</li> <li>Budget Training 2023</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Goh Kee Seng	<ul style="list-style-type: none"> <li>FSSC 22000 Awareness &amp; Effective Implementation (Version 6.0)</li> <li>Internal briefing on Conflict of Interest</li> </ul>
Datuk Yogeessvaran A/L Kumaraguru	<ul style="list-style-type: none"> <li>MAP I: Mandatory Accreditation Program Part 1</li> <li>Internal briefing on Conflict of Interest</li> </ul>

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**1 Board of Directors (Cont'd)**

**Board Responsibilities**

The Board has the overall responsibility to manage the business affairs of the Group and approving all strategies, providing leadership and direction as well as management supervision. In addition to its legal responsibilities, the Board ensures that management has in place appropriate processes for management and internal controls, risk assessment and monitoring performance against agreed benchmark for the Group as well as ensuring businesses are carried out in compliance with good governance practices and in a transparent and objective manner. Its overall objective is to enhance the value of its shareholders by achieving the strategic objectives of the Group.

As part of the Board's effort to ensure that its duties and responsibilities are effectively discharged, the Board delegates certain functions to Board Committees, the Managing Director & Chief Executive Officer ("**MD&CEO**") and the management.

These Board Committees comprise solely of Non-Executive Directors with a majority being independent. Each of these Board Committees operates under clearly defined Terms of Reference ("**TOR**") as approved by the Board and which are periodically reviewed for relevance and improvement. The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board, at its meetings, regularly reviews and approves the strategies and business plans of the Company and the Group, identifies and manages principal risks affecting the Group including establishing and approving relevant policies, reviewing the adequacy and integrity of the Group's internal control systems, overseeing the performance of the Group's businesses, reviewing succession planning and talent management, reviewing of Group strategies and promoting sustainability, enforcing compliance with legal and statutory requirements within the Group, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board has established clear functions reserved for the Board and those delegated to management. The Board is responsible for the overall business framework within which the Group operates. This is formalised into a schedule of events that is reserved for the Board and these include determining overall group strategy and direction to approve acquisitions and divestments, business plan, budgets, capital expenditures, quarterly and annual financial results sustainability as well as monitoring financial and operational performance against targets. Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholders value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of the goals. The Board delegates the responsibility of implementing Group strategies, business plans, policies and decisions to the management, which is led by the MD&CEO.

**Chairman of the Board**

The Board is led by an Independent Non-Executive Chairman supported by an experienced Board, comprising members with wide ranging experience in relevant fields such as general management, public policy, accounting and finance, industry knowledge and information technology. The Chairman is responsible for leading the Board and ensures that all Directors receive relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.

He provides leadership and governance on the Board and creates a conducive situation geared towards building and growing Directors' effectiveness and ensure that appropriate issues are discussed by the Board in a timely manner. As part of that role, Chairman ensures that no member dominates any discussion and appropriate discussions are taken place with relevant participation among Board members forthcoming.

Other roles of the Chairman include leading the Board in the oversight of management, ensuring adequacy and integrity of the governance process and issues, maintaining regular dialogues with MD&CEO over operational matters and seek opinion of fellow Board members over any matters that may give cause for major concerns.



**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**1 Board of Directors (Cont'd)**

**Separation of Position of Chairman and MD&CEO**

The Board has always made the distinction that the position of the Chairman and the MD&CEO do not reside with the same person. There is a clear and separate division of responsibility in the roles and duties of the Chairman and MD&CEO.

The Chairman is primarily responsible for the effective and efficient conduct and working of the Board. He leads the Board with focus on governance, compliance and acts as a facilitator during Board meetings.

The MD&CEO has overall responsibilities over the daily conduct of operating units, human resource management with respect to key positions in the Group's hierarchy, financial management and business affairs as well as organisational effectiveness and implementation of Board policies and decisions.

The MD&CEO also ensures that the Group's corporate identity, products and services are of high standard and reflective of market expectations, business practices and are in compliance with governmental regulations. During each of its scheduled meetings, the MD&CEO will brief the Board on the performance and activities of the Group and specific proposals for capital expenditure and acquisitions and disposals, if any.

**Chairman of the Board shall not be a member of the AC, NC or RC**

The Chairman of the Board is not a member of Board Committees and does not attend any of their meetings.

**Qualified and Competent Company Secretaries**

The Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Board is satisfied with the performance and support rendered as the Directors are able to seek advice and service of the Company Secretaries. The Company Secretaries, who are competent, qualified and experienced, advise the Board on any updates relating to any new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and the potential impact and implications arising there from.

The Company Secretaries, or her representatives, attend and ensure that all Board and its Committees meetings are properly convened. The decisions made and/or resolutions passed thereof are recorded in minutes of meetings and kept at the registered office of the Company together with its statutory registers. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Management. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

Other roles of the Company Secretaries included coordinating with Management the preparation of Board papers, ensuring Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory requirements.

**Access to Information and Advice**

The Board recognises that the decision-making process is highly dependent on the quality of information available. All the Directors have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities. The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance for meetings of the Board and Board Committees.

The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties and to enable them to discharge their duties, at the Group's expense.

All Board and Board Committees are provided with agenda and relevant board papers, reports including matters arising, financial, operational and regulatory compliance matter, at least seven (7) days prior to meetings to ensure that they have sufficient time to review and evaluate the matters to be deliberated and obtain further information, if needed, prior to meeting to expedite decision-making during meetings. Actions on all matters arising from any previous meeting are reported at the following meeting.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 2 Demarcation of Responsibilities

#### Board Charter

The Board Charter provides structured guidance by clearly delineating the roles, duties and responsibilities of the Chairman, MD&CEO, Board, Board Committees and Management. The Board Charter also includes the requirements of Directors in carrying out their leadership and supervisory role; and in discharging their duties towards the Group as well as boardroom activities.

The Board Charter is subject to periodical review by the Board to ensure that it remains consistent with the Board's roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter is available on the Company's website at [www.eonmetall.com](http://www.eonmetall.com).

### 3 Good Business Conduct and Corporate Culture

#### Code of Conduct and Ethics

The Board is committed towards inculcating a corporate culture which engenders ethical conduct throughout the Group. The Board has formalised Code of Ethics and Code of Conduct setting out the standard of ethics and conduct expected from its Directors, management and employees to enhance the standards of corporate governance and corporate behaviour.

The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Our Code of Ethics is based on the principles of sincerity, integrity, responsibility and corporate social responsibility. The codes cover a wide range of business practices and procedures; and sets out the basic principles to guide the Group's Directors, management and employees in performing their duties so as to improve work quality, productivity and self-discipline in order to provide effective, good and quality services.

The Board noted the importance of a code of ethics and conduct that emphasise the Group's commitment to ethical practices and compliance with the applicable laws and regulations which also governs the standards of ethics and good conduct expected from the Directors and employees of the Group. The Group has in place an Employee Handbook, which contains various human resource policies and serves as a guide for employees to ensure their actions and practices are in line with the guidelines under the Handbook.

The Company has also adopted the Anti-Bribery and Anti-Corruption Policy ("**ABC Policy**") as in compliance with the Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The adoption of the ABC Policy signalled commitment by the Board and the Group to conduct all businesses in an honest and ethical manner requiring all Directors and employees to act professionally, fairly and with integrity in all our business dealings and relationships.

The ABC Policy sets out adequate procedures designed to prevent situations in which bribery and corrupt practices may take root.

Both Codes and ABC policy are available on the Company's website at [www.eonmetall.com](http://www.eonmetall.com).

#### Whistle Blower Policy

The Company has always advocated for openness and transparency in its commitment to the highest standard of integrity and accountability. All malpractices or wrongdoings reported by the whistle-blower are made to the Chairman of AC (for financial reporting, unethical or illegal conduct) or MD&CEO (for Employment-related concern) and shall be set forth in writing or verbally.

The Whistle Blower Policy is available on the Company's website at [www.eonmetall.com](http://www.eonmetall.com).

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**4 Sustainable Practice**

**Material Sustainability Matters**

The Board recognises that sustainable development is an important and integral part of the Group's pursuit of its long-term business success. The Board is responsible for the development of the Group's sustainability strategies. The Risk Management Committee ("**RMC**") which comprises mainly of the senior management have been entrusted to drive strategic management of material sustainability matters.

The Board appointed the Executive Director & Chief Operating Officer ("**ED&COO**") to drive strategic management of material sustainability matters.

**Sustainability Strategies**

The management has set sustainability targets and communicated with the key stakeholders. Implementation strategies are developed and measured continuously.

The Board will meet and discuss key sustainability matters at least once a year.

**Periodic Updates**

The Boards are appraised, and they provide their views and opinions on any of the Group's sustainability issues during the Board meetings.

**Performance Evaluation**

The Board recognises the importance of sustainability in all its business operation and had included sustainability as one of the criteria in the performance evaluations of all employees including its board members.

The Board Effectiveness Evaluation for FYE2023 included assessment on Boards' understanding on sustainability issues that are critical to the company's performance.

Please refer to the Sustainability Statement which outlined sustainability activities by the Group.

**Sustainability Strategically**

The ED&COO was appointed as the designated person on sustainability.

**5 Board Composition**

The current NC comprises of four (4) members, all of whom are INEDs. The members of NC are as follows:

<b>Name</b>	<b>Position</b>
Datuk Yogeesvaran A/L Kumaraguru	Chairman
Dato' Mohammad Radhi Bin Abdul Razak	Member
Dato' Wahab Bin Hamid	Member
Chan Theng Sung	Member

The NC was previously chaired by Dato' Mohammad Radhi Bin Abdul Razak and supported by Dato' Wahab Bin Hamid and Chan Theng Sung. On 23 August 2023, Datuk Yogeesvaran A/L Kumaraguru was appointed as a member of the NC.

On 1 March 2024, Dato' Mohammad Radhi Bin Abdul Razak was re-designated as a member of the NC and Datuk Yogeesvaran A/L Kumaraguru was re-designated as the Chairman of the NC.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**5 Board Composition (Cont'd)**

The NC met once (1) during the financial year and all members of the NC attended the meeting to deliberate on the following matters:

- (a) Reviewed the term of office and performance of the AC.
- (b) Reviewed the current Board structure, size and composition with an aim to achieving a balance of views on the Board.
- (c) Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.
- (d) Discussed the character, experience, integrity and competence of the Directors, Chief Executive or Chief Financial Officer and to ensure they have the time to discharge their respective roles.
- (e) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board.
- (f) Reviewed the level of independence of INEDs.
- (g) Reviewed and recommended re-election of Directors, who retire by rotation under the Company's Constitution, at the forthcoming Annual General Meeting ("**AGM**").
- (h) Reviewed and recommended for re-appointment, the INED who has served the Company for a cumulative term of more than twelve (12) years or nine (9) years (as applicable), at the forthcoming annual general meeting.
- (i) Considered candidates and thereafter recommended Datuk Yogeesvaran A/L Kumaraguru to the Board for appointment as INED.

**Review of Board Composition**

NC reviewed the size and composition of the Board, and the skills and core competencies of its members, to ensure an appropriate balance and diversity of skills and experience. The Board, through the NC, have upon their annual assessment, concluded that the current Board comprises of a balanced mix of skills, knowledge and experience in the relevant areas to enable the Board to carry out its responsibilities in an effective and efficient manner.

**Independent Directors**

The Board had not met the composition recommended under the Practice 5.2 of MCGG, whereby at least half (50%) of the Board members, the four (4) INEDs, with their breadth of professional background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinion and viewpoints.

The current Board composition was compliance with the provision of paragraph 15.02 of MMLR, which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are INEDs.

**Tenure of Independent Director**

The Board recognises the MCGG's recommendation that service tenure of an INED should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, an INED may continue to serve on the Board subject to the Director's re-designation as a Non-INED or the Board shall justify and seek annual shareholders' approval at the **AGM**

Madam Tang Yin Kham and Dato' Wahab Bin Hamid were re-designated as Non-Independent Directors of the Company on 24 February 2023 and 1 June 2023 respectively.

**Policy on Tenure of Independent Directors**

The Board did not adopt any policy which limits the tenure of its INED to nine (9) years without further extension.

**Diversification of Board and Senior Management**

The Board is supportive of diversity on the Board and in Senior Management team. The appointment of Board and Senior Management team are based on objective criteria, merit and takes into consideration for diversity in experience, skills set, age and cultural background.

The present Directors, with their diverse background and professional specialisation, collectively bring with them a wealth of experience and expertise in areas such as general management and operations, law, commercial, finance and accounting, corporate affairs, manufacturing as well as sales and marketing.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**5 Board Composition (Cont'd)**

**Sources to identify candidate for Directorship**

The Board relies on a few sources to identify candidate for directorship, including recommendation from Directors.

The NC evaluated the candidates against the criteria set-out. Deliberation and justification were documented and the NC recommended the appointment of Datuk Yogeesvaran A/L Kumaraguru as INED for the Board's approval.

**Directors' Information**

The profiles of Directors are published in the Annual Report. Information contained therein included age, gender, tenure of service, directorship in other companies, working experience and any conflict of interest as well as shareholding in Eonmetall.

To ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director, a brief profile of director concerned together with statement from the Board (on whether it support the appointment or reappointment) will be included in the agenda of meeting when such appointment or reappointment will be considered.

**Chairman of NC**

Datuk Yogeesvaran A/L Kumaraguru, an INED, is the current Chairman of the NC. He assumed chairmanship of the NC on 1 March 2024.

**Female Board Representation**

Whilst acknowledging the recommendation of the MCCG on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

The current composition of one (1) female Director testifies to the Group's commitment on gender diversity.

**Gender Diversity**

The Board is supportive of gender diversity in the Board and in its senior management team. Within its rank of senior management, the Group has about 25% female representation.

**6 Board Effectiveness**

**Effectiveness of the Board and individual Directors**

The Board has adopted a Directors' Assessment Policy which sets out the criteria and procedures for the Board performance assessment. The NC conducts annual review of the effectiveness of the Board and Board Committees as well as performance of each individual Director. The assessment is administered via customised questionnaires, using a self and peer-rating model for continuous improvement.

The NC reviews annually the required mix of skills, experience and other qualities, including core competencies of the members in discharging their duties. The skills and experience of each Director is analysed, inter-alia, in the areas of business operations technical and governmental affairs and legislation. Furthermore, the Nominating Committee reviews size and composition of the Board with consideration on the impact on the effective functioning of the Board.

The NC had also reviewed and assessed the independence of the Independent Directors based on the Directors' professionalism and integrity in the decision-making process, ability to form independence judgements, as well as objectivity and clarity in deliberations in addition to the specific criteria of independence as set out in the MMLR of Bursa Securities.

The results of all assessments and comments by Directors were summarised before being tabled for review and discussion at the NC meeting. Thereafter, the Chairman of NC would report on the results and deliberations to the Board.



**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**6 Board Effectiveness (Cont'd)**

**Effectiveness of the Board and individual Directors (Cont'd)**

Based on the outcome of evaluation for the financial year under review, the NC and the Board were satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The NC believes that the current Board composition is well balanced with the right mix of high-calibre individuals with the necessary skills, qualification, experience, knowledge, credibility, independence and core competencies.

The Company's Constitution provides that an election of Directors shall take place each year and, at the AGM, one-third 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 shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The Director who is subject to re-election and/or re-appointment at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the NC is based on the annual assessment conducted.

The Company Secretaries will ensure that all appointments are properly effected with the necessary legal and regulatory obligations duly met.

**7 Level and Composition of Remuneration**

**Remuneration policy**

The objective of the Group's Directors' Remuneration Policy is to determine the level of remuneration package of Executive Directors, attract, develop and retain high performing and motivated Executive Directors, to provide remuneration that commensurate with the responsibilities of their position and encourage of value creation for the Company and its Stakeholders.

As for Non-Executive Directors, the level of fee and other benefits is reflective of their experience, expertise, contribution to the Group, duty and level of responsibilities undertaken by them including the number of Board meetings attended. The determination of Directors' fees for the Non-Executive Directors including that of Non-Executive Chairman of the Board shall be a matter for the Board as a whole.

The RC is responsible for, inter-alia, recommending to the Board the policy framework and remuneration structure for Directors as well as the remuneration packages of Executive Directors.

In the case of the executive Board members, the components of the remuneration package are linked to scope of the duty and responsibilities, conditions and experiences required, ethical values, internal balances and strategic targets of the Group as well as the corporate and individual performance. The executive Board members played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

During the FYE2023, the RC met once, attended by all the members, to consider the remuneration package for the executive Board members as well as Directors' fees for the Non-Executive Directors. All deliberations of the RC are properly documented in the minutes of Committee meetings and recommendations are reported by the RC Chairman at Board meetings.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

**7 Level and Composition of Remuneration (Cont'd)**

**RC**

The present RC consists of four (4) INEDs, all of whom are independent. The RC currently comprised of the following:

Name	Position
Dato' Mohammad Radhi Bin Abdul Razak	Chairman
Chan Theng Sung	Member
Dato' Wahab Bin Hamid	Member
Datuk Yogeessvaran A/L Kumaraguru	Member

The RC was previously chaired by Dato' Wahab Bin Hamid and supported by Dato' Mohammad Radhi Bin Abdul Razak and Chan Theng Sung. On 23 August 2023, Datuk Yogeessvaran A/L Kumaraguru was appointed as a member of the RC.

On 1 March 2024, Dato' Mohammad Radhi Bin Abdul Razak was appointed as Chairman of RC while Dato' Wahab Bin Hamid was re-designated as member of the NC.

The RC is empowered by the Board and its TOR to review proposed share option schemes, appraise performance of each individual Executive Director in proposing salary increment as well as annual bonus, considering and reviewing fringe benefits issues and to evaluate different remuneration methods and philosophies as well conducting studies of current industry practice.

The TOR of the RC is available on the Company's website at [www.eonmetall.com](http://www.eonmetall.com).

**8 Remuneration of Directors and Senior Management**

**Details of Directors' Remuneration**

The remuneration payable in respect of Directors' fees and benefits payable for FYE2023 are categorised as follows:

Type of fees	(RM)
Executive Directors (per pax)	36,000
Non-Executive Directors (per pax)	36,000
Independent Non-Executive Director and Chairman of the AC	54,000

The fees and benefits payable for the Directors are endorsed by the Board for approval by the shareholders at the AGM prior to payment.

The remuneration received/receivable by the Directors of the Company for FYE2023 is as disclosed in the CG Report.

**Detailed Disclosure of Top Five (5) Senior Management's Remuneration**

The Board acknowledged the need for transparency in the disclosure of remuneration as recommended under the MCCG. Nonetheless, the Board takes the view that there is no necessity for the Group to disclose the remuneration package of top five (5) Senior Management as such disclosure could be detrimental to its business interests given the highly competitive human capital environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.

The Board will ensure that the remuneration of the Senior Management personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating Senior Management to lead and run the Group successfully. Excessive remuneration pay-out is not made to the Senior Management personnel in any instance.

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### 9 Effective and Independent AC

#### AC

Chan Theng Sung, an INED, is the present Chairman of the AC and he is not the Chairman of the Board. Details on the composition and other pertinent facts of the AC is outlined under the AC Report in this Annual Report.

#### Appointment of Former Key Audit Partner

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the AC. As such, there was no need to establish such policy presently. Such a policy would be established when the need arises in future.

The Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner.

#### External Auditors

Under its TOR, the AC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, competency, quality of work, audit fees and the adequacy of resources.

The AC has assessed the suitability and independence of the external auditors and is satisfied with the technical competency and independence of the external auditors. The AC meets with the external auditors at least twice (2) a year to discuss their audit plan and audit findings. The AC discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the AC to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The AC is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The AC undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the technical competency and independence of the external auditors.

The AC has considered the non-audit services provided by the external auditors during FYE2023 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total audit fees paid to the external auditors. The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the Malaysian Institute of Accountants.

The Board place great emphasis on the objectivity and independence of the auditors, namely BDO PLT, in providing relevant and transparent reports to the shareholders. To ensure full disclosure of matters, the auditors attend the AGM to attend any queries from shareholders.

#### Composition of the AC

The present AC comprises five (5) members, three (3) INEDs and two (2) Non-INEDs.

#### Diversity in skills of the AC

The AC currently comprised of members with professional experience in finance and audit assurance, business, public policy and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

**PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)**

**10 Effective Risk Management and Internal Control Framework**

**Establishment an effective Risk Management and Internal Control**

The Board has established a structured risk management process aimed at identifying, evaluating, controlling, monitoring and reporting principal risks faced by the Group on an on-going basis.

**Features of Risk Management and Internal Control Framework**

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC regularly.

**Establishment of a Risk Management Committee Comprises a Majority of Independent Director**

The group has not compiled on this Step-up Practice as the current RMC comprised of management personnel. The Board will assess the need for a RMC in the future.

**11 Effective Governance, Risk Management and Internal Control**

**Effectiveness of the internal audit function**

The internal audit function of the Group is carried out by an outsourced and competent consulting firm, JWC Consulting Sdn. Bhd. ("**JWC**"), that assists the AC and the Board in managing the risks and establishment of the internal control system and processes within the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The internal auditors reports directly to the AC.

The AC reviews and approves the Internal Audit Plan annually and ensures that the internal auditors are accorded with appropriate standing and authority to facilitate the discharge of its duties. Audits of the practices, procedures, expenditure and internal controls of identified business and support units and subsidiaries are undertaken on a regular basis.

The Board also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**Disclosure on the internal audit function**

The internal auditors are required to declare their independence to the AC. The AC has also received assurance from the internal auditors that they have adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF), endorsed by the Institute of Internal Auditors Malaysia.

The external service provider is JWC and RM26,000 has been incurred for internal audit services for FYE2023.

**PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

**12 Continuous Communication between the Company and Stakeholders**

**Communication with its stakeholders**

The Group is committed to maintaining regular, transparent, coherent, timely and equitable dissemination of relevant and material information on the development of the Group to shareholders and stakeholders whilst balancing commercial confidentiality and regulatory considerations.

The Company's general meetings remain the principal forum for dialogue and communication with shareholders and investors. Shareholders are encouraged to attend the general meetings and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

In addition, the Board and Management welcome visits by investors, fund managers and analysts and conduct briefings to them when required, as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties. Besides, the Company also maintains an official website at [www.eonmetall.com](http://www.eonmetall.com) that provides an easy and convenient avenue for public to gain access to more information of the Group.

However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to all shareholders and stakeholders.

The Board is committed under its corporate governance obligation to have an effective channel of communication with shareholders and the investing public. It affirms that the primary channel to engage and communicate with its shareholders is during the general meetings.

The Group disseminates information in relation to its financial performance, operations and corporate developments through the annual reports, quarterly reports, circulars and various announcements. The Company's website at [www.eonmetall.com](http://www.eonmetall.com) has a tab marked as "Investor Relations" which contains vital information, including annual reports, quarterly reports and official announcements made to Bursa Securities, concerning the Group which is updated on a regular basis. All material announcements are reviewed and endorsed by the AC (as applicable) and the Board prior to release to the public through Bursa Securities. Shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website.

The MD&CEO of the Group is designated spokesperson for all matters related to the Group.

**Integrated Reporting**

Integrated reporting is not applicable to the Group presently as the Group does not fall within the definition of "Large Companies".

**13 Conduct of general meetings**

**Notice for AGM**

The Board encourages shareholders' participation and as such, the AGM is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial results and to address any questions that may arise.

The notice of 20<sup>th</sup> AGM was sent to the shareholders at least twenty-eight (28) days prior to the meeting date and published in a major local newspaper. Items of special business included in the notice of 20<sup>th</sup> AGM were accompanied by explanation of the proposed resolutions. All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

All the resolutions set out in the Notice for the 20<sup>th</sup> AGM were put to vote by poll with the outcome announced to Bursa Securities on the same day. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.



**PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)**

**13 Conduct of general meetings (Cont'd)**

**Directors' attendance**

All the Directors had attended the Extraordinary General Meeting ("**EGM**") held on 3 April 2023 and 20<sup>th</sup> AGM held on 31 May 2023.

**Leveraging on technology**

The Company has leveraged on technology to facilitate shareholders' participation at the EGM and 20<sup>th</sup> AGM which were convened virtually using remote participation and voting ("**RPEV**") facilities through online meeting platform. These allowed shareholders to participate and vote during the EGM and 20<sup>th</sup> AGM without having to physically present at the meeting venue.

The Company will continue to conduct virtual general meetings through live streaming and using RPEV facilities to enhance the quality of engagement with its shareholders and facilitate further shareholders' participation at the forthcoming AGM in accordance with the Company's Constitution.

**Shareholders engagement**

All Directors and senior management, Joint Company Secretaries and external auditors were present during EGM and 20<sup>th</sup> AGM to engage with shareholders to address any areas of interest or concerned brought up by the shareholders.

Shareholders are provided with avenue to post their queries to the Company whether virtually or physically.

**Infrastructure for virtual general meetings**

The RPEV system used to handle virtual EGM and 20<sup>th</sup> AGM were tested prior to the EGM and AGM and it could support interactions between the Board and senior management team with the shareholders. Questions raised by shareholders could be posted on the meeting platform or read out by the host of the meeting before the Board is invited to respond to the questions. In the event that an answer cannot be readily given at the meetings, the Chairman will undertake to include response in the minutes of said general meetings.

**Minutes of general meeting**

Minutes and/or recordings of the EGM and 20<sup>th</sup> AGM proceedings are posted on the Company's website within 30 business days from the EGM and 20<sup>th</sup> AGM.

**Statement on Compliance**

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects, satisfactorily complied with the principles and practices set out in the MCCG, except for the departures set out in the Corporate Governance Report.

The Corporate Governance Overview Statement is issued in accordance with a resolution of the Board of Directors dated 26 April 2024.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 ("**the Act**") to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries ("**the Group**") as at the end of the financial year and their results and cash flows for the financial year then ended.

The Directors have adopted the following guidelines in preparing the financial statements of the Company and the Group for the financial year ended 31 December 2023:

- a) Appropriate accounting policies were used and applied consistently;
- b) Adopted new and revised Malaysian Financial Reporting Standards (MFRSs), where applicable; and
- c) Estimates are made reasonably and prudently

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Company and the Group to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps that are reasonably available to them to manage the risks associated with the business of the Company and the Group, and to prevent and detect material fraud and other irregularities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

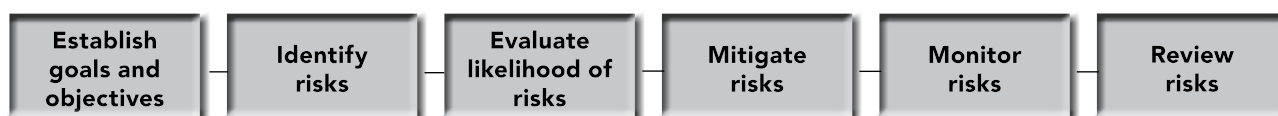
This Statement on Risk Management and Internal Control ("**the Statement**") in respect of financial year ended 31 December 2023 ("**FYE2023**") is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**") and the Malaysian Code on Corporate Governance 2021.

## BOARD RESPONSIBILITY

The Board of Directors ("**the Board**") of Eonmetall Group Berhad ("**Eonmetall**" or "**the Company**") is committed to maintain a sound system of risk management and internal control throughout the Company and its subsidiaries ("**the Group**").

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the company and its subsidiaries ("**the Group**"). The systems of internal control cover risk management as well as financial, organisational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and risk management and for reviewing the effectiveness and efficiency of these systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is guided by Practices 10.1 and 10.2 of the MCCG which calls for the establishment of an effective risk management and internal control framework to be implemented across the group. The Group has established an ongoing process (as illustrated) for identifying, evaluating, monitoring and managing significant risks faced, or potentially exposed to, by the Group in pursuing its corporate objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidelines.



## MANAGEMENT'S ROLE

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. The Board has received assurance from the Managing Director & Chief Executive Officer ("**MD&CEO**") and Executive Director & Chief Operating Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

## CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a strong structure and environment for the proper conduct of the Group's business operations as follows:

- The Audit Committee and the Board meet at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The MD&CEO leads the presentation of board papers and provides explanation of pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis.
- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority.
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability.
- A set of documented internal policies and procedures for operational and human resource management, which is subject to regular review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require the Board's approval.
- Regular and relevant information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making.
- An Enterprise Resource Planning (ERP) system in place for effective control of information and to ease the management of business activities in relation to accounting, project and supply chain management.
- Adopted and implemented Whistle Blower Policy and Anti-Bribery & Corruption Policy ("**ABC Policy**") within the Group. The Whistle Blower Policy outlines the mechanism and framework by which employees or any third parties can confidently raise concerns or complaints in a responsible manner without the fear of discriminatory treatment. The latter sets out procedures designed to prevent situations in which bribery and corrupt practices may take root. Copies of the said policies are published on the corporate official website at [www.eonmetall.com](http://www.eonmetall.com). Trainings are rolled out as part of induction program for new recruits during the financial year under review as required under the ABC Policy.

## RISK MANAGEMENT

The Group has established sound risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy, enable value creation and growth through identification of opportunities and provide assurance to the Groups' various stakeholders.

The Group has implemented Enterprise Risk Management ("**ERM**") processes to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities.

The main components of the Group's risk governance and structure consists of the Board, the Audit Committee and the Management. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the Management on a periodical basis. The summary of the accountabilities for the Board, the Audit Committee and the Management under the risk governance structure are as follows:

### a. Board of Directors

- Overall risk oversight responsibility.
- Ensures that principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks.
- Reviews, through the Audit Committee, the adequacy and the integrity of the Group's internal control systems and risk management and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### b. Audit Committee

- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group.
- Accepts risk reports.
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

### c. Management Committee

- Oversees the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organisation.
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Audit Committee which then informed to the Board on exception basis.

Our risk management has been outsourced to an independent professional firms, JWC Consulting Sdn Bhd ("**JWC**") to assist the Group. By close of FYE2023, following 2 cycles of risks review, the Group had identified 4 new risks relates to operational safety, procurement and regulations updates, which are significant to the success of the Group's businesses. Following assessment of the likelihood and impact of these risks, appropriate mitigation actions have been identified and carried out. At the same time, the executive leadership works closely with senior management to manage these identified risks and aligning objectives at all levels to overall organisational goals to ensure sustainable growth going forward.

Risk Aspects	Mitigation action
Operational safety risk	Establishment of safety committee
Procurement risk	Regular assessment on suppliers
Regulation risk	External trainings for relevant employees

In essence, risk management is conducted through an ongoing process between the Board, the Management and employees within the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst management and the employees.

The Board is cognizant of the T.R.U.S.T. principles set out in the Guidelines on Adequate Procedures in accordance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. In this regard, further to the adoption of the ABC Policy, the Board has incorporated corruption risk into the Group's risk register.

### RISK MANAGEMENT (Cont'd)

#### c. Management Committee (Cont'd)

Management team work together closely with the executive leadership to assess the changing operational environment, obtain the needful approval from MITI (Ministry of Internal Trade & Industry) and implement all required health and safety procedures and protocols as introduced and revised by the governing authorities from time to time to enable the Group to resume operations on staggered basis. Given the wide-ranging challenges that have arisen from the pandemic, we have assessed and built-in contingencies in our operations to minimize disruptions to our supply chain all the way to production and ultimately, our customers. At all times, our team are reminded of the need to adhere strictly to health and safety protocols put in place.

The Group continues to review the situation and monitor macro business indicators and work closely with the relevant authorities to ensure continuity of our business operations as well as safety and well being of our workforce and the community at large.

### INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function. The Group has outsourced its internal audit function to an independent professional consulting firm. The internal auditors reports directly to the Audit Committee and internal audit reports are presented to the Audit Committee at least twice a year for review and discussion at their meetings and onward reporting to the Board for notation. The presence of the internal audit function has provided the Audit Committee and the Board independent assurance as to the effectiveness of the operations and validity of the Group's internal control and risk management system.

The internal auditors adopts a risk-based approach to develop its audit plan which addresses all the core auditable areas of the Group based on risk profiles. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has been put in place to improve the controls.

For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

The internal auditor continues to independently and objectively monitor compliance with regards to policies and procedures, and the effectiveness of the internal controls and risk management systems. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up on the implementation of action plans. The Management is responsible for ensuring that corrective actions are implemented accordingly.

### Weakness in Internal Controls

Based on the internal auditors' reports for FYE2023, there is a reasonable assurance that the Group's systems of internal control and risk management are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during FYE2023, all of which had been, or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

The Board continues to review and implement measures to strengthen the internal control and risk management environment of the Group.

### The Board's Conclusion

The Board is pleased to report that the state of the Group's risk management and internal control framework is able to meet the Group's objective to ensure good corporate governance. For the year under review, there was no potential or present failure or weakness that would have material adverse effect on the results of the Group.

The Board has also received assurance from the Managing Director and Chief Executive Director that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholder value and business sustainability will remain a core practice for the Group.



### **Review of this Statement by External Auditors**

The external auditor has reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information other than Audits or Reviews of Historical Financial Information and Audit Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement is issued in accordance with a resolution of the Directors dated 26 April 2024.

## AUDIT COMMITTEE REPORT

The Board of Directors of Eonmetall Group Berhad ("**Eonmetall**" or "**the Company**") is pleased to present the report from the Audit Committee for the financial year ended 31 December 2023 ("**FYE2023**"). The Report provides insight into the approach taken by the Audit Committee in discharging its functions during FYE2023.

### Objectives

The Audit Committee is tasked to assist the Board of Directors of Eonmetall to ensure the effective discharge of its fiduciary duties for financial reporting corporate governance in fulfilling the following oversight objectives of the Group activities:-

- Assess the Group's processes in relation to its risks, governance (including conflict of interests and related party transaction) and control environment;
- Oversee financial reporting;
- Evaluate the internal and external audit processes;
- Oversee the risk management framework of the Group;
- Review and recommend an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group; and
- Reviewing the adequacy and completeness of the Group's risk management process and recommending improvements where required.

The Terms of Reference ("**TOR**") of the Audit Committee is published on the Company's website at [www.eonmetall.com/investor-relations/](http://www.eonmetall.com/investor-relations/).

### Composition

The Audit Committee comprises five (5) members; all Non-Executive Directors with a majority being Independent Non-Executive Directors. The composition of the Audit Committee meets the requirements of paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MLLR**").

The Chairman of the Audit Committee, Chan Theng Sung, is a Chartered Accountant of the Malaysian Institute of Accountants and a fellow member of the Chartered Tax Institute of Malaysia. No alternate Director is appointed as a member of the Audit Committee.

All members of the Audit Committees are financially literate and able to analyse and interpret financial statements thus contributing to effective discharge of their duties and responsibilities.

### Meetings

The members of the Audit Committee and their attendance at the four (4) meetings held during FYE2023 is as tabulated:

Directors   Designation	Attendance
Chan Theng Sung   Chairman (Independent Non-Executive Director) <sup>(1)</sup>	4/4
Tang Yin Kham   Member (Non-Independent Non-Executive Director) <sup>(2)</sup>	4/4
Dato' Wahab Bin Hamid   Member (Non-Independent Non-Executive Director)	4/4
Dato' Mohammad Radhi Bin Abdul Razak   Member (Independent Non-Executive Director)	4/4
Datuk Yogeessvaran A/L Kumaraguru   Member (Independent Non-Executive Director) <sup>(3)</sup>	1/1
Goh Kee Seng   Member (Non-Independent Non-Executive Director) <sup>(4)</sup>	1/1

Notes:

(1) Chan Theng Sung was appointed as the Chairman of Audit Committee on 24 February 2023.

(2) Tang Yin Kham was re-designated as member of Audit Committee on 24 February 2023.

(3) Datuk Yogeessvaran A/L Kumaraguru was appointed as member of the Audit Committee on 23 August 2023. His attendance at the Audit Committee meetings (as applicable) is counted from the date of his appointment.

(4) Goh Kee Seng resigned as member of Audit Committee on 24 February 2023 and his attendance at the Audit Committee meeting is counted up to the date of his resignation.

The meetings were appropriately structured through the use of agendas and relevant board materials, which were distributed to Audit Committee with sufficient notification. The Company Secretary and/or her representatives were in attendance at all meetings. Executive Directors and representatives of the external and internal auditors were also invited to attend the meetings as and when the need arises.

## Meetings (Cont'd)

The minutes of each Audit Committee meeting are recorded and tabled for confirmation at its following meeting and subsequently presented to the Board for notation. The Audit Committee Chairman reports to the Board on the activities undertaken and the key recommendations for the Board's consideration and decisions.

The Audit Committee also arranged to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. During the financial year under review, the Audit Committee met twice (2) with the external auditor separately without the presence of executive Board members and management to discuss the audit findings and any other observations that they may have during the audit process.

## Summary of Activities Undertaken during the Financial Year

The Audit Committee carried out its duties in accordance with its TOR and key activities undertaken during the financial year under review were as follows:

### Financial Reporting

- (a) Reviewed the unaudited quarterly financial statements and annual audited financial statements of the Group before recommending to the Board for approval, focusing on changes in or implementation of major accounting policies, significant and unusual events; and compliance with the provision of the Companies Act 2016 and accounting standards as approved by the Malaysian Accounting Standards Board before recommending the same to the Board for approval; and
- (b) Reviewed relevant issues which have or could have significant impact on the results of the Group such as receivables, inventory management, investment, divestments, bank borrowings and strategic operations of subsidiaries.

### External Audit

- (a) Discussed with external auditors on their audit plan for FYE2023 outlining their scope of work, areas of audit emphasis, possible key audit matters, updates on financial reporting, audit timeline, deliverables and proposed audit fees;
- (b) Met twice with the external auditors without the presence of Executive Director and Management to discuss issues of concern by the auditors arising from their interim and final audits and any other observations that they may have during the audit process and, arising therefrom, instructing Management to take needful remedial actions;
- (c) Reviewed with the external auditors, the findings and results of the audit, significant audit/accounting issues, including the management's response and comments; and
- (d) Reviewed and evaluated the performance and effectiveness of the external auditors. The Audit Committee was satisfied with the external auditors' performance and made its recommendations to the Board on their re-appointment as auditors at the forthcoming annual general meeting.

### Internal Audit and Risk Management

- (a) Reviewed the internal audit reports prepared by an independent professional consulting firm. The Audit Committee noted the audit recommendations made and Management's response, including the implementation progress and status as agreed by management; on actions to address findings highlighted in previous internal audit cycles.
- (b) Reviewed and approved the Internal Audit Plan to ensure the adequacy of the scope and comprehensive coverage of the activities of the Group.
- (c) Reviewed any major proposed transaction that would affect the risk management framework; and
- (d) Considered the proposal received for the assessment of current state of the Risk Management Framework adopted by the Group, identify the principal risks and update the existing risk register of the Group.

### Corporate Governance

- (a) Reviewed the relevant regulatory changes and ensure compliance by the Group and the Company;
- (b) Reviewed, periodically, any related party transactions and recurrent related party transactions ("RRPT") of a revenue or trading nature on scope, threshold, limit of shareholders' mandate and any conflict-of-interest situation that might arise from the aforesaid transactions as reported by Management and report to the Board accordingly;
- (c) Reviewed the circular to the shareholders on RRPT of a revenue or trading nature;
- (d) Reviewed non-audit fees paid/payable to the external auditors and its affiliated firms; and
- (e) Reviewed and approved/recommended, where applicable, the Audit Committee Report, Statement on Risk Management and Internal Control for Board's approval before inclusion into the Annual Report 2023.

### Internal audit function

The Board acknowledges the need for an effective system of internal control and risk management covering all aspects of the Group's activities including the mapping and management of risks which the Group may exposed. The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

The Group has appointed an independent professional consulting firm to carry out internal audit reviews on the Group. This is to assist the Audit Committee in discharging its duties and responsibilities.

It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal controls of the key business units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year under review, the internal audit auditors had conducted audit reviews on the property, plant and equipment management; conversion and productions; credit controls; and general safety and security of the Group based on the approved internal audit plan. Upon completion of their work, the internal auditors presented their findings and recommendations as well as the Management's responses and action plans to the Audit Committee for its review and deliberation. The internal auditors also conducted follow-up review to monitor the implementation of the management's action plans for reporting to the Audit Committee.

Additionally, the Group, with the help of internal auditors, has implemented the Enterprise Risk Management processes to identify, assess, monitor, report and mitigate risks impacting the Group's businesses, operations and supporting activities.

Further information on the internal audit functions and its activities are set out in the Statement on Risk Management and Internal Control in the Annual Report 2023.

The cost incurred for the internal audit function of the Group in respect of FYE2023 was RM52,000.

This Audit Committee Report is issued in accordance with a resolution dated 26 April 2024..

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

As at 31 December 2023, Eonmetall Group Berhad ('Eonmetall') and (the Company) has fully utilised the proceeds of RM35,700,000 from the Private Placement.

### 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors or a firm or corporation affiliated with the external auditors by the Company and its subsidiaries ("**the Group**") for the financial year ended 31 December 2023 are as follows:

	Group (RM)	Company (RM)
Fees paid or payable to the external auditors:		
Audit fees	332,215	67,300
Non-audit fees <sup>(1)</sup>	7,500	7,500
Total	339,715	74,800

Note:

<sup>(1)</sup> Non-audit fees paid or payable to the company's auditors, or a firm or corporation affiliated to the auditors' firm for reviewing the statement on risk management and internal control and information technology general controls audit.

### 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and the group, involving the interests of Directors or major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

### 4. CONTRACT RELATING TO LOANS

There were no contracts relating to loans entered into by the group involving interests of Directors and major shareholders during the financial year ended 31 December 2023.

### 5. EMPLOYEES' SHARE OPTION SCHEME

At the Company's Extraordinary General Meeting held on 20 May 2021, shareholders had approved the establishment of an Employees' Share Option Scheme ("**ESOS**") involving up to 15% of the total number of issue ordinary shares of Eonmetall (excluding treasury shares) ("Shares") for eligible Directors and employees of Eonmetall (excluding dormant subsidiaries).

The ESOS was implemented on 18 April 2023. The ESOS is for a period of 5 years and would expire on 17 April 2028 subject to an extension in accordance with the By-Laws of the ESOS.

The details total number of options granted, exercised, forfeited and outstanding under the ESOS for the period 18 April 2023 up to 31 December 2023 are set out in the table below:

Category	Number of options over shares			
	Granted	Exercised	Forfeited	Outstanding
Directors	9,400,000	-	-	9,400,000
Employees	24,800,000	(420,000)	(880,000)	23,500,000
Total	<b>34,200,000</b>	<b>(420,000)</b>	<b>(880,000)</b>	<b>32,900,000</b>

Pursuant to the By-Laws of the ESOS, not more than eighty percent (80%) of the Shares available under the scheme shall be allocated in aggregate to the Directors and senior management personnel of the companies in the Group.

During the financial year ended 31 December 2023 and since the date of implementation of the ESOS, 1.22% of the granted shares have been exercised in the group.



## 6. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

Details of RRPT transacted during the financial year ended 31 December 2023 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 31 May 2023 are as tabulated. The information contained herein, save for the actual value transacted, is extracted from the Circular dated 28 April 2023.

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted (RM'000)	Related Parties
Eonmetall Industries Sdn. Bhd. (" <b>EMI</b> ")	Genrizt Storage System (" <b>Genrizt</b> ")	Sales of steel products	278	Dato' Goh Cheng Huat (" <b>Dato' Goh</b> ") is a major shareholder of Eonmetall Corporation Sdn. Bhd. (" <b>ECSB</b> "). Datin Tan Pak Say (" <b>Datin Tan</b> ") is the spouse of Dato' Goh and the sister of Tan Phaik Hoon (" <b>TPH</b> "). She is also a major shareholder of ECSB by virtue of her indirect interest through ECSB and her spouse. Goh Hong Kent (" <b>GHK</b> ") is a director of EMI. He is a person connected to Dato' Goh and Datin Tan. Tan Kheng Hwa (" <b>TKH</b> ") is the spouse of TPH. Genrizt is a partnership owned by TKH and TPH.
EMI & Eonmetall Technology Sdn. Bhd. (" <b>EMT</b> ")	Eonlipids Sdn. Bhd. (" <b>Eonlipids</b> ")	<sup>(2)</sup> Sales of steel products,	-	Dato' Goh is a director of Eonlipids and ENS. Dato' Goh and Datin Tan are major shareholders of Eonlipids and ENS by virtue of their indirect interest through ECSB. GHK is a director of EMI and EMT. He is a person connected to Dato' Goh and Datin Tan. Goh Kee Seng (" <b>GKS</b> ") is a director of EMT, Eonlipids and ENS. He is a person connected to Dato' Goh and Datin Tan. He is also a major shareholder of Eonlipids and ENS. Eonlipids and ENS are subsidiaries of ECSB.
	Eonlipids Nutrition Specialties Sdn. Bhd. (" <b>ENS</b> ")	sales and maintenance of machinery, and project works	-	
EMI	<sup>(1)</sup> Leader Steel Sdn. Bhd. (" <b>LSSB</b> ")	Sales and servicing of steel products	2	Tan Sri Dato' Mohd Desa Bin Pachi is a director of EMT and Leader Steel Holdings Berhad (" <b>LSH</b> "). Dato' Goh is a director of LSH, LSSB and LSSC. He is also a major shareholder of LSH by virtue of his interest and indirect interest through Bischart Sdn. Bhd. (" <b>Bischart</b> ") and Datin Tan. Datin Tan is a director of LSH, LSSB and LSSC. She is also a major shareholder of LSH by virtue of her interest and indirect interest through Bischart and Dato' Goh. GHK is a director of EMI, EMS, EMT, ESL and LSSC. He is a person connected to Dato' Goh and Datin Tan. He also has interest in LSH. ECSB is a major shareholder of Eonmetall.
	<sup>(1)</sup> Leader Steel Service Centre Sdn. Bhd. (" <b>LSSC</b> ")		-	
<sup>(1)</sup> LSSC	EMI	Purchase and servicing of steel products	2,088	
	Eonmetall Systems Sdn. Bhd. (" <b>EMS</b> ")		-	
	Eonsteel Sdn. Bhd. (" <b>ESL</b> ")		-	
EMT	<sup>(1)</sup> LSSB	Sales and maintenance of machinery	43	
<sup>(1)</sup> LSSB <sup>(1)</sup> LSSC	EMT	Purchase and maintenance of machinery	19	

6. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE (Cont'd)

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted (RM'000)	Related Parties
EMT	<sup>(1)</sup> LSSC	Sales and maintenance of machinery	500	<p>Tan Sri Dato' Mohd Desa Bin Pachi is a director of EMT and LSH.</p> <p>Dato' Goh is a director of LSH, LSSB and LSSC. He is also a major shareholder of LSH by virtue of his interest and indirect interest through Bischart and Datin Tan.</p> <p>Datin Tan is a director of LSH, LSSB and LSSC. She is also a major shareholder of LSH by virtue of her interest and indirect interest through Bischart and Dato' Goh.</p> <p>GHK is a director of EMI, EMS, ESL and LSSC. He is a person connected to Dato' Goh and Datin Tan. He also has interest in LSH.</p> <p>ECSB is a major shareholder of Eonmetall.</p>
<sup>(1)</sup> LSSB	EMI	Purchase and servicing of steel products	-	
	EMS		-	
	ESL		-	
EMS & ESL	<sup>(1)</sup> LSSB	Sales and servicing of steel products	-	
	<sup>(1)</sup> LSSC		-	
<sup>(1)</sup> LSSC	Lienteh Technology Sdn. Bhd. (" <b>Lienteh</b> ")	Renting of <sup>(3)</sup> single storey factory, <sup>(4)</sup> double storey shophouses and <sup>(5)</sup> equipment	226	<p>Tan Sri Dato' Mohd Desa Bin Pachi is a director of LSH.</p> <p>Dato' Goh is a director of LSH, LSSB and LSSC. He is also a major shareholder of LSH by virtue of his interest and indirect interest through Bischart and Datin Tan.</p> <p>Datin Tan is a director of LSH, LSSB and LSSC. She is also a major shareholder of LSH by virtue of her interest and indirect interest through Bischart and Dato' Goh.</p> <p>GHK is a director of LSSC. He is a person connected to Dato' Goh and Datin Tan. He also has interest in LSH.</p> <p>ECSB is a major shareholder of Eonmetall.</p>
<sup>(1)</sup> LSSB <sup>(1)</sup> LSSC		Sale, purchase and servicing of steel products	-	
<sup>(1)</sup> LSSB	EMI EMT	<sup>(6)</sup> Renting of single storey factory	-	<p>Tan Sri Dato' Mohd Desa Bin Pachi is a director of EMT and LSH.</p> <p>Dato' Goh is a director of LSSB and LSSC. He is also a major shareholder of LSH by virtue of his interest and indirect interest through Bischart and Datin Tan.</p> <p>Datin Tan is a director of LSSB and LSSC. She is also a major shareholder of LSH by virtue of her interest and indirect interest through Bischart and Dato' Goh.</p> <p>GHK is a director of EMI and EMT. He is a person connected to Dato' Goh and Datin Tan. He also has interest in LSH.</p> <p>ECSB is a major shareholder of Eonmetall.</p>
LSSC	EMT	Purchase and servicing of steel products	18	
LSSB			-	
<sup>(1)</sup> LSSB	EMT	<sup>(6)</sup> Renting of single storey factory	3,211	
EMT	<sup>(1)</sup> LSSB	<sup>(2)</sup> Construction of office building & a single storey steel factory	-	

**6. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE (Cont'd)**

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted (RM'000)	Related Parties
EMI	EMT Systems Sdn. Bhd. (" <b>EMTS</b> ")	Trading of steel products	30,881	Dato' Goh is an Executive Director and major shareholder of Eonmetall and Malaysian Bulk Carries Berhad (" <b>Maybulk</b> "). He is also a major shareholder of ECSB. Datin Tan is the spouse of Dato' Goh. She is also a major shareholder of ECSB by virtue of her indirect interest through ECSB and Dato' Goh. GHK is an Executive Director of Eonmetall. He is also a director of EMI and EMS. He is the son to Dato' Goh and Datin Tan. GKS is a Non-Independent Non-Executive Director of Eonmetall. He is the brother to Dato' Goh and brother-in-law to Datin Tan. Lim Junliang, Troy is a Non-Independent Non-Executive Director of Maybulk. He is the son-in-law to Dato' Goh.
EMS			15,096	
EMT		Sales and maintenance of machinery	11	

EMTS is a customer of the Group and transactions between these identified parties are the norm as these are part of contractual obligations on supply contracts to EMTS.

Following completion of acquisition of entire 100% equity interest in EMTS by Maybulk on 30 January 2023, all transactions between the Group with EMTS effective 1 February 2023 are now classified as RRPT given the presence of common Executive Director and major shareholder in both Eonmetall and Maybulk.

Notes:

- <sup>1</sup> Subsidiaries of LSH.
- <sup>2</sup> Projects delayed pending finalisation of negotiations on the project specification as well as terms and conditions of award.
- <sup>3</sup> A single storey office and factory located at Lot 6483, Jalan Sungai Puloh/KU5, Kawasan Perindustrian Sungai Puloh, 42100 Selangor owned by LSSC. The premises are measuring approximately 191,799.22 square feet in area. The anticipated monthly rental is about RM270,922.43. The tenure of rental for the single storey office and single storey factory (comprising bays A, B and C) are ranging from 12 months to 36 months.
- <sup>4</sup> 2 double storey shophouses located at Nos. 30 & 32, Klang Central Industrial Park, Lorong 5 DI Lorong Sungai Puloh, Batu 5 3/4, Jalan Kapar, 41400 Klang, Selangor owned by LSSC. Both premises approximately 4,058 square feet in area. The anticipated monthly rental is about RM6,500. The tenure of rental for premises are 12 months.
- <sup>5</sup> A weighing machine owned by LSSC at a monthly rental of RM3,000.
- <sup>6</sup> A single storey factory building located at Lot 1596, Mukim 12, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Daerah Seberang Perai Selatan, Penang measuring approximately 210,000 square feet in area at a monthly rental approximately RM270,000.

## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are mainly involved in manufacturing and sales of metalwork, industrial process machinery and equipment and steel products, property and investment holding and others. Further details of the subsidiaries are set out in Note 8 to the financial statements.

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

### RESULTS

	Group RM	Company RM
Loss for the financial year from continuing operations	5,756,040	44,145,207
Loss for the financial year from discontinued operations	1,757,771	0
	<u>7,513,811</u>	<u>44,145,207</u>
Attributable to:		
Owners of the parent		
- from continuing operations	5,844,593	44,145,207
- from discontinued operations	896,463	0
	6,741,056	44,145,207
Non-controlling interests		
- from continuing operations	(88,553)	0
- from discontinued operations	861,308	0
	<u>772,755</u>	<u>0</u>
	<u>7,513,811</u>	<u>44,145,207</u>

### DIVIDENDS

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

### RESERVES AND PROVISIONS

Material transfers to or from reserves or provisions during the financial year include the following:

	Group RM	Company RM
Ordinary shares issued pursuant to Employees' Share Option Scheme ('ESOS')	(106,722)	(106,722)
Share option granted under ESOS	4,360,992	4,360,992
Foreign currency translation loss	116,970	0
Realisation of revaluation reserve	(633,311)	0
Disposal of subsidiaries	(131,447)	0
Retrospective application of MFRS 17 Insurance Contracts	<u>0</u>	<u>(237,846)</u>

## **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the issued and paid-up ordinary shares of the Company was increased from 279,664,392 to 280,084,392 by way of issuance of 420,000 new ordinary shares pursuant to the exercise of Employees' Share Option Scheme ('ESOS') at the option price of RM0.48 per ordinary share.

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

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

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

The ESOS of the Company came into effect on 18 April 2023. The ESOS shall be in force for a period of five (5) years until 17 April 2028 ('the option period'). The main features of the ESOS are as follows:

- (a) Employees have been employed on a full time basis and is on the payroll of any company in the Group for a continuous period of at least 1 year and employment has been confirmed by any of the company in the Group on the Date of Offer.
- (b) Director has been appointed or any other company in the Group.
- (c) The maximum number of new shares which may be made available under the ESOS, shall not in aggregate exceed 15% of the total number of issued shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS.
- (d) The number of new shares to be issued and allotted to Eligible Persons who, either singly or collectively through persons connected with such eligible person (collectively, the eligible directors and eligible employees), hold 20% or more than the total number of issued shares of the Company (excluding treasury shares, if any) shall not exceed 10% of the total number of new shares to be issued under the ESOS.
- (e) Not more than 80% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management personnel of the Group.
- (f) The options granted may be exercised any time within the option period from the date of offer.
- (g) The option price of a new ordinary shares under the ESOS shall be the five (5) market days weighted average market price of the shares immediately preceding the date of offer with a discount of not more than 10% during the duration of the ESOS.
- (h) The option granted are not entitled for any dividend, voting rights, allotments or other distribution, which may be declared, made or paid to shareholders before the entitlement date.
- (i) The ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit. The approval of the shareholders of the Company in a general meeting shall not be required in respect of additions or amendments to, or modifications and/or deletions of these By-Laws.
- (j) The employees and Directors to who the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.



## OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

The details of the options over ordinary shares of the Company are as follows:

Date of offer	[----- Number of options over ordinary shares -----]					Exercisable as at 31.12.2023
	Outstanding as at 1.1.2023	Movement during the financial year			Outstanding as at 31.12.2023^	
		Granted	Exercised	Lapsed*		
18 April 2023	0	34,200,000	(420,000)	(880,000)	32,900,000	6,012,000
Weighted average exercise prices (RM)	0	0.48	0.48	0.48	0.48	0.48

\* Due to resignation

^ Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares at 20% per year over vesting period of 5 years.

Details of options granted to Directors are disclosed in the section on Directors' interest in this report.

## DIRECTORS

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

Eonmetall Group Berhad

Tan Sri Dato' Mohd Desa Bin Pachi \*

Yeoh Cheng Chye \*

Dato' Goh Cheng Huat \*

Goh Hong Kent \*

Dato' Wahab Bin Hamid

Tang Yin Kham

Goh Kee Seng \*

Chan Theng Sung

Dato' Mohammad Radhi Bin Abdul Razak

Datuk Yogeesvaran A/L Kumaraguru

(Appointed on 31 May 2023)

\* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Eonmetall Group Berhad (excluding those who are listed above)

Yusri Suhud

Taufik Aries Budiono

Chia Kang Yao

(Alternate Director to Goh Hong Kent)

## DIRECTORS' INTERESTS

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

	[----- Number of ordinary shares -----]			
	Balance as at 1.1.2023	Bought	Sold	Balance as at 31.12.2023
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Tan Sri Dato' Mohd Desa Bin Pachi	30,000	0	0	30,000
Yeoh Cheng Chye	50,000	0	0	50,000
Dato' Goh Cheng Huat	33,003,418	3,125,500	0	36,128,918
Chan Theng Sung	180,000	0	0	180,000

**DIRECTORS' INTERESTS (Cont'd)**

	[----- Number of ordinary shares -----]		
	Balance as at 1.1.2023	Bought	Sold
			Balance as at 31.12.2023

Indirect interests:

Dato' Goh Cheng Huat #	84,049,128	0	0	84,049,128
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# Deemed interest through shares held by Eonmetall Corporation Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 in Malaysia.

[----- Number of options over ordinary shares -----]			
Balance as at 1.1.2023	Movement during the financial year		Balance as at 31.12.2023
	Granted	Exercised	

Share options in the Company

Direct interests:

Tan Sri Dato' Mohd Desa Bin Pachi	0	1,250,000	0	1,250,000
Yeoh Cheng Chye	0	1,250,000	0	1,250,000
Dato' Goh Cheng Huat	0	2,150,000	0	2,150,000
Goh Hong Kent	0	1,250,000	0	1,250,000
Dato' Wahab Bin Hamid	0	700,000	0	700,000
Tang Yin Kham	0	700,000	0	700,000
Goh Kee Seng	0	700,000	0	700,000
Chan Theng Sung	0	700,000	0	700,000
Dato' Mohammad Radhi Bin Abdul Razak	0	700,000	0	700,000

By virtue of his interest in the ordinary shares of the Company, Dato' Goh Cheng Huat is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

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

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to ESOS as disclosed above.

## DIRECTORS' REMUNERATION

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

	Group RM	Company RM
Fees	363,000	363,000
Other emoluments	3,812,088	47,515
Share options granted under ESOS	<u>1,224,127</u>	<u>1,224,127</u>
	<u>5,399,215</u>	<u>1,634,642</u>

## INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium paid for the Directors and officers of the Group and of the Company was RM15,000.

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

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from:
  - (i) impairment losses on trade and other receivables of the Group and of the Company of RM4,507,574 and RM39,562,375 respectively;
  - (ii) gain on disposal of subsidiaries of the Group and of the Company of RM24,073,748 and RM21,267,863 respectively;
  - (iii) fair value loss on guarantee asset of the Group and of the Company of RM16,897,434 and RM16,987,434 respectively; and
  - (iv) impairment losses on investments in subsidiaries of the Company of RM7,978,758.

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

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)**

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (Cont'd)**

- (c) The Directors are not aware of any circumstances: (Cont'd)
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

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

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

- (a) On 7 February 2023, the share sale agreement of disposal of 15,300,000 ordinary shares, representing its entire 51% equity interest in Lienteh Technology Sdn. Bhd. ('LTSB'), a disposal group classified as held for sale as at 31 December 2022 has been completed. Upon completion of the disposal of the subsidiary on 7 February 2023, LTSB has ceased to be the subsidiary of the Company and gain on disposal of subsidiary is recognised.
- (b) On 9 February 2023, Eonmetall Industries Sdn. Bhd. ('EMI'), a wholly-owned subsidiary of the Company has received a letter of circumvention inquiry pursuant to antidumping duty and countervailing duty orders on boltless steel shelving units prepackaged for sale ('boltless steel shelving'). EMI has been selected by the United States Department of Commerce ('US DOC') as the mandatory respondent for the inquiry.  
  
On 12 April 2024, US DOC has released its final determination and decided to impose antidumping duties for importation of boltless shelving from Malaysia.
- (c) On 18 April 2023, the Company offered and granted 34,200,000 units of ESOS options to eligible Directors and employees of the Group and of the Company with an exercise price of RM0.48 per share.  
  
During the financial year, 420,000 shares options were issued at weighted average exercise price of RM0.53.
- (d) On 28 December 2023, Eonmetall International Limited ('EIL'), a wholly-owned subsidiary of the Company has disposed off 6 ordinary shares, representing its entire 60% equity interest in Africa Steel Investment Limited ('ASIL') for a cash consideration of RM10,000,000. Pursuant to the disposal, ASIL has ceased to be the subsidiary of the Group and gain on disposal subsidiary is recognised.
- (e) Subsequent to the financial year end, Eonmetall Land Sdn Bhd ('EML'), a wholly-owned subsidiary of the Company has received a Notis Award and Tawaran Pampasan ('Borang H') from the Pejabat Daerah Dan Tanah Klang invoking compulsory acquisition under Land Acquisition Act, 1960 ('Act 486') to acquire approximately 8,996 square meter in area of land forming part of H.S.(D) 166442, No. PT85117 (115881) Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of RM30,414,504.

As the date of this report, the disposal has been completed.

## AUDITORS

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

## AUDITORS' REMUNERATION

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

	Group RM	Company RM
Statutory audit	332,215	67,300
Other services	<u>7,500</u>	<u>7,500</u>
	<u>339,715</u>	<u>74,800</u>

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

**Goh Hong Kent**  
Director

**Yeoh Cheng Chye**  
Director

Penang  
26 April 2024

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 77 to 157 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Goh Hong Kent**  
Director

**Yeoh Cheng Chye**  
Director

Penang  
26 April 2024

## STATUTORY DECLARATION

I, Yeoh Cheng Chye (I/C No.: 681225-07-5115), being the Director primarily responsible for the financial management of Eonmetall Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 157 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed at Georgetown in the State of  
Penang this 26 April 2024

Before me,

**Yeoh Cheng Chye**

Commissioner for Oaths



## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Eonmetall Group Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 77 to 157.

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

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

#### Key Audit Matters of the Group

##### *Recoverability of trade receivables*

As at 31 December 2023, the Group had trade receivables amounted to RM28,918,061, which were net of impairment losses of RM15,073,017. The details of trade receivables and their credit risks have been disclosed in Note 11 and Note 35(a) to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios.

### Audit response

Our audit procedures included the following:

- a. recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- b. recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- c. inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;
- d. assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of balances into respective stages; and
- e. evaluated the basis applied by management for determining cash flows recoverable in worst-case scenarios.

## **Key Audit Matters (Cont'd)**

### Key Audit Matters of the Company

#### *1. Impairment assessment of the carrying amounts of investments in subsidiaries*

As at 31 December 2023, the net carrying amounts of investments in subsidiaries of RM138,214,995 has been disclosed in Note 8 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the recoverable amounts of the investments in subsidiaries. The recoverable amounts of the investments in subsidiaries are determined based on discounted future cash flow projections, which require judgement on the part of management estimation of the future financial performance and key assumptions used, in particular growth rates and pre-tax discount rates.

#### **Audit response**

Our audit procedures included the following:

- a. compared cash flow projections against recent performance and historical accuracy of forecasts and assessed the key assumptions used in projections;
- b. evaluated the reasonableness of projected growth rates by assessing evidence available to support these assumptions;
- c. evaluated the reasonableness of pre-tax discount rates used by management by comparing the market data, weighted average cost of capital of the Company and relevant risk factors; and
- d. assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

#### *2. Recoverability of amounts owing by subsidiaries*

As at 31 December 2023, the Company had amounts owing by subsidiaries amounted to RM53,527,165, which were net of impairment losses of RM52,820,780 as disclosed in Note 11 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios.

#### **Audit response**

Our audit procedures included the following:

- a. assessed the probability of default using historical data and forward-looking adjustments applied by the Company;
- b. recomputed the correlation coefficient between the macroeconomic indicators used by the Company and historical losses to determine the appropriateness of the forward-looking information used by the Company;
- c. inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;
- d. assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- e. evaluated the basis applied by management for determining cash flows recoverable in worst-case scenarios.

## **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.

## **Key Audit Matters (Cont'd)**

### Key Audit Matters of the Company (Cont'd)

#### **Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)**

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

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

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

#### **Responsibilities of the Directors for the Financial Statements**

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF EONMETALL GROUP BERHAD (Cont'd)  
Registration No. 200301029197 (631617-D)  
(Incorporated in Malaysia)

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

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**Other Matters**

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

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

**Koay Theam Hock**  
02141/04/2025 J  
Chartered Accountant

Penang  
26 April 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	258,584,984	182,945,878	0	0
Right-of-use assets	6	2,570,728	5,153,654	0	0
Investments in subsidiaries	8	0	0	138,214,995	140,077,649
Investments in associates	9	0	9,326,524	0	0
Trade and other receivables	11	9,392,932	0	53,527,165	43,922,803
		<u>270,548,644</u>	<u>197,426,056</u>	<u>191,742,160</u>	<u>184,000,452</u>
<b>Current assets</b>					
Inventories	12	178,315,629	187,212,523	0	0
Trade and other receivables	11	54,478,910	104,936,438	1,000	1,000
Contract assets	13	11,634,527	4,504,152	0	0
Current tax assets		1,207,130	151,165	10,699	5,115
Cash and bank balances	14	13,167,679	16,678,983	203,098	219,218
		<u>258,803,875</u>	<u>313,483,261</u>	<u>214,797</u>	<u>225,333</u>
Assets classified as held for sale	15	0	97,354,563	0	31,329,571
<b>TOTAL ASSETS</b>		<u>529,352,519</u>	<u>608,263,880</u>	<u>191,956,957</u>	<u>215,555,356</u>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	<b>137,734,138</b>	137,425,816	<b>137,244,246</b>	136,935,924
Treasury shares	16(d)	<b>(1,761,139)</b>	(1,761,139)	<b>(1,761,139)</b>	(1,761,139)
Reserves	17	<b>181,330,295</b>	183,831,558	<b>(37,885,119)</b>	2,280,255
		<b>317,303,294</b>	319,496,235	<b>97,597,988</b>	137,455,040
Non-controlling interests	8(h)	<b>236,556</b>	6,346,147	<b>0</b>	0
<b>TOTAL EQUITY</b>		<b>317,539,850</b>	325,842,382	<b>97,597,988</b>	137,455,040
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Trade and other payables	18	<b>0</b>	0	<b>93,587,845</b>	62,808,415
Borrowings	19	<b>24,942,835</b>	11,977,214	<b>0</b>	0
Lease liabilities	6	<b>1,005,498</b>	1,812,811	<b>0</b>	0
Deferred tax liabilities	10	<b>10,775,189</b>	12,608,895	<b>0</b>	0
		<b>36,723,522</b>	26,398,920	<b>93,587,845</b>	62,808,415
<b>Current liabilities</b>					
Trade and other payables	18	<b>27,557,847</b>	37,009,235	<b>446,065</b>	15,290,901
Derivative liabilities	21	<b>154,921</b>	0	<b>0</b>	0
Borrowings	19	<b>144,903,750</b>	157,820,343	<b>325,059</b>	0
Lease liabilities	6	<b>1,541,447</b>	3,437,527	<b>0</b>	0
Current tax liabilities		<b>931,182</b>	954,977	<b>0</b>	0
		<b>175,089,147</b>	199,222,082	<b>771,124</b>	15,290,901
Liabilities classified as held for sale	15	<b>0</b>	56,800,496	<b>0</b>	1,000
<b>TOTAL LIABILITIES</b>		<b>211,812,669</b>	282,421,498	<b>94,358,969</b>	78,100,316
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>529,352,519</b>	608,263,880	<b>191,956,957</b>	215,555,356

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



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>Continuing operations</b>					
Revenue	22	<b>173,190,251</b>	256,924,541	<b>0</b>	0
Cost of sales		<b>(152,075,906)</b>	(199,788,183)	<b>0</b>	0
Gross profit		<b>21,114,345</b>	57,136,358	<b>0</b>	0
Other income		<b>27,084,608</b>	30,903,797	<b>26,678,422</b>	27,219,038
Distribution expenses		<b>(4,332,512)</b>	(6,329,012)	<b>0</b>	0
Administrative expenses		<b>(19,793,402)</b>	(15,226,643)	<b>(2,035,396)</b>	(1,805,402)
Other expenses		<b>(17,374,868)</b>	(25,349,105)	<b>(24,876,192)</b>	(38,600,434)
Finance costs	23	<b>(8,608,543)</b>	(7,849,770)	<b>(4,349,666)</b>	(2,265,040)
Net impairment losses on financial assets and contract assets		<b>(3,436,229)</b>	(4,702,985)	<b>(39,562,375)</b>	(2,157,430)
Share of results of associates, net of tax		<b>(90,015)</b>	(1,585,924)	<b>0</b>	0
(Loss)/Profit before tax from continuing operations	27	<b>(5,436,616)</b>	26,996,716	<b>(44,145,207)</b>	(17,609,268)
Tax expense	28	<b>(319,424)</b>	(7,684,122)	<b>0</b>	(251,351)
(Loss)/Profit for the financial year from continuing operations, net of tax		<b>(5,756,040)</b>	19,312,594	<b>(44,145,207)</b>	(17,860,619)
<b>Discontinued operations</b>					
Loss for the financial year from discontinued operations, net of tax		<b>(1,757,771)</b>	(4,360,449)	<b>0</b>	0
(Loss)/Profit for the financial year		<b>(7,513,811)</b>	14,952,145	<b>(44,145,207)</b>	(17,860,619)

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit for the financial year		(7,513,811)	14,952,145	(44,145,207)	(17,860,619)
Other comprehensive income/(loss), net of tax:					
Continuing operations					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		189,993	(175,603)	0	0
Total comprehensive (loss)/income		(7,323,818)	14,776,542	(44,145,207)	(17,860,619)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent					
- continuing operations		(5,844,593)	19,899,180	(44,145,207)	(17,860,619)
- discontinued operations		(896,463)	(2,223,829)	0	0
		(6,741,056)	17,675,351	(44,145,207)	(17,860,619)
Non-controlling interests					
- continuing operations	8(h)	88,553	(586,586)	0	0
- discontinued operations	8(h)	(861,308)	(2,136,620)	0	0
		(772,755)	(2,723,206)	0	0
		(7,513,811)	14,952,145	(44,145,207)	(17,860,619)

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Total comprehensive (loss)/income attributable to:					
Owners of the parent					
- continuing operations		(5,727,623)	19,706,628	(44,145,207)	(17,860,619)
- discontinued operations		(896,463)	(2,223,829)	0	0
		(6,624,086)	17,482,799	(44,145,207)	(17,860,619)
Non-controlling interests					
- continuing operations	8(h)	161,576	(569,637)	0	0
- discontinued operations	8(h)	(861,308)	(2,136,620)	0	0
		(699,732)	(2,706,257)	0	0
		(7,323,818)	14,776,542	(44,145,207)	(17,860,619)
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):					
Basic					
- continuing operations	29	(2.11)	7.95		
- discontinued operations	29	(0.32)	(0.89)		
		(2.44)	7.06		
Diluted					
- continuing operations	29	(2.10)	7.95		
- discontinued operations	29	(0.32)	(0.89)		
		(2.42)	7.06		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital RM	Treasury shares RM	Revaluation reserve RM	Exchange translation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2023		137,425,816	(1,761,139)	46,595,251	(1,201,228)	0	138,437,535	319,496,235	6,346,147	325,842,382
Loss for the financial year		0	0	0	0	0	(6,741,056)	(6,741,056)	(772,755)	(7,513,811)
Foreign currency translations		0	0	0	116,970	0	0	116,970	73,023	189,993
Realisation of reserves from disposal of subsidiary		0	0	0	(131,447)	0	0	(131,447)	0	(131,447)
Total comprehensive loss		0	0	0	(14,477)	0	(6,741,056)	(6,755,533)	(699,732)	(7,455,265)
<b>Transactions with owners</b>										
Issuance of ordinary shares pursuant to ESOS	16	308,322	0	0	0	(106,722)	0	201,600	0	201,600
Share options grant under ESOS		0	0	0	0	4,360,992	0	4,360,992	0	4,360,992
Transfer to retained earnings upon lapse of ESOS		0	0	0	0	(36,591)	36,591	0	0	0
Disposal of non-wholly owned subsidiary		0	0	0	0	0	0	0	(5,409,859)	(5,409,859)
Total transactions with owners		308,322	0	0	0	4,217,679	36,591	4,562,592	(5,409,859)	(847,267)
Realisation of revaluation reserve upon:										
- disposal of revalued properties		0	0	(196,855)	0	0	196,855	0	0	0
- depreciation of revalued properties		0	0	(436,456)	0	0	436,456	0	0	0
		0	0	(633,311)	0	0	633,311	0	0	0
Balance as at 31 December 2023		137,734,138	(1,761,139)	45,961,940	(1,215,705)	4,217,679	132,366,381	317,303,294	236,556	317,539,850

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

Group	Note	Share capital RM	Treasury shares RM	Revaluation reserve RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2022		106,097,245	(1,761,139)	46,904,756	(1,008,676)	123,909,778	274,141,964	1,052,930	275,194,894
Profit for the financial year		0	0	0	0	17,675,351	17,675,351	(2,723,206)	14,952,145
Foreign currency translations		0	0	0	(192,552)	0	(192,552)	16,949	(175,603)
Total comprehensive income		0	0	0	(192,552)	17,675,351	17,482,799	(2,706,257)	14,776,542
<b>Transactions with owners</b>									
Acquisition of a subsidiary	8(g)	0	0	0	0	0	0	7,999,474	7,999,474
Issuance of ordinary shares pursuant to private placement	16	31,328,571	0	0	0	0	31,328,571	0	31,328,571
Dividends paid	30	0	0	0	0	(3,457,099)	(3,457,099)	0	(3,457,099)
Total transactions with owners		31,328,571	0	0	0	(3,457,099)	27,871,472	7,999,474	35,870,946
Realisation of revaluation reserve upon:									
- disposal of revalued properties		0	0	(112,651)	0	112,651	0	0	0
- depreciation of revalued properties		0	0	(196,854)	0	196,854	0	0	0
		0	0	(309,505)	0	309,505	0	0	0
Balance as at 31 December 2022		137,425,816	(1,761,139)	46,595,251	(1,201,228)	138,437,535	319,496,235	6,346,147	325,842,382

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

**STATEMENTS CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	Share capital RM	Treasury shares RM	Share options reserves RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023, as previously reported		136,935,924	(1,761,139)	0	2,280,255	137,455,040
Adjustment due to retrospective application of MFRS 17 (financial guarantee contracts)	37.1	0	0	0	(237,846)	(237,846)
Restated balance as at 1 January 2023		136,935,924	(1,761,139)	0	2,042,409	137,217,194
Loss for the financial year		0	0	0	(44,145,207)	(44,145,207)
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive loss		0	0	0	(44,145,207)	(44,145,207)
<b>Transactions with owners</b>						
Issuance of ordinary shares pursuant to ESOS	16	308,322	0	(106,722)	0	201,600
Share options grant under ESOS		0	0	4,360,992	0	4,360,992
Transfer to retained earnings upon lapse of ESOS		0	0	(36,591)	0	(36,591)
Total transaction with owners		308,322	0	4,217,679	0	4,526,001
Balance as at 31 December 2023		137,244,246	(1,761,139)	4,217,679	(42,102,798)	97,597,988
Balance as at 1 January 2022		105,607,353	(1,761,139)	0	23,597,973	127,444,187
Profit for the financial year		0	0	0	(17,860,619)	(17,860,619)
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	(17,860,619)	(17,860,619)
<b>Transactions with owners</b>						
Issuance of ordinary shares pursuant to private placement	16	31,328,571	0	0	0	31,328,571
Dividends paid	30	0	0	0	(3,457,099)	(3,457,099)
Total transaction with owners		31,328,571	0	0	(3,457,099)	27,871,472
Balance as at 31 December 2022		136,935,924	(1,761,139)	0	2,280,255	137,455,040

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



# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax from:					
Continuing operations		(5,436,616)	26,996,716	(44,145,207)	(17,609,268)
Discontinued operations	15(c)	(1,757,771)	(6,061,148)	0	0
Adjustments for:					
Depreciation of:					
- property, plant and equipment	5	10,977,886	10,927,084	0	0
- right-of-use assets	6	3,521,634	3,079,886	0	0
Fair value loss on derivative financial instruments	21(e)	154,921	0	0	0
Fair value gain on derivative liability	15(b)(iii)	(1,000)	(8,423,000)	(1,000)	(8,423,000)
Fair value loss/(gain) on guarantee asset	15(b)(ii)	16,897,434	(16,897,434)	16,897,434	(16,897,434)
Fair value gain on financial guarantee contracts	20(e)	0	0	(428,618)	0
(Gain)/Loss on disposal of:					
- subsidiaries	27	(24,073,748)	0	(21,267,863)	0
- assets held for sale	27	0	(2,098,579)	0	0
- property, plant and equipment		(1,367,711)	391,549	0	0
Gain on lease modification	6(e)	(104)	(184,938)	0	0
Impairment losses on:					
- goodwill on consolidation	7(c)	0	25,320,434	0	0
- investments in subsidiaries	8(b)	0	0	7,978,758	40,423,434
- trade and other receivables		4,507,574	5,524,608	39,562,375	5,726,191
- contract assets	13(d)	431,756	470,141	0	0
Interest expense		8,611,594	7,882,831	4,349,666	2,265,040
Interest income		(42,919)	(69,035)	(4,980,941)	(1,891,602)
Inventories written down		83,289	5,822,962	0	0
Property, plant and equipment written off	27	8,106	866	0	0
Operating profit/(loss) before changes in working capital carried forward		12,514,325	52,682,943	(2,035,396)	3,593,361

**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>					
Operating profit/(loss) before changes in working capital brought forward		12,514,325	52,682,943	(2,035,396)	3,593,361
Reversal of impairment losses on:					
- trade and other receivables		(1,196,390)	(1,291,764)	0	(5,391,761)
- contract assets	13(d)	(306,711)	0	0	0
Share options granted under ESOS	24	4,360,992	0	1,224,127	0
Share of results of associates		90,015	1,585,924	0	0
Unrealised foreign exchange gain		(200,827)	(801,817)	0	0
Operating profit/(loss) before changes in working capital		15,261,404	52,175,286	(811,269)	(1,798,400)
Decrease/(Increase) in trade and other receivables		58,046,227	9,110,419	0	(7,000)
Increase in contract assets		(7,255,420)	(3,437,305)	0	0
Increase in inventories		8,813,605	(1,418,072)	0	0
(Decrease)/Increase in trade and other payables		(10,865,946)	(9,822,304)	(14,844,836)	14,987,248
Cash generated from/(used in) operations		63,999,870	46,608,024	(15,656,105)	13,181,848
Tax paid		(3,232,890)	(4,112,544)	(5,584)	(294,571)
Tax refunded		0	131,677	0	0
Net cash from/(used in) operating activities		60,766,980	42,627,157	(15,661,689)	12,887,277

**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		42,919	69,035	0	0
Net cash inflow on disposal of subsidiaries		32,582,108	0	35,700,000	0
Net cash inflow on acquisition of a subsidiary	8(g)	0	628,270	0	0
Proceeds from disposal of:					
- assets held for sale		0	3,041,878	0	0
- property, plant and equipment		1,979,581	5,930,461	0	0
Purchase of :					
- property, plant and equipment	5	(87,236,968)	(12,613,746)	0	0
- right-of-use assets		0	(4,542)	0	0
Placement of bank balance in debt service reserve account	14(b)	(1,523,604)	0	0	0
Increase in amounts owing by subsidiaries		0	0	(44,185,796)	(36,832,209)
Increase in amounts owing to subsidiaries		0	0	26,429,764	27,375,417
Subscription for shares in subsidiaries	8(d)	0	0	(2,499,999)	0
Net cash (used in)/from investing activities		(54,155,964)	(2,948,644)	15,443,969	(9,456,792)

**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	30	0	(3,457,099)	0	(3,457,099)
Net decrease in short-term borrowings		(6,612,922)	(9,526,943)	0	0
Interest paid		(8,465,470)	(7,691,105)	0	0
Payments of lease liabilities	6	(3,788,121)	(3,186,153)	0	0
Proceeds from issuance of ordinary shares pursuant to ESOS		201,600	0	201,600	0
Proceeds from term loans		26,050,000	5,720,000	0	0
Repayments of term loans		(20,227,544)	(17,014,142)	0	0
Net cash (used in)/from financing activities		(12,842,457)	(35,155,442)	201,600	(3,457,099)
Net (decrease)/increase in cash and cash equivalents		(6,231,441)	4,523,071	(16,120)	(26,614)
Effects of exchange rate changes on cash and cash equivalents		(252,113)	(808,549)	0	0
Cash and cash equivalents at beginning of financial year		7,120,508	3,405,986	219,218	245,832
Cash and cash equivalents at end of financial year	14(d)	636,954	7,120,508	203,098	219,218

**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Group	Lease liabilities (Note 6)		Borrowings excluding bank overdrafts (Note 19)	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 January	<b>5,250,338</b>	821,816	<b>159,629,930</b>	180,451,015
Cash flows	<b>(3,788,121)</b>	(3,186,153)	<b>(790,466)</b>	(20,821,085)
Non-cash flows:				
- additions	<b>944,916</b>	6,508,691	<b>0</b>	0
- lease modification	<b>(6,312)</b>	(3,123,642)	<b>0</b>	0
- unwinding of interest	<b>146,124</b>	191,726	<b>0</b>	0
- acquisition of a subsidiary	<b>0</b>	4,804,464	<b>0</b>	0
- reclassification to disposal group classified as held for sale	<b>0</b>	(766,564)	<b>0</b>	0
Balance as at 31 December	<b>2,546,945</b>	5,250,338	<b>158,839,464</b>	159,629,930

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 1. CORPORATE INFORMATION

Eonmetall Group 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 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang.

The principal places of business of the Company are located at Lot 1258 & 1259, MK 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang and Lot 387, MK 12, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 April 2024.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are mainly involved in manufacturing and sales of metalwork, industrial process machinery and equipment and steel products, property and investment holding and others. Further details of the subsidiaries are set out in Note 8 to the financial statements.

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

## 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 37.1 to the financial statements.

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

## 4. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- (i) Segment 1 - includes manufacture and sale of metalwork machinery and other industrial process machinery and equipment
- (ii) Segment 2 - includes manufacture and sale as well as trading of steel product
- (iii) Segment 3 - property and investment holding and others

There are varying levels of integration between reportable segments, the machinery and equipment and steel product segments. This integration includes manufacture and sale of machinery and shared distribution services. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 4. OPERATING SEGMENTS (Cont'd)

	2023 RM	2022 RM
<b>Profit for the financial year</b>		
Total profit for reportable segments	(51,207,801)	6,782,970
Adjustment for inter-segmental profits	44,013,414	14,152,598
Profit before tax	(7,194,387)	20,935,568
Tax expense	(319,424)	(5,983,423)
Profit for the financial year	(7,513,811)	14,952,145
<b>Assets</b>		
Segment assets	528,145,389	585,109,127
Goodwill on consolidation	0	6,106,154
Guarantee asset	0	16,897,434
Current tax assets	1,207,130	151,165
Total assets	529,352,519	608,263,880
<b>Liabilities</b>		
Segment liabilities	200,106,298	268,856,626
Deferred tax liabilities	10,775,189	12,608,895
Derivative liability	0	1,000
Current tax liabilities	931,182	954,977
Total liabilities	211,812,669	282,421,498

## Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in associates and deferred tax assets.

	Revenue		Non-current assets	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	96,716,614	103,716,107	270,548,644	188,099,532
United States of America	16,290,145	98,890,709	0	0
Philippines	10,230,367	6,961,358	0	0
Middle East	9,719,683	7,458,815	0	0
Europe	9,218,446	8,132,938	0	0
Singapore	9,013,506	10,914,408	0	0
Indonesia	7,375,255	4,267,209	0	0
Australia	7,028,269	8,035,622	0	0
Bangladesh	1,838,605	0	0	0
People's Republic of China	1,640,244	774,189	0	0
Sri Lanka	1,358,521	2,587,009	0	0
New Zealand	850,811	624,287	0	0
Others	1,909,785	4,561,890	0	0
	173,190,251	256,924,541	270,548,644	188,099,532

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 4. OPERATING SEGMENTS (Cont'd)

### Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	2023 RM	2022 RM	Segment
Customer A	26,527,858	44,521,186	Steel product and trading activity
Customer B	*	98,890,709	Steel product and trading activity
	<u>26,527,858</u>	<u>143,411,895</u>	

\* Less than 10%

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements.

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

Segment assets exclude tax asset, goodwill on consolidation, guarantee asset, assets used primarily for corporate purpose and items that cannot be reasonably allocated to individual segment.

Segment liabilities exclude tax liabilities and derivative liability.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 4. OPERATING SEGMENTS (Cont'd)

2023	Machinery and equipment RM	Steel product and trading activity RM	Property, investment holding and others RM	Continuing operations Total RM	Discontinued operations RM	Total RM
<b>Revenue</b>						
Total revenue	24,342,236	206,246,085	2,076,888	232,665,209	2,428,532	235,093,741
Inter-segment revenue	(3,688,618)	(54,286,340)	(1,500,000)	(59,474,958)	0	(59,474,958)
Revenue from external customers	20,653,618	151,959,745	576,888	173,190,251	2,428,532	175,618,783
Interest income	4,347	31,966	0	36,313	6,606	42,919
Finance costs	(1,609,820)	(6,723,490)	(275,233)	(8,608,543)	(3,051)	(8,611,594)
Net finance expense	(1,605,473)	(6,691,524)	(275,233)	(8,572,230)	3,555	(8,568,675)
Depreciation of property, plant and equipment	(631,322)	(7,626,962)	(2,719,602)	(10,977,886)	0	(10,977,886)
Depreciation of right-of-use assets	(3,041,209)	(411,355)	(69,070)	(3,521,634)	0	(3,521,634)
<b>Segment results before tax</b>	<b>274,110</b>	<b>(7,166,554)</b>	<b>(42,557,586)</b>	<b>(49,450,030)</b>	<b>(1,757,771)</b>	<b>(51,207,801)</b>
Tax (expense)/income	(1,495,177)	1,747,923	(572,170)	(319,424)	0	(319,424)
Other non-cash items:						
Gain on disposal of:						
- property, plant and equipment	0	1,367,711	0	1,367,711	0	1,367,711
- subsidiaries	0	0	24,073,748	24,073,748	0	24,073,748
Impairment losses on trade and other receivables	(4,482,518)	(1,474,486)	1,449,430	(4,507,574)	0	(4,507,574)
Impairment losses on contract assets	(431,756)	0	0	(431,756)	0	(431,756)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 4. OPERATING SEGMENTS (Cont'd)

2023	Machinery and equipment RM	Steel product and trading activity RM	Property, investment holding and others RM	Continuing operations Total RM	Discontinued operations RM	Total RM
Other non-cash items (Cont'd):						
Fair value gain on derivative liability	0	0	1,000	1,000	0	1,000
Fair value loss on guarantee assets	0	0	(16,897,434)	(16,897,434)	0	(16,897,434)
Inventories written down	(83,289)	0	0	(83,289)	0	(83,289)
Property, plant and equipment written off	(8,102)	(4)	0	(8,106)	0	(8,106)
Reversal of impairment loss on trade and other receivables	455,104	325,982	415,304	1,196,390	0	1,196,390
Reversal of impairment loss on contract assets	306,711	0	0	306,711	0	306,711
Unrealised foreign exchange gain/(loss)	(18,943)	(104,446)	324,216	200,827	0	200,827
Share options granted under ESOS	(971,108)	(2,009,486)	(1,380,398)	(4,360,992)	0	(4,360,992)
Share of results of associates	0	0	(90,015)	(90,015)	0	(90,015)
Additions to non-current assets other than financial instruments, goodwill on consolidation and deferred tax assets	302,469	78,812,508	9,066,907	88,181,884	0	88,181,884
<b>Segment assets</b>	<b>99,390,666</b>	<b>299,865,061</b>	<b>128,889,662</b>	<b>528,145,389</b>	<b>0</b>	<b>528,145,389</b>
<b>Segment liabilities</b>	<b>52,183,133</b>	<b>143,989,668</b>	<b>3,933,497</b>	<b>200,106,298</b>	<b>0</b>	<b>200,106,298</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 4. OPERATING SEGMENTS (Cont'd)

2022	Machinery and equipment RM	Steel product and trading activity RM	Property, investment holding and others RM	Continuing operations Total RM	Discontinued operations RM	Total RM
<b>Revenue</b>						
Total revenue	25,909,688	486,946,863	2,163,943	515,020,494	13,254,990	528,275,484
Inter-segment revenue	(6,280,060)	(250,098,289)	(1,717,604)	(258,095,953)	0	(258,095,953)
Revenue from external customers	19,629,628	236,848,574	446,339	256,924,541	13,254,990	270,179,531
Interest income	1,359	20,378	0	21,737	47,298	69,035
Finance costs	(2,125,300)	(5,339,746)	(384,724)	(7,849,770)	(33,061)	(7,882,831)
Net finance expense	(2,123,941)	(5,319,368)	(384,724)	(7,828,033)	14,237	(7,813,796)
Depreciation of property, plant and equipment	(654,353)	(7,018,052)	(1,930,254)	(9,602,659)	(1,324,425)	(10,927,084)
Depreciation of right-of-use assets	(1,983,539)	(387,343)	(72,448)	(2,443,330)	(636,556)	(3,079,886)
<b>Segment results before tax</b>	<b>3,900,595</b>	<b>32,031,926</b>	<b>(23,088,403)</b>	<b>12,844,118</b>	<b>(6,061,148)</b>	<b>6,782,970</b>
Tax (expense)/income	(1,509,872)	(5,891,596)	(282,654)	(7,684,122)	1,700,699	(5,983,423)
Other non-cash items:						
Gain/(Loss) on disposal of:						
- assets held for sale	0	2,098,579	0	2,098,579	0	2,098,579
- property, plant and equipment	50,997	(28,667)	20,376	42,706	(434,255)	(391,549)
Impairment losses on trade and other receivables	(1,900,448)	(1,966,643)	(1,657,517)	(5,524,608)	0	(5,524,608)
Gain on lease modification	0	0	39,630	39,630	145,308	184,938
Fair value gain on derivative liability	0	0	8,423,000	8,423,000	0	8,423,000
Fair value gain on guarantee asset	0	0	16,897,434	16,897,434	0	16,897,434

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 4. OPERATING SEGMENTS (Cont'd)

2022	Machinery and equipment RM	Steel product and trading activity RM	Property, investment holding and others RM	Continuing operations Total RM	Discontinued operations RM	Total RM
Other non-cash items (Cont'd):						
Impairment losses on contract assets	(470,141)	0	0	(470,141)	0	(470,141)
Inventories written down	(15,327)	0	0	(15,327)	(5,807,635)	(5,822,962)
Property, plant and equipment written off	0	(4)	(862)	(866)	0	(866)
Reversal of impairment loss on trade and other receivables	975,459	316,305	0	1,291,764	0	1,291,764
Unrealised foreign exchange gain/(loss)	161,123	146,176	712,905	1,020,204	(218,387)	801,817
Share of results of associates	0	0	(1,585,924)	(1,585,924)	0	(1,585,924)
Additions to non-current assets other than financial instruments, goodwill on consolidation and deferred tax assets	6,855,530	8,086,292	4,185,157	19,126,979	0	19,126,979
<b>Segment assets</b>	<b>115,783,135</b>	<b>263,614,047</b>	<b>131,360,970</b>	<b>510,758,152</b>	<b>74,350,975</b>	<b>585,109,127</b>
<b>Segment liabilities</b>	<b>64,495,760</b>	<b>120,111,322</b>	<b>27,450,048</b>	<b>212,057,130</b>	<b>56,799,496</b>	<b>268,856,626</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2023 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Reclassifications RM	Balance as at 31.12.2023 RM
<b>Carrying amount</b>							
<u>At valuation</u>							
Freehold land	69,968,715	74,154,170	(518,715)	0	0	0	143,604,170
Buildings	42,133,888	0	0	0	(1,184,929)	0	40,948,959
<u>At cost</u>							
Buildings	2,583,130	1,395,697	0	0	(54,186)	112,500	4,037,141
Plant and machinery, moulds, tools and equipment	55,268,044	3,305,096	(93,031)	0	(9,311,056)	0	49,169,053
Furniture, fittings, office equipment and computer software	600,306	308,335	(124)	(8,106)	(180,391)	0	720,020
Motor vehicles	579,839	229,260	0	0	(244,464)	0	564,635
Electrical installation and renovation	72,557	0	0	0	(2,860)	0	69,697
Capital work-in-progress	11,739,399	7,844,410	0	0	0	(112,500)	19,471,309
	<u>182,945,878</u>	<u>87,236,968</u>	<u>(611,870)</u>	<u>(8,106)</u>	<u>(10,977,886)</u>	<u>0</u>	<u>258,584,984</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 98 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

[----- 2023 -----]					
Group	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
<b>Carrying amount</b>					
Freehold land	0	143,604,170	0	0	143,604,170
Buildings	4,149,682	45,365,016	(4,508,430)	(20,168)	44,986,100
Plant and machinery, moulds, tools and equipment	132,754,610	0	(79,199,604)	(4,385,953)	49,169,053
Furniture, fittings, office equipment and computer software	4,317,642	0	(3,596,387)	(1,235)	720,020
Motor vehicles	3,430,666	0	(2,866,031)	0	564,635
Electrical installation and renovation	283,196	0	(213,499)	0	69,697
Capital work-in-progress	19,471,309	0	0	0	19,471,309
	<b>164,407,105</b>	<b>188,969,186</b>	<b>(90,383,951)</b>	<b>(4,407,356)</b>	<b>258,584,984</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Balance as at 1.1.2022 RM	Additions RM	Acquisition of a subsidiary (Note 8(g)) RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Reclassifications RM	Reclassification to disposal group classified as held for sale (Note 15(b)) RM	Balance as at 31.12.2022 RM
<b>Carrying amount</b>									
<u>At valuation</u>									
Freehold land	69,968,715	0	0	0	0	0	0	0	69,968,715
Buildings	43,339,446	0	0	(32,022)	0	(1,173,536)	0	0	42,133,888
<u>At cost</u>									
Buildings	822,829	680,493	0	0	0	(37,745)	1,117,553	0	2,583,130
Plant and machinery, moulds, tools and equipment	46,483,269	7,250,994	36,550,193	(5,952,782)	(862)	(9,301,606)	9,537,075	(29,298,237)	55,268,044
Furniture, fittings, office equipment and computer software	273,656	480,557	152,667	0	(4)	(172,868)	0	(133,702)	600,306
Motor vehicles	972,005	0	11,091	(158,672)	0	(235,466)	0	(9,119)	579,839
Electrical installation and renovation	46,314	27,792	26,414	0	0	(5,863)	0	(22,100)	72,557
Capital work in-progress	18,398,651	4,173,910	25,702,894	(178,534)	0	0	(10,654,628)	(25,702,894)	11,739,399
	180,304,885	12,613,746	62,443,259	(6,322,010)	(866)	(10,927,084)	0	(55,166,052)	182,945,878

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	[----- 2022 -----]				
Group	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
<b>Carrying amount</b>					
Freehold land	0	69,968,715	0	0	69,968,715
Buildings	2,907,605	45,098,896	(3,269,315)	(20,168)	44,717,018
Plant and machinery, moulds, tools and equipment	129,557,405	0	(69,901,998)	(4,387,363)	55,268,044
Furniture, fittings, office equipment and computer software	5,421,374	0	(4,819,833)	(1,235)	600,306
Motor vehicles	3,201,406	0	(2,621,567)	0	579,839
Electrical installation and renovation	283,196	0	(210,639)	0	72,557
Capital work-in-progress	11,739,399	0	0	0	11,739,399
	<u>153,110,385</u>	<u>115,067,611</u>	<u>(80,823,352)</u>	<u>(4,408,766)</u>	<u>182,945,878</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less subsequent accumulated depreciation.

Freehold land and buildings are revalued at least every three (3) to five (5) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

- (b) Depreciation is calculated to write down the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates are as follows:

Buildings	35 - 50 years
Plant and machinery, moulds, tools and equipment	2% - 10%
Furniture, fittings, office equipment and computer software	10% - 20%
Motor vehicles	10% - 20%
Electrical installation and renovation	10%

- (c) Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machineries and building improvements in progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

- (d) Freehold land and buildings were last revalued on 30 June 2019.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	2023 RM	Group 2022 RM
Freehold land	25,976,616	26,319,491
Buildings	32,038,608	32,969,839
	<u>58,015,224</u>	<u>59,289,330</u>

- (e) The fair value of freehold land and buildings (at valuation) of the Group are categorised as Level 3 in the fair value hierarchy.

- (i) Level 3 fair value of freehold land and buildings (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of freehold land and buildings was derived using comparison/cost method.

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in close proximity with adjustments made for differences in location, size and shape of the land, tenure, title restrictions, if any other relevant characteristics. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in term of building differences, improvements and amenities, time element and other relevant characteristics. Appropriate adjustments are then made for the factors of obsolescence, optimisation and existing physical condition of the buildings. The estimated fair value would increase if the yield adjustments based on management's assumptions were higher and vice versa.

- (ii) The fair value measurements of the freehold land and buildings (at valuation) are based on the highest and best use which does not differ from their actual use.

- (f) Freehold land and buildings of the Group with a carrying amount of RM114,162,105 (2022: RM113,873,811) have been charged to banks for credit facilities granted to the Group as disclosed in Note 19(b)(i) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Right-of-use assets

Carrying amount	Balance as at 1.1.2023 RM	Additions RM	Depreciation charge for the financial year RM	Lease modification RM	Balance as at 31.12.2023 RM
Land	659,664	0	(65,966)	0	593,698
Factory	3,967,079	17,706	(2,987,957)	0	996,828
Hostels	224,005	927,210	(402,803)	(6,208)	742,204
Motor vehicle	302,906	0	(64,908)	0	237,998
	5,153,654	944,916	(3,521,634)	(6,208)	2,570,728

Carrying amount	Balance as at 1.1.2022 RM	Additions RM	Acquisition of a subsidiary (Note 8(g)) RM	Depreciation charge for the financial year RM	Reclassification to disposal group classified as held for sale (Note 15(b)) RM	Lease modification RM	Balance as at 31.12.2022 RM
Land	426,177	0	0	(63,927)	297,414	0	659,664
Factory	0	5,950,618	4,491,279	(2,609,618)	(3,239,121)	(626,079)	3,967,079
Hostels	242,282	238,073	0	(259,353)	3,003	0	224,005
Electrical cables and meter	114,875	0	0	(114,875)	0	0	0
Motor vehicle	0	324,542	76,330	(32,113)	0	(65,853)	302,906
	783,334	6,513,233	4,567,609	(3,079,886)	(2,938,704)	(691,932)	5,153,654

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Right-of-use assets

Carrying amount	Balance as at 1.1.2023 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Balance as at 31.12.2023 RM
Land	659,665	0	(84,000)	31,862	0	607,527
Factory	4,056,144	17,706	(3,213,173)	82,142	0	942,819
Hostels	228,721	927,210	(419,200)	19,044	(6,312)	749,463
Motor vehicle	305,808	0	(71,748)	13,076	0	247,136
	5,250,338	944,916	(3,788,121)	146,124	(6,312)	2,546,945

Carrying amount	Balance as at 1.1.2022 RM	Additions RM	Acquisition of a subsidiary (Note 8(g)) RM	Lease payments RM	Interest expense RM	Lease modification RM	Reclassification to disposal group classified as held for sale (Note 15(b)) RM	Balance as at 31.12.2022 RM
Land	459,173	0	0	(84,000)	26,417	258,075	0	659,665
Hostels	0	5,950,618	4,757,174	(2,668,566)	144,916	(3,384,429)	(743,569)	4,056,144
Office space	245,131	238,073	0	(269,750)	12,555	2,712	0	228,721
Electrical cables and meter	117,512	0	0	(120,000)	2,488	0	0	0
Motor vehicle	0	320,000	47,290	(43,837)	5,350	0	(22,995)	305,808
	821,816	6,508,691	4,804,464	(3,186,153)	191,726	(3,123,642)	(766,564)	5,250,338

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

	2023 RM	2022 RM
Represented by:		
Current liabilities	<b>1,541,447</b>	3,437,527
Non-current liabilities	<b>1,005,498</b>	1,812,811
	<b>2,546,945</b>	5,250,338
Lease liabilities owing to financial institutions	<b>247,136</b>	305,808
Lease liabilities owing to non-financial institutions	<b>2,299,809</b>	4,944,530
	<b>2,546,945</b>	5,250,338

- (a) The Group leases a number of properties and electrical cables and meter in the location which it operates. Leases of the properties and electrical cables and meter comprise only fixed payments over the lease terms.
- (b) Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.
- (c) Right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the lease term. The lease terms of right-of-use assets are as follows:

Land	10 years
Factory	2 years
Hostels	2 - 3 years
Electrical cables and meter	2 years
Motor vehicle	5 years

- (d) The Group has certain low-value assets of office equipment of RM20,000 and leases of assets with lease term of twelve (12) months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' exemptions for these leases.
- (e) The following are amounts recognised in profit or loss:

	2023 RM	Group 2022 RM
Depreciation charge of right-of-use assets (included in cost of sales, distribution expenses and administrative expenses)	<b>3,390,760</b>	2,443,330
Depreciation charge of right-of-use assets (included in discontinued operations)	<b>130,874</b>	636,556
Interest expense on lease liabilities (included in finance costs)	<b>146,124</b>	158,665
Interest expense on lease liabilities (included in discontinued operations)	<b>0</b>	33,061
Gain on lease modifications (included in other income)	<b>(104)</b>	(39,630)



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

(e) The following are amounts recognised in profit or loss: (Cont'd)

	2023 RM	Group 2022 RM
Gain on lease modifications (included in discontinued operations)	0	(145,308)
Expense relating to short-term leases (included in cost of sales and administrative expenses)	163,595	33,200
Expense relating to short-term leases and low-value assets (included in discontinued operations)	0	148,707
	<b>3,831,249</b>	<b>3,268,581</b>

(f) The following are total cash outflows for leases as a lessee:

	2023 RM	Group 2022 RM
Included in net cash flows from operating activities:		
Payment relating to short-term leases and low-value assets	163,595	181,907
Included in net cash flows from investing activities:		
Purchase of right-of-use assets	0	4,542
Included in net cash flows from financing activities:		
Payment of lease liabilities	3,788,121	3,186,153
Total cash outflows for leases	<b>3,951,716</b>	<b>3,372,602</b>

(g) The Group has several lease contracts that include extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the business needs of the Group.

The following are the undiscounted potential future rental payments that are not included in the lease term:

	Within five (5) years RM	More than five (5) years RM	Total RM
<b>Group</b>			
<b>2023</b>			
Extension options expected not to be exercised	612,600	0	612,600

(h) Information on financial risks of lease liabilities is disclosed in Note 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 7. GOODWILL ON CONSOLIDATION

	Group RM
<b>At cost</b>	
Goodwill on consolidation (Note 8(g))	31,426,588
Less: Impairment losses	(25,320,434)
Less: Transfer to disposal group classified as held for sale (Note 15(b))	(6,106,154)
	<u>0</u>

- (a) Goodwill was initially recognised at cost. Subsequent to initial recognition, goodwill was measured at cost less accumulated impairment losses, if any.
- (b) Goodwill has been fully allocated to the Group's cash-generating unit ('CGU') identified in the operations of a newly acquired subsidiary during the financial year, which is classified under disposal group held for sale.
- (c) Goodwill was tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on its fair value less cost of disposal.

Based on the annual impairment testing performed in the previous financial year, an impairment loss of RM25,320,434 was being recognised to bring down the carrying amount to its recoverable amount due to the decline in the business operation of the subsidiary.

## 8. INVESTMENTS IN SUBSIDIARIES

	2023 RM	Company 2022 RM
Unquoted shares, at cost		
- ordinary shares	64,768,951	62,268,952
- redeemable preference shares	96,880,000	96,880,000
Equity loan	515,831	0
Equity contributions in subsidiaries in respect of ESOS	3,100,274	0
Less: Impairment losses	(27,050,061)	(19,071,303)
	<u>138,214,995</u>	<u>140,077,649</u>

The equity loan is arising from financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries.

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be initially measured at fair value on the acquisition date, unless another measurement basis is required by MFRS. The choice of the measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. Recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. Value-in-use is the net present value of the projected future cash flows derived from business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. This discounted cash flows method involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgement was used to determine the key assumptions applied to the cash flow projections, which includes the growth rates and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Impairment loss of RM7,978,758 (2022: RM40,423,434) was recognised to bring the carrying amount to their recoverable amount due to the decline in operations of certain subsidiaries which were classified under property, investment holding and others operating segment of the Company. In the previous financial year, the impairment loss of RM25,320,434 has been classified under disposal group classified as held for sale as disclosed in Note 15 to the financial statements.

(c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Eonmetall Technology Sdn. Bhd.	Malaysia	100	100	Manufacture of metalwork and industrial process machinery and equipment
Eonmetall Industries Sdn. Bhd.	Malaysia	100	100	Manufacture and distribution of steel products, focusing on cold rolled coils, galvanised coils and flat steel products
Eonmetall Systems Sdn. Bhd.	Malaysia	100	100	Manufacture of steel products, focusing on steel storage systems
Eonsteel Sdn. Bhd.	Malaysia	100	100	Property holding, manufacture and trading of steel products
Eonchem Biomass Sdn. Bhd.	Malaysia	100	100	Manufacture of palm oil related products
Eontarr IT Solutions Sdn. Bhd.	Malaysia	100	100	Provider of IT solutions including software development
Eonmetall Integration Sdn. Bhd.	Malaysia	100	100	Dormant
Constructor Asia Sdn. Bhd.	Malaysia	100	100	Trading and distribution of steel racking system and storage solutions
Eonmetall Carotene Oil Sdn. Bhd.	Malaysia	100	100	Operation of Palm Fibre Oil Extraction (PFOE) plants
Eonchem Technology Sdn. Bhd.	Malaysia	100	100	Dormant
Eonmetall International Limited	Malaysia	100	100	Investment holding
Eonmetall Copper Sdn. Bhd.	Malaysia	100	100	Dormant
Eonmetall Land Sdn. Bhd.	Malaysia	100	100	Manufacture and distribution of steel products, focusing on cold rolled coils, galvanised coils and flat steel products
White Rack Projects Sdn. Bhd.	Malaysia	100	100	Growing and wholesale of vegetables, wholesale of agriculture machinery, equipment and supplies

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(c) Details of the subsidiaries are as follows: (Cont'd)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Subsidiary of Eonchem Biomass Sdn. Bhd.				
Eonmetall Bio-Coal Sdn. Bhd.	Malaysia	100	100	Production of bio-coal and technical services
Subsidiary of Eonmetall International Limited				
PT Eonmetall Investment #	Malaysia	88	88	Dormant
Africa Steel Investment Limited *	Malaysia	0	60	Investment holding

\* Consolidated using management financial statements up to date of disposal

# Subsidiary audited by a BDO member firm.

(d) During the financial year, the Company has subscribed for an additional 2,499,999 ordinary shares in Eonmetall Land Sdn. Bhd. for a total consideration of RM2,499,999 which was satisfied by way of cash.

(e) Disposal of Lienteh Technology Sdn. Bhd. ('LTSB')

On 7 February 2023, the share sale agreement of disposal of 15,300,000 ordinary shares, representing its entire 51% equity interest in Lienteh Technology Sdn. Bhd. ('LTSB'), a disposal group classified as held for sale as at 31 December 2022 has been completed. Upon completion of the disposal of the subsidiary on 7 February 2023, LTSB has ceased to be the subsidiary of the Company and gain on disposal of subsidiary are recognised.

The financial effects of the disposal at the date of disposal are as follows:

	Group RM	Company RM
Investment in subsidiary	0	14,432,137
Property, plant and equipment	54,992,778	0
Right-of-use assets	602,492	0
Goodwill on consolidation	6,106,154	0
Inventories	7,129,986	0
Trade and other receivables	3,083,920	0
Cash and bank balances	3,217,892	0
Trade and other payables	(58,146,892)	0
Lease liabilities	(672,939)	0
Carrying amount of net assets disposed off	16,313,391	14,432,137
Non-controlling interests	(5,001,546)	0
Gain on disposal of subsidiary	24,388,155	21,267,863
Proceeds from disposal	35,700,000	35,700,000
Less: Cash and bank balances of subsidiary disposed off	(3,217,892)	0
Net cash inflows from disposal of subsidiary	32,482,108	35,700,000

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

### (f) Disposal of Africa Steel Investment Limited ('ASIL')

On 28 December 2023, Eonmetall International Limited ('EIL'), a wholly-owned subsidiary of the Company has disposed off 6 ordinary shares, representing its entire 60% equity interest in Africa Steel Investment Limited ('ASIL') for a cash consideration of RM10,000,000. The cash consideration of RM9,900,000 will be receivable over a period of five (5) years in five (5) annual instalments. Pursuant to the disposal, ASIL has ceased to be the subsidiary of the Group.

The financial effects of the disposal at the date of disposal are as follows:

	Group RM
Investment in associate	9,678,622
Cash and bank balances	13,052
Other payables	(16,908)
Carrying amount of net assets disposed off	9,674,766
Exchange translation reserve	(131,447)
Non-controlling interests	(408,313)
Loss on disposal of subsidiary	(314,407)
Fair value consideration receivable from disposal	8,820,599
Less: Cash and bank balances of subsidiary disposed off	(13,052)
Less: Consideration receivable	(8,707,547)
Net cash inflows from disposal of subsidiary	100,000

### (g) Acquisition of Lienteh Technology Sdn. Bhd. ('LTSB')

On 12 May 2022, the Company had completed the acquisition of 15,300,000 ordinary shares in Lienteh Technology Sdn. Bhd. ('LTSB'), representing 51% equity interest in LTSB from EMT Systems Sdn. Bhd. (F.K.A. E Metal Systems Sdn. Bhd.), Envy Venture Sdn. Bhd., Medical Spring International Health Management (Hong Kong) Co. Limited and Elogistic and Industrial Estate Developer Sdn. Bhd. (collectively known as shareholders of LTSB) for a purchase consideration of RM35,700,000 by way of issuance of 72,857,142 new ordinary shares of the Company at an issue price of RM0.49 per ordinary share. For the purpose of accounting, the fair value of RM0.43 per ordinary share as at the date of completion of the acquisition was recorded.

Pursuant to the private placement of shares undertaken by the Company, EMT Systems Sdn. Bhd. (F.K.A. E Metal Systems Sdn. Bhd.) and Envy Venture Sdn. Bhd. became the substantial shareholders of the Company.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM
Property, plant and equipment	62,443,259
Right-of-use assets	4,567,609
Inventories	15,545,906
Trade and other receivables	5,210,045
Cash and bank balances	3,716,170
Lease liabilities	(4,804,464)
Deferred tax liabilities	(1,700,000)
Derivative liability (Note 8(e)(i))	(8,424,000)
Trade and other payables	(68,651,068)
Current tax liabilities	(2,000)
Total identifiable net assets	7,901,457

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

### (g) Acquisition of Lienteh Technology Sdn. Bhd. ('LTSB') (Cont'd)

	RM
Purchase consideration settled by way of issuance of shares (Note 16)	31,328,571
Non-controlling interests	7,999,474
Fair value of identifiable net assets	(7,901,457)
Goodwill on consolidation (Note 7)	<u>31,426,588</u>

The effects of the acquisition on cash flows of the Group are as follows:

	RM
Cash and bank balances	3,716,170
Less: Fixed deposit pledged to a licensed bank	<u>(3,087,900)</u>
Cash and cash equivalents of subsidiary acquired (Note 15(e) )	628,270
Purchase consideration settled in cash and cash equivalents	<u>0</u>
Net cash inflow on acquisition	<u>628,270</u>

If the acquisition occurred on 1 January 2022, revenue and profit after tax of the Group for the financial year ended would be RM273,588,188 and RM1,309,690 respectively.

### (i) Derivative liability - Call option

Pursuant to the supplemental share sale agreement, the Company had the right to exercise call option granted by shareholders of LTSB within a period of four (4) years from the completion date of the acquisition of LTSB, the remaining 14,700,000 ordinary shares in LTSB, representing the remaining 49% equity interest in LTSB for RM34,300,000.

The Group adopted the Black-Scholes option pricing model to determine the fair value of the call option. Key assumptions in estimating the fair value include expected underlying share price, risk-free interest rate of 3.71% and expected volatility of 22.80%.

The call option is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

The fair value reconciliation of the call option measured at Level 3 is as follows:

	RM
Balance as at 1 January 2022	0
Upon acquisition of subsidiary	<u>8,424,000</u>
Balance as at 31 December 2022	<u>8,424,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(h) Subsidiaries of the Group that have non-controlling interests ('NCI') are as follows:

	<b>Lienteh Technology Sdn. Bhd. *</b> RM	<b>Africa Steel Investment Limited *</b> RM	<b>PT Eonmetall Investment</b> RM	<b>Total</b> RM
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### 2023

NCI percentage of ownership interest and voting interest (%)	0%	0%	12%	
Carrying amount of NCI	<u>0</u>	<u>0</u>	<u>236,556</u>	<u>236,556</u>
Loss for the financial year attributable to NCI	<u>(861,308)</u>	<u>88,801</u>	<u>(248)</u>	<u>(772,755)</u>
Total comprehensive loss attributable to NCI	<u>(861,308)</u>	<u>132,182</u>	<u>29,394</u>	<u>(699,732)</u>

\* Disposed off in the financial year ended 31 December 2023

	<b>Lienteh Technology Sdn. Bhd. *</b> RM	<b>Africa Steel Investment Limited *</b> RM	<b>PT Eonmetall Investment</b> RM	<b>Total</b> RM
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### 2022

NCI percentage of ownership interest and voting interest (%)	49%	40%	12%	
Carrying amount of NCI	<u>5,862,854</u>	<u>276,131</u>	<u>207,162</u>	<u>6,346,147</u>
(Loss)/Profit for the financial year attributable to NCI	<u>(2,136,620)</u>	<u>(583,397)</u>	<u>(3,189)</u>	<u>(2,723,206)</u>
Total comprehensive (loss)/income attributable to NCI	<u>(2,136,620)</u>	<u>(538,772)</u>	<u>(30,865)</u>	<u>(2,706,257)</u>

\* Disposed off in the financial year ended 31 December 2023



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (i) Summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	PT Eonmetall Investment RM
--	-------------------------------------

### 2023

#### Assets and liabilities

Current assets	2,596,096
Current liabilities	(624,795)
Net assets	1,971,301

#### Results

Revenue	0
Loss for the financial year	(2,065)
Total comprehensive loss	244,949
Cash flows used in operating activities	0
Cash flows from investing activities	0
Cash flows used in financing activities	0
Net increase in cash and cash equivalents	0

	Lienteh Technology Sdn. Bhd. * RM	Africa Steel Investment Limited * RM	PT Eonmetall Investment RM
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### 2022

#### Assets and liabilities

Non-current assets	55,857,984	9,084,778	0
Current assets	18,492,991	12,586	2,271,216
	(3,857)	0	0
Current liabilities	(62,382,110)	(8,407,037)	(544,870)
Net assets	11,965,008	690,327	1,726,346

#### Results

Revenue	13,254,990	0	0
Loss for the financial year	(4,360,449)	(1,458,493)	(26,571)
Total comprehensive loss	(4,360,449)	(1,346,931)	(257,212)
Cash flows used in operating activities	(4,898,411)	(195)	0
Cash flows from investing activities	5,565,825	0	0
Cash flows used in financing activities	(686,532)	0	0
Net decrease in cash and cash equivalents	(19,118)	(195)	0

\* Disposed off in the financial year ended 31 December 2023

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 9. INVESTMENTS IN ASSOCIATES

	Group	
	2023 RM	2022 RM
Unquoted shares, at cost	0	8,289,200
Share of post-acquisition reserves	0	183,603
Exchange differences	0	853,721
	<u>0</u>	<u>9,326,524</u>

- (a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- (b) Details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Associate of Eonmetall International Limited				
Emeida Metal Sdn. Bhd. *	Malaysia	40	40	Dormant
Associate of Africa Steel Investment Limited				
United Steel - Industria Metalica, LDA #	Republic of Angola	0	30	Manufacturing and distribution of steel products

\* Associates not audited by BDO PLT or BDO member firms.

# Share of post-acquisition reserves using management financial statements.

- (c) As disclosed in Note 8(e) to the financial statements, the Company had completed the disposal of 6 ordinary shares in ASIL, representing 60% equity interest in ASIL on 28 December 2023. Pursuant to the disposal, United Steel - Industrial Metalica, LDA, an associate to ASIL has ceased to be the associate of the Group.
- (d) In the previous financial year, Eonmetall Land Sdn. Bhd. ('EML'), a wholly-owned subsidiary of the Company had disposed 1,085,600 ordinary shares, representing 23.81% equity interest in Sinaran Seribumi Sdn. Bhd. ('SSSB') for a cash consideration of RM542,800. Pursuant to the disposal, SSSB had ceased to be an associate of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 9. INVESTMENTS IN ASSOCIATES (Cont'd)

- (e) Summarised financial information of material associates is as follows:

Group	2022 RM
<b><u>United Steel - Industria Metalica, LDA *</u></b>	
<b>Assets and liabilities</b>	
Non-current assets	32,125,925
Current assets	46,754,050
Non-current liabilities	(5,144,111)
Current liabilities	(12,093,754)
Net assets	<u>61,642,110</u>
<b>Results</b>	
Revenue	27,955,400
Loss for the financial year	(5,286,413)
Total comprehensive loss	<u>(5,286,413)</u>

\* Disposed off during the financial year ended 31 December 2023

- (f) Reconciliation of net assets of material associates to the carrying amounts of the investments in associates is as follows:

Group	2022 RM
<b><u>United Steel - Industria Metalica, LDA *</u></b>	
Share of net assets	18,492,633
Bargain purchase	(9,166,109)
Carrying amount	<u>9,326,524</u>
<b>Share of results for the financial year</b>	
Share of loss for the financial year	(1,585,924)
Share of total comprehensive loss	<u>(1,585,924)</u>

\* Disposed off during the financial year ended 31 December 2023

- (g) The unrecognised share of losses of associates amounted to RM2,211 (2022: RM2,360) in the current financial year. As a result, the accumulated unrecognised share of losses of associates amounted to RM9,519 (2022: RM7,308). The Group has ceased recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 10. DEFERRED TAX

(a) Deferred tax (assets) and liabilities are made up of the following:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	12,608,895	8,513,989
Recognised in profit or loss (Note 28)	(1,833,706)	4,094,906
Balance as at 31 December	<u>10,775,189</u>	<u>12,608,895</u>
Presented after appropriate offsetting:		
Deferred tax assets	0	0
Deferred tax liabilities	<u>10,775,189</u>	<u>12,608,895</u>
	<u>10,775,189</u>	<u>12,608,895</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 10. DEFERRED TAX (Cont'd)

(b) Deferred tax (assets) and liabilities of the Group are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	0	0	7,601,132	9,929,799	7,601,132	9,929,799
Revaluation of freehold land and buildings	0	0	6,160,482	5,775,596	6,160,482	5,775,596
Unutilised reinvestment allowances	(2,919,361)	(3,096,500)	0	0	(2,919,361)	(3,096,500)
Other deductible temporary differences	(67,064)	0	0	0	(67,064)	0
Tax (assets)/liabilities	(2,986,425)	(3,096,500)	13,761,614	15,705,395	10,775,189	12,608,895
Set off	2,986,425	3,096,500	(2,986,425)	(3,096,500)	0	0
Net tax liabilities	0	0	10,775,189	12,608,895	10,775,189	12,608,895

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 10. DEFERRED TAX (Cont'd)

(b) Deferred tax (assets) and liabilities of the Group are attributable to the following: (Cont'd)

	Property, plant and equipment RM	Revaluation of freehold land and buildings RM	Unutilised reinvest- ment allowances RM	Other temporary differences RM	Total RM
Balance as at 1 January 2023	9,929,799	5,775,596	(3,096,500)	0	12,608,895
Recognised in profit or loss (Note 28)	(2,328,667)	384,886	177,139	(67,064)	(1,833,706)
Balance as at 31 December 2023	7,601,132	6,160,482	(2,919,361)	(67,064)	10,775,189
Balance as at 1 January 2022	7,887,911	5,850,278	(5,224,200)	0	8,513,989
Recognised in profit or loss (Note 28)	2,041,888	(74,682)	2,127,700	0	4,094,906
Balance as at 31 December 2022	9,929,799	5,775,596	(3,096,500)	0	12,608,895

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	2023 RM	Group 2022 RM
Unabsorbed capital allowances	(5,345,800)	(3,137,300)
Unabsorbed tax losses		
- expiring by 31 December 2028	(10,115,000)	(10,403,600)
- expiring by 31 December 2029	(2,237,600)	(2,237,700)
- expiring by 31 December 2030	(1,975,000)	(1,975,000)
- expiring by 31 December 2031	(1,545,500)	(1,545,500)
- expiring by 31 December 2032	(2,471,100)	(2,471,100)
- expiring by 31 December 2033	(6,970,000)	0
Other deductible temporary differences	(2,600)	(10,100)
	<b>(30,662,600)</b>	<b>(21,780,300)</b>

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the tax authority. Unabsorbed tax losses of the holding company and subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
<b>Trade receivable</b>				
Third parties	4,604,739	0	0	0
Less: Impairment losses	(1,633,956)	0	0	0
	<u>2,970,783</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other receivables</b>				
Third parties	6,920,889	0	0	0
Amounts owing by subsidiaries	0	0	106,347,945	57,181,208
	<u>6,920,889</u>	<u>0</u>	<u>106,347,945</u>	<u>57,181,208</u>
Less: Impairment losses				
- third parties	(498,740)	0	0	0
- amounts owing by subsidiaries	0	0	(52,820,780)	(13,258,405)
	<u>(498,740)</u>	<u>0</u>	<u>(52,820,780)</u>	<u>(13,258,405)</u>
	<u>6,422,149</u>	<u>0</u>	<u>53,527,165</u>	<u>43,922,803</u>
<b>Non-current trade and other receivables</b>	<u>9,392,932</u>	<u>0</u>	<u>53,527,165</u>	<u>43,922,803</u>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	37,718,171	34,425,883	0	0
Amount owing by an associate	0	566,343	0	0
Amounts owing by related parties	1,668,168	97,116	0	0
	<u>39,386,339</u>	<u>35,089,342</u>	<u>0</u>	<u>0</u>
Less: Impairment losses				
- third parties	(13,355,649)	(11,148,091)	0	0
- amount owing by an associate	0	(390,260)	0	0
- amounts owing by related parties	(83,412)	(43,806)	0	0
	<u>(13,439,061)</u>	<u>(11,582,157)</u>	<u>0</u>	<u>0</u>
	<u>25,947,278</u>	<u>23,507,185</u>	<u>0</u>	<u>0</u>
<b>Other receivables</b>				
Other receivables	15,942,316	52,748,745	2,947,000	2,947,000
Amounts owing by associates	50,042	50,041	0	0
Deposits	2,424,855	5,842,403	1,000	1,000
	<u>18,417,213</u>	<u>58,641,189</u>	<u>2,948,000</u>	<u>2,948,000</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Less: Impairment losses				
- other receivables	(3,915,969)	(4,409,482)	(2,947,000)	(2,947,000)
- amounts owing by associates	(20,954)	(17,020)	0	0
- deposits	(33,905)	(207,231)	0	0
	(3,970,828)	(4,633,733)	(2,947,000)	(2,947,000)
	<u>14,446,3845</u>	<u>54,007,456</u>	<u>1,000</u>	<u>1,000</u>
<b>Current trade and other receivables (excluding prepayments)</b>	<b>40,393,663</b>	<b>77,514,641</b>	<b>1,000</b>	<b>1,000</b>
Prepayments	<u>14,085,247</u>	<u>27,421,797</u>	<u>0</u>	<u>0</u>
	<u>54,478,910</u>	<u>104,936,438</u>	<u>1,000</u>	<u>1,000</u>
Total trade and other receivables	<u>63,871,842</u>	<u>104,936,438</u>	<u>53,528,165</u>	<u>43,923,803</u>

- (a) Trade and other receivables excluding prepayments are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amounts owing by subsidiaries are unsecured, not payable within the next twelve (12) months and bear interest at a rate of 5.48% (2022: 5.01%) per annum.
- (d) Non-trade portion of amounts owing by associates are unsecured, interest-free and payable within the next twelve (12) months.
- (e) Included in other receivables of the Group are advances to suppliers amounting to RM8,618,320 (2022: RM44,706,463) and remaining consideration receivable for disposal of a subsidiary amounting to RM8,126,262 (2022: RMNil).
- (f) In the previous financial year, included in deposits and prepayments of the Group was an amount of RM3,702,600 and RM26,149,986 respectively paid for the acquisition of land.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

(g) Currency exposure profile of trade and other receivables excluding prepayments are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>37,594,633</b>	69,150,740	<b>53,528,165</b>	43,923,803
United States Dollar	<b>12,065,156</b>	7,825,080	<b>0</b>	0
Singapore Dollar	<b>45,131</b>	340,719	<b>0</b>	0
Euro Dollar	<b>37,860</b>	190,089	<b>0</b>	0
Others	<b>43,815</b>	8,013	<b>0</b>	0
	<b>49,786,595</b>	77,514,641	<b>53,528,165</b>	43,923,803

(h) Recognition and measurement of impairment loss

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ('ECL').

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

The Group uses an allowance matrix to measure the ECL of trade receivables from monthly aging based on a common credit risk characteristic - industry.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (exports of manufactured goods and gross domestic product by kind of economic activity - manufacturing) and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

Impairment of trade receivables are separately assessed under individual assessment when it is probable that cash due will not be received in full.

Significant judgement is required in determining the probability of default by trade receivables, appropriate forward-looking information and estimates cash flows recoverable in worst-case scenarios.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

### (h) Recognition and measurement of impairment loss (Cont'd)

Lifetime expected loss provision for trade receivables are as follows:

Group	Gross carrying amount RM	Impairment RM	Net carrying amount RM
<b>2023</b>			
Current	6,669,727	(14,265)	6,655,462
Past due:			
1 to 60 days	11,982,589	(30,835)	11,951,754
61 to 120 days	2,334,384	(46,145)	2,288,239
121 to 240 days	2,270,483	(188,779)	2,081,704
More than 241 days	20,733,895	(14,792,993)	5,940,902
Total	43,991,078	(15,073,017)	28,918,061

Group	Gross carrying amount RM	Impairment RM	Net carrying amount RM
<b>2022</b>			
Current	12,667,265	(4,058)	12,663,207
Past due:			
1 to 60 days	4,255,074	(4,227)	4,250,847
61 to 120 days	995,964	(13,304)	982,660
121 to 240 days	1,118,133	(29,536)	1,088,597
More than 241 days	16,052,906	(11,531,032)	4,521,874
Total	35,089,342	(11,582,157)	23,507,185

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Impairment for other receivables and intercompany balances are recognised based on the general approach of MFRS 9. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

For balances in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12)-month ECL along with gross interest income are recognised. For balances in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit-impaired, lifetime ECL along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as amount past due more than six (6) months.

Credit-impaired refers to individually determined receivables who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

### (h) Recognition and measurement of impairment loss (Cont'd)

The Group considers receivables to be in default when the receivables are more than twelve (12) months past due and there is no reasonable expectation of recovery.

The probability of non-payment by other receivables and intercompany balances is adjusted by forward-looking information (exports of manufactured goods and gross domestic product by kind of economic activity - manufacturing) and multiplied by the amount of the expected loss arising from default to determine the twelve (12)-month or lifetime ECL for other receivables.

Carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

### (i) Movements in the impairment allowance for trade receivables of the Group are as follows:

	<b>Lifetime ECL RM</b>	<b>Credit impaired RM</b>	<b>Total RM</b>
<b>Group</b>			
Balance as at 1 January 2023	<b>1,055,475</b>	<b>10,526,682</b>	<b>11,582,157</b>
Charge for the financial year	<b>88,619</b>	<b>3,772,132</b>	<b>3,860,751</b>
Reversal of impairment losses	<b>(115,764)</b>	<b>(254,127)</b>	<b>(369,891)</b>
Balance as at 31 December 2023	<b>1,028,330</b>	<b>14,044,687</b>	<b>15,073,017</b>
Balance as at 1 January 2022	191,467	10,128,321	10,319,788
Charge for the financial year	864,008	1,690,125	2,554,133
Reversal of impairment losses	0	(1,291,764)	(1,291,764)
Balance as at 31 December 2022	1,055,475	10,526,682	11,582,157

### (j) Movements in the impairment allowance for other receivables based on the general approach are as follows:

	<b>12-month ECL RM</b>	<b>Lifetime ECL RM</b>	<b>Total allowance RM</b>
<b>Group</b>			
Balance as at 1 January 2023	0	4,633,733	4,633,733
Charge for the financial year	0	646,823	646,823
Reversal of impairment losses	0	(826,499)	(826,499)
Exchange differences	0	15,511	15,511
Balance as at 31 December 2023	0	4,469,568	4,469,568
Balance as at 1 January 2022	0	1,646,480	1,646,480
Charge for the financial year	0	2,970,475	2,970,475
Exchange differences	0	16,778	16,778
Balance as at 31 December 2022	0	4,633,733	4,633,733

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

- (j) Movements in the impairment allowance for other receivables based on the general approach are as follows: (Cont'd)

	12-month ECL RM	Lifetime ECL RM	Total allowance RM
<b>Company</b>			
Balance as at 1 January 2023	0	16,205,405	16,205,405
Charge for the financial year	0	39,562,375	39,562,375
Balance as at 31 December 2023	0	55,767,780	55,767,780
Balance as at 1 January 2022	0	15,870,975	15,870,975
Charge for the financial year	0	5,726,191	5,726,191
Reversal of impairment losses	0	(5,391,761)	(5,391,761)
Balance as at 31 December 2022	0	16,205,405	16,205,405

- (k) Information on financial risks of trade and other receivables is disclosed in Note 35 to the financial statements.

## 12. INVENTORIES

	2023 RM	Group 2022 RM
<b>At cost</b>		
Raw materials	69,176,726	74,340,211
Work-in-progress	79,492,906	84,211,194
Manufactured inventories	24,250,153	23,200,549
	<b>172,919,785</b>	<b>181,751,954</b>
<b>At net realisable value</b>		
Raw materials	0	176,389
Work-in-progress	5,395,844	5,282,448
Manufactured inventories	0	1,732
	<b>5,395,844</b>	<b>5,460,569</b>
<b>Total</b>	<b>178,315,629</b>	<b>187,212,523</b>

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the first-in, first-out formula. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and manufactured inventories included the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.
- (c) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM106,389,396 (2022: RM153,491,245). The Group has also written down inventories of RM83,289 (2022: RM5,822,962) to their net realisable value.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 13. CONTRACT ASSETS

	Group	
	2023 RM	2022 RM
Aggregate costs incurred to-date	21,822,991	13,015,675
Add: Attributable profits	18,584,363	9,409,418
Less: Impairment loss	(595,186)	(470,141)
	39,812,168	21,954,952
Less: Progress billings	(28,177,641)	(17,450,800)
	11,634,527	4,504,152
Represented by:		
Construction contracts	11,634,527	4,504,152

### (a) Construction contracts

Construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer.

There are no significant changes in the contract assets during the financial year.

### (b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2023 RM	2024 RM	Total RM
<b>Group</b>			
31 December 2023	0	6,221,287	6,221,287
31 December 2022	4,180,907	0	4,180,907

### (c) Impairment for contract assets that do not contain a significant financing component is assessed based on the simplified approach using the lifetime expected credit losses as disclosed in Note 11(h) to the financial statements.

### (d) Movements in the impairment allowance for contract assets based on the simplified approach are as follows:

	2023 RM	2022 RM
<b>Group</b>		
Balance as at 1 January	470,141	0
Charge for the financial year	431,756	470,141
Reversal of impairment losses	(306,711)	0
Balance as at 31 December	595,186	470,141

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 14. CASH AND BANK BALANCES

	Group		Group	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	13,167,679	16,678,983	203,098	219,218

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Included in cash and bank balances are amounts of RM1,523,604 (2022: RMNil) held in debt service reserve account which are charged to banks for credit facilities granted to the Group as disclosed in Note 19(b)(iii) to the financial statements.
- (c) Currency exposure profile of cash and bank balances are as follows:

	Group		Group	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	9,764,890	14,628,577	203,098	219,218
United States Dollar	3,273,697	1,990,553	0	0
Singapore Dollar	96,770	26,310	0	0
Chinese Yuan	947	0	0	0
Others	31,375	33,543	0	0
	13,167,679	16,678,983	203,098	219,218

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Group	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	13,167,679	16,678,983	203,098	219,218
Less: Bank overdrafts (Note 19)	(11,007,121)	(10,167,627)	0	0
Less: Bank balance held in debt service reserve account	(1,523,604)	0	0	0
Add: Cash and cash classified as assets held for sale (Note 15(e))	0	609,152	0	0
	636,954	7,120,508	203,098	219,218

- (e) No ECL were recognised arising from bank balances because the probability of default by these financial institutions were negligible.
- (f) Information on financial risks of cash and bank balances is disclosed in Note 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

### Disposal group classified as held for sale

	Company	
	2023 RM	2022 RM
<b>Assets</b>		
Subsidiary classified as held for sale		
- Lienteh Technology Sdn. Bhd. *		
(net of impairment of RM25,320,434)	0	14,432,137
Guarantee asset	0	16,897,434
	<u>0</u>	<u>31,329,571</u>
<b>Liability</b>		
Derivative liability	<u>0</u>	<u>1,000</u>

\* A Company incorporated in Malaysia and with principal place of business in Malaysia, which is principally involved in manufacturing and distribution of gloves. The Company is not audited by BDO PLT or BDO member firm.

- (a) As disclosed in Note 8(f) to the financial statements, the Company had completed the acquisition of 15,300,000 ordinary shares in Lienteh Technology Sdn. Bhd. ('LTSB'), representing 51% equity interest in LTSB on 12 May 2022.

Subsequently on 8 August 2022, the Company entered into a share sale agreement with shareholders of LTSB for the proposed disposal of 15,300,000 ordinary shares representing its entire 51% equity interest in LTSB to shareholders of LTSB for a cash consideration of RM35,700,000. Accordingly, the assets and liabilities of LTSB are classified as disposal group classified as held for sale and the financial results of LTSB are classified as discontinued operations.

The disposal was completed on 7 February 2023 and accordingly, LTSB ceased to be the subsidiary of the Company.

- (b) The assets and associated liabilities held for sale as at 31 December 2022 were as follows:

	LTSB RM
<b>Assets held for sale</b>	
Property, plant and equipment	55,166,052
Right-of-use assets	691,932
Goodwill on consolidation (net of impairment of RM25,320,434)	6,106,154
Guarantee asset (Note 15(b)(ii))	16,897,434
Inventories	10,178,176
Trade and other receivables	4,617,763
Cash and bank balances	<u>3,697,052</u>
	<u>97,354,563</u>
<b>Liabilities directly associated with assets held for sale</b>	
Derivative liability (Note 15(b)(iii))	1,000
Trade and other payables	56,032,932
Lease liabilities	<u>766,564</u>
	<u>56,800,496</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Cont'd)

### Disposal group classified as held for sale (Cont'd)

(b) The assets and associated liabilities held for sale as at 31 December 2022 were as follows: (Cont'd)

- (i) Included in the above assets were cash and bank balances of RM3,087,900 held as fixed deposit with a licensed bank with interest bearing at 2.25% per annum and with a maturity period of twelve (12) months and was pledged to a licensed bank for bank guarantee provided to the LTSB's supplier.
- (ii) Pursuant to the supplemental share sale agreement, the shareholders of LTSB had provided profit guarantee of RM70,000,000 cumulatively for guarantee period of financial years ended 31 December 2021 to 31 December 2024.

The fair value of guarantee asset was estimated based on the management's best estimation of expected inflow of profit guarantee.

The guarantee asset was categorised as Level 3 in the fair value hierarchy. There was no transfer between levels in the fair value hierarchy during the previous financial year.

Pursuant to the disposal of LTSB, the Company and the shareholders of LTSB had agreed to rescind the profit guarantee and call option.

The fair value reconciliation of guarantee asset measured at Level 3 is as follows:

	Group and Company	
	2023 RM	2022 RM
Balance as at 1 January	16,897,434	0
Recognised during the financial year	0	16,897,434
Fair value loss on guarantee asset	(16,897,434)	0
Balance as at 31 December	0	16,897,434

- (iii) The fair value reconciliation of derivative liability measured at Level 3 is as follows:

	Group and Company	
	2023 RM	2022 RM
Balance as at 1 January	1,000	0
Upon acquisition of subsidiary (Note 8(g)(i))	0	8,424,000
Fair value gain on derivative liability	(1,000)	(8,423,000)
Balance as at 31 December	0	1,000

The maturity profile of the derivative liability of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations was payable on demand or within one (1) year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Cont'd)

### Disposal group classified as held for sale (Cont'd)

(c) Analysis of the results of the discontinued operations is as follows:

	2023 RM	LTSB 2022 RM
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	<b>2,428,532</b>	13,254,990
Cost of sales	<b>(4,489,807)</b>	(21,120,827)
Gross loss	<b>(2,061,275)</b>	(7,865,837)
Other income	<b>539,655</b>	5,073,401
Administrative expenses	<b>(233,100)</b>	(3,235,651)
Finance cost	<b>(3,051)</b>	(33,061)
Loss before tax	<b>(1,757,771)</b>	(6,061,148)
Taxation	<b>0</b>	1,700,699
Loss for the financial year	<b>(1,757,771)</b>	(4,360,449)
Other comprehensive income, net of tax	<b>0</b>	0
Total comprehensive loss	<b>(1,757,771)</b>	(4,360,449)

(d) Other than those disclosed elsewhere in the financial statements, loss before tax from discontinued operations is arrived at:

	2023 RM	LTSB 2022 RM
After charging:		
Auditors' remuneration:		
- statutory audit	0	10,500
- current year	0	434,255
Loss on disposal of property, plant and equipment	3,051	33,061
Interest expense	0	218,387
Unrealised foreign exchange loss		
and crediting:		
Interest income from banks	<b>6,606</b>	<b>47,298</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Cont'd)

### Disposal group classified as held for sale (Cont'd)

(e) Analysis of the cash flows of the discontinued operations is as follows:

	LTSB 2022 RM
<b>Statement of cash flows</b>	
Net cash used in operating activities	(4,898,411)
Net cash from investing activities	5,565,825
Net cash used in financing activities	<u>(686,532)</u>
Net decrease in cash and cash equivalents	(19,118)
Cash and cash equivalents at date of acquisition (Note 8(g))	<u>628,270</u>
Cash and cash equivalents at end of financial year (Note 14(d))	<u>609,152</u>

(f) Effect of disposal of the group classified as held for sale is disclosed in Note 8(e) to the financial statements.

## 16. SHARE CAPITAL

	Group			
	2023		2022	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid with no par value:</b>				
Balance as at 1 January	279,664,392	137,425,816	206,807,250	106,097,245
Issuance for cash pursuant to ESOS	420,000	308,322	0	0
Issuance of ordinary shares pursuant to private placement	<u>0</u>	<u>0</u>	<u>72,857,142</u>	<u>31,328,571</u>
Balance as at 31 December	<u>280,084,392</u>	<u>137,734,138</u>	<u>279,664,392</u>	<u>137,425,816</u>

	Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid with no par value:</b>				
Balance as at 1 January	279,664,392	136,935,924	206,807,250	105,607,353
Issuance for cash pursuant to ESOS	420,000	308,322	0	0
Issuance of ordinary shares pursuant to private placement	<u>0</u>	<u>0</u>	<u>72,857,142</u>	<u>31,328,571</u>
Balance as at 31 December	<u>280,084,392</u>	<u>137,244,246</u>	<u>279,664,392</u>	<u>136,935,924</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 16. SHARE CAPITAL (Cont'd)

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 279,664,392 to 280,084,392 by way of issuance of 420,000 new ordinary shares for cash pursuant to the exercise of ESOS at the option price of RM0.48 per ordinary share.

Newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) In the previous financial year, the issued and fully paid-up ordinary shares of the Company was increased from 206,807,250 to 279,664,392 by way of issuance of 72,857,142 new ordinary shares for cash pursuant to the private placement undertaken by the Company at an issue price of RM0.43 per ordinary share.

Newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (c) Owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

- (d) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 30 May 2022, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Balance as at 1 January/ 31 December	<u>(3,096,600)</u>	<u>(1,761,139)</u>	<u>(3,096,600)</u>	<u>(1,761,139)</u>

- (i) When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

- (ii) As at 31 December 2023, the number of ordinary shares net of treasury shares is 276,567,792 (2022: 276,567,792).

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 17. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-distributable:</b>				
Revaluation reserve	<b>45,961,940</b>	46,595,251	<b>0</b>	0
Exchange translation reserve	<b>(1,215,705)</b>	(1,201,228)	<b>0</b>	0
Share options reserve	<b>4,217,679</b>	0	<b>4,217,679</b>	0
<b>Distributable:</b>				
Retained earnings	<b>132,366,381</b>	138,437,535	<b>(42,102,798)</b>	2,280,255
	<b>181,330,295</b>	183,831,558	<b>(37,885,119)</b>	2,280,255

(a) Revaluation reserve

Revaluation reserve represents the surplus on revaluation of freehold land and buildings.

(b) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

(c) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve comprises the cumulative value of services received from employees for the issue of share options. Whenever options are exercised, an amount from the share options reserve is transferred to share capital. Whenever the share options expire, an amount from the share options reserve is transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
<b>Other payables</b>				
Amounts owing to subsidiaries	<u>0</u>	<u>0</u>	<u>93,587,845</u>	<u>62,808,415</u>
<b>Current</b>				
<b>Trade payables</b>				
Third parties	<u>8,903,487</u>	<u>9,714,498</u>	<u>0</u>	<u>0</u>
Amounts owing to related parties	<u>1,426,348</u>	<u>12,939</u>	<u>0</u>	<u>0</u>
	<u>10,329,835</u>	<u>9,727,437</u>	<u>0</u>	<u>0</u>
<b>Other payables</b>				
Other payables	<u>10,646,359</u>	<u>22,832,365</u>	<u>15,665</u>	<u>14,931,001</u>
Amounts owing to related parties	<u>2,431,178</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deposit received	<u>92,088</u>	<u>53,400</u>	<u>0</u>	<u>0</u>
Accrued expenses	<u>4,058,387</u>	<u>4,396,033</u>	<u>430,400</u>	<u>359,900</u>
	<u>17,228,012</u>	<u>27,281,798</u>	<u>446,065</u>	<u>15,290,901</u>
<b>Current trade and other payables</b>	<u>27,557,847</u>	<u>37,009,235</u>	<u>446,065</u>	<u>15,290,901</u>
<b>Total trade and other payables</b>	<u>27,557,847</u>	<u>37,009,235</u>	<u>94,033,910</u>	<u>78,099,316</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2022: 30 to 60 days).
- (c) Non-trade amounts owing to subsidiaries are unsecured, not payable within the next twelve (12) months and bear interest at a rate of 5.48% (2022: 5.01%) per annum.
- (d) In the previous financial year, included in other payables of the Group and of the Company is an amount of RM14,920,519 received for the disposal of a subsidiary.
- (e) Currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<u>20,286,658</u>	<u>30,137,059</u>	<u>94,033,910</u>	<u>78,099,316</u>
United States Dollar	<u>5,863,290</u>	<u>5,218,404</u>	<u>0</u>	<u>0</u>
Chinese Yuan	<u>1,154,091</u>	<u>1,342,884</u>	<u>0</u>	<u>0</u>
Singapore Dollar	<u>70,485</u>	<u>141,727</u>	<u>0</u>	<u>0</u>
Euro Dollar	<u>183,323</u>	<u>169,161</u>	<u>0</u>	<u>0</u>
	<u>27,557,847</u>	<u>37,009,235</u>	<u>94,033,910</u>	<u>78,099,316</u>

- (f) Information on financial risks of trade and other payables is disclosed in Note 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 19. BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b><u>Non-current</u></b>				
<i>Secured</i>				
Term loans	<b>24,942,835</b>	11,977,214	<b>0</b>	0
<b><u>Current</u></b>				
<i>Secured</i>				
Bank overdrafts	<b>11,007,121</b>	10,167,627	<b>0</b>	0
Bankers' acceptances	<b>62,360,079</b>	89,113,701	<b>0</b>	0
Revolving credits	<b>35,950,000</b>	26,450,000	<b>0</b>	0
Term loans	<b>15,485,210</b>	22,628,375	<b>0</b>	0
Trust receipts	<b>20,101,340</b>	9,460,640	<b>0</b>	0
Financial guarantee contracts (Note 20)	<b>0</b>	0	<b>325,059</b>	0
	<b>144,903,750</b>	157,820,343	<b>325,059</b>	0
<b><u>Total borrowings</u></b>				
<i>Secured</i>				
Bank overdrafts (Note 14(d))	<b>11,007,121</b>	10,167,627	<b>0</b>	0
Bankers' acceptances	<b>62,360,079</b>	89,113,701	<b>0</b>	0
Revolving credits	<b>35,950,000</b>	26,450,000	<b>0</b>	0
Term loans	<b>40,428,045</b>	34,605,589	<b>0</b>	0
Trust receipts	<b>20,101,340</b>	9,460,640	<b>0</b>	0
Financial guarantee contracts (Note 20)	<b>0</b>	0	<b>325,059</b>	0
	<b>169,846,585</b>	169,797,557	<b>325,059</b>	0

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings of the Group are secured by the following:
- (i) fixed charges over freehold land and buildings of the Group as disclosed in Note 5(f) to the financial statements;
  - (ii) corporate guarantee of RM169,846,586 (2022: RM169,797,558) by the Company and subsidiaries of the Company; and
  - (iii) debt service reserve account of RM1,523,604 (2022: RMNil) as disclosed in Note 14(b) to the financial statements.
- (c) All borrowings are denominated in Ringgit Malaysia.
- (d) The carrying amounts of the current position of borrowings are reasonable approximation of the fair value due to insignificant impact of discounting.

The carrying amounts of the non-current position of borrowings are reasonable approximation of the fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value of the term loans of the Group are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in hierarchy during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 19. BORROWINGS (Cont'd)

- (e) Information on financial risks of borrowings is disclosed in Note 35 to the financial statements.

## 20. FINANCIAL GUARANTEE CONTRACTS

- (a) The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries. The Company designates financial guarantees contract as financial liabilities as defined in MFRS 9 *Financial Instruments*.
- (b) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:
- the amount of the loss allowance; and
  - the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.
- (c) The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.
- (d) Maturity profile of financial guarantee contracts of the Company at the end of each reporting period based on contractual undiscounted repayment obligation is repayable upon any default by the subsidiaries in respect of the guaranteed bank facilities.
- (e) The movements of the financial guarantee contracts during the financial year are as follows:

	Note	Company 2023 RM
Balance as at 1 January, as previously reported		0
Adjustment due to retrospective application of MFRS 17 (financial guarantee contracts)	37.1(a)	579,311
Balance as at 1 January, as restated		579,311
Addition		174,366
Fair value changes on financial guarantee contracts		(428,618)
Balance as at 31 December		325,059

- (f) Information on financial risk of financial guarantees contract is disclosed in Note 35 to the financial statements.

## 21. DERIVATIVE LIABILITIES

Group	2023		2022	
	Contract amount RM	Liabilities RM	Contract amount RM	Liabilities RM
Forward currency contract	12,127,304	154,921	0	0

- (a) Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.
- (b) The Group uses forward currency derivatives to manage some of the foreign transaction exposure. These derivatives are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 21. DERIVATIVE LIABILITIES (Cont'd)

- (c) Derivative liabilities of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) Fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (e) The fair value adjustments on derivative financial instruments are as follows:

	Group	
	2023 RM	2022 RM
Loss on derivative financial instruments	<u>154,921</u>	<u>0</u>

## 22. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Revenue from contracts with customers</i>				
<b>Recognised at a point in time:</b>				
Sale of goods	155,207,990	246,456,436	0	0
<b>Recognised over time:</b>				
Construction contracts revenue	<u>17,982,261</u>	<u>10,468,105</u>	<u>0</u>	<u>0</u>
	<u>173,190,251</u>	<u>256,924,541</u>	<u>0</u>	<u>0</u>

- (a) Revenue from contracts with customers is disaggregated in Note 4 to the financial statements by geographical area.
- (b) Sale of goods

Revenue from the sale of goods is recognised at a point in time when the Group satisfies a performance obligation by transferring a promised goods to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and acceptance by customers.

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

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

- (c) Construction contracts revenue

The Group recognised revenue from construction contracts over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date. Revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation.

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

There is no significant financing component in the revenue arising from construction contracts as the contracts are on normal credit terms not exceeding twelve (12) months.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 23. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
- amounts owing to subsidiaries	0	0	4,349,666	2,265,040
- bank overdrafts	615,303	536,972	0	0
- bankers' acceptances	3,288,689	3,603,398	0	0
- lease liabilities	146,124	158,665	0	0
- revolving credits	1,868,520	1,352,531	0	0
- term loans	2,293,067	1,382,127	0	0
- trust receipts	396,840	816,077	0	0
	<u>8,608,543</u>	<u>7,849,770</u>	<u>4,349,666</u>	<u>2,265,040</u>

## 24. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages, salaries, bonuses and incentives	20,741,728	19,855,901	47,515	43,500
Contributions to defined contribution plan	1,480,125	1,488,419	0	0
Social security contributions	224,526	191,660	0	0
Share options granted under ESOS	4,360,992	0	1,224,127	0
Other employee benefits	611,282	545,337	363,000	324,000
	<u>27,418,653</u>	<u>22,081,317</u>	<u>1,634,642</u>	<u>367,500</u>

## 25. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Directors of the Company</b>				
<b>Executive:</b>				
Fees	108,000	108,000	108,000	108,000
Other emoluments	3,778,088	2,111,046	13,515	13,500
Share options granted under ESOS	605,552	0	605,552	0
	<u>4,491,640</u>	<u>2,219,046</u>	<u>727,067</u>	<u>121,500</u>
<b>Non-executive:</b>				
Fees	255,000	216,000	255,000	216,000
Other emoluments	34,000	66,000	34,000	30,000
Share options granted under ESOS	618,575	0	618,575	0
	<u>907,575</u>	<u>282,000</u>	<u>907,575</u>	<u>246,000</u>
Total Directors' remuneration	<u>5,399,215</u>	<u>2,501,046</u>	<u>1,634,642</u>	<u>367,500</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 26. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') [2023 ONLY]

The ESOS of the Company came into effect on 18 April 2023. The ESOS shall be in force for a period of five (5) years until 17 April 2028 ('the option period'). The main features of the ESOS are as follows:

- (a) Employees have been employed on a full time basis and is on the payroll of any company in the Group for a continuous period of at least 1 year and employment has been confirmed by any of the company in the Group on the Date of Offer.
- (b) Director has been appointed or any other company in the Group.
- (c) The maximum number of new shares which may be made available under the ESOS, shall not in aggregate exceed 15% of the total number of issued shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS.
- (d) The number of new shares to be issued and allotted to Eligible Persons who, either singly or collectively through persons connected with such eligible person (collectively, the eligible directors and eligible employees), hold 20% or more than the total number of issued shares of the Company (excluding treasury shares, if any) shall not exceed 10% of the total number of new shares to be issued under the ESOS.
- (e) Not more than 80% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management personnel of the Group.
- (f) The options granted may be exercised any time within the option period from the date of offer.
- (g) The option price of a new ordinary shares under the ESOS shall be the five (5) market days weighted average market price of the shares immediately preceding the date of offer with a discount of not more than 10% during the duration of the ESOS.
- (h) The option granted are not entitled for any dividend, voting rights, allotments or other distribution, which may be declared, made or paid to shareholders before the entitlement date.
- (i) The ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit. The approval of the shareholders of the Company in a general meeting shall not be required in respect of additions or amendments to, or modifications and/or deletions of these By-Laws.
- (j) The employees and Directors to who the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

The details of the options over ordinary shares of the Company are as follows:

[----- Number of options over ordinary shares -----]						
Date of offer	Outstanding as at 1.1.2023	Movement during the financial year Granted	Exercised	Lapsed*	Outstanding as at 31.12.2023^	Exercisable as at 31.12.2023
18 April 2023	0	34,200,000	(420,000)	(880,000)	32,900,000	6,012,000
Weighted average exercise prices (RM)	0	0.48	0.48	0.48	0.48	0.48

\* Due to resignation

^ Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares at 20% per year over vesting period of 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 26. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') [2023 ONLY] (Cont'd)

The details of the options over ordinary shares of the Company are as follows: (Cont'd)

2023	Exercise Price RM	Exercise period
18 April 2023	0.48	18.04.2023 - 17.04.2028

Share options exercised during the financial year resulted in the issuance of 420,000 ordinary shares at an average price of RM0.48 each. The related weighted average ordinary share price at the date of exercise was RM0.53 each.

The fair value of share options granted during the financial year was estimated by using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	Grant date 18 April 2023
Fair value of share options (RM)	0.25
Weighted average share price (RM)	0.53
Weighted average exercise price (RM)	0.48
Expected volatility (%)	48.68
Expected life (years)	5.00
Risk free rate (%)	3.64
Expected dividend yield (%)	<u>0</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 27. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Other than those disclosed elsewhere in the financial statements, (loss)/profit before tax from continuing operations is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	295,639	294,523	57,500	57,500
- under provision in prior years	0	21,414	0	5,000
Property, plant and equipment written off and crediting:	8,106	866	0	0
Foreign exchange gain:				
- realised	546,271	1,240,282	0	7,000
- unrealised	200,827	1,020,204	0	0
Gain on disposal of property, plant and equipment	1,367,711	42,706	0	0
Gain on disposal of assets held for sale	0	2,098,579	0	0
Gain on disposal of subsidiaries	24,073,748	0	21,267,863	0
Interest income from:				
- banks	36,313	21,737	0	0
- amounts owing by subsidiaries	0	0	4,980,941	1,891,602
Rental income	275,376	182,400	0	0

(a) Interest income is recognised on an accrual basis, using the effective interest method.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 28. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current tax expense based on (loss)/profit for the financial year:</b>				
Current year	1,699,997	2,766,057	0	0
Under provision in prior years	300,533	573,449	0	251,351
	<u>2,000,530</u>	<u>3,339,506</u>	<u>0</u>	<u>251,351</u>
<b>Deferred tax (Note 10):</b>				
Relating to origination and reversal of temporary differences	(2,316,894)	4,133,389	0	0
Crystallisation of deferred tax liabilities upon:				
- disposal of revalued properties	(17,582)	(12,517)	0	0
- depreciation of revalued properties	(60,354)	(62,165)	0	0
Under provision in prior years	561,124	36,199	0	0
	<u>(1,833,706)</u>	<u>4,094,906</u>	<u>0</u>	<u>0</u>
Real property gains tax	152,600	249,710	0	0
<b>Total tax expense</b>	<u>319,424</u>	<u>7,684,122</u>	<u>0</u>	<u>251,351</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of twenty-four per centum (24%) (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 28. TAX EXPENSE (Cont'd)

- (c) Numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax	<b>(5,436,616)</b>	26,996,716	<b>(44,145,207)</b>	(17,609,268)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	<b>(1,304,800)</b>	6,479,200	<b>(10,594,800)</b>	(4,226,200)
Tax effects in respect of:				
Non-allowable expenses	<b>190,213</b>	3,588,212	<b>10,594,800</b>	4,226,200
Non-taxable income	<b>(1,173,846)</b>	(1,611,348)	<b>0</b>	0
Real property gains tax	<b>152,600</b>	249,710	<b>0</b>	0
Tax incentive	<b>(538,200)</b>	0	<b>0</b>	0
Deferred tax assets not recognised	<b>2,202,000</b>	523,800	<b>0</b>	0
Utilisation of previously unrecognised deferred tax assets	<b>(70,200)</b>	(2,155,100)	<b>0</b>	0
	<b>(542,233)</b>	7,074,474	<b>0</b>	0
Under provision of current tax expense in prior years	<b>300,533</b>	573,449	<b>0</b>	251,351
Under provision of deferred tax expense in prior years	<b>561,124</b>	36,199	<b>0</b>	0
	<b>319,424</b>	7,684,122	<b>0</b>	251,351

- (d) Eonmetall Technology Sdn. Bhd., a wholly-owned subsidiary of the Company, had been granted pioneer status for a total of 5 years from 23 March 2018 to 22 March 2023 to manufacture biocoal and biochar production machinery and related components.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 29. (LOSS)/EARNINGS PER ORDINARY SHARE

### (a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year.

	2023	Group 2022
(Loss)/Profit for the financial year attributable to owners of the parent (RM)		
- continuing operations	(5,844,593)	19,899,180
- discontinued operations	(896,463)	(2,223,829)
	<u>(6,741,056)</u>	<u>17,675,351</u>
Weighted average number of ordinary shares in issue (unit)	276,567,792	250,419,064
Effects of exercise of ESOS (unit)	184,455	0
Adjusted weighted average number of ordinary shares applicable to basic (loss)/earnings per ordinary share (unit)	<u>276,752,247</u>	<u>250,419,064</u>
Basic (loss)/earnings per ordinary share (sen):		
- continuing operations	(2.11)	7.95
- discontinued operations	(0.32)	(0.89)
	<u>(2.44)</u>	<u>7.06</u>

### (b) Diluted

Diluted loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	2023	Group 2022
(Loss)/Profit for the financial year attributable to owners of the parent (RM)		
- continuing operations	(5,844,593)	19,899,180
- discontinued operations	(896,463)	(2,223,829)
	<u>(6,741,056)</u>	<u>17,675,351</u>
Weighted average number of ordinary shares in issue applicable to basic (loss)/earnings per ordinary share (unit)	276,752,247	250,419,064
Effects of dilution due to ESOS (unit)	1,833,770	0
Adjusted weighted average number of ordinary shares applicable to diluted (loss)/earnings per ordinary share (unit)	<u>278,586,017</u>	<u>250,419,064</u>
Diluted (loss)/earnings per ordinary share (sen):		
- continuing operations	(2.10)	7.95
- discontinued operations	(0.32)	(0.89)
	<u>(2.42)</u>	<u>7.06</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 30. DIVIDENDS (2022 ONLY)

	Group and Company	
	Dividend per share sen	Amount of dividend RM

In respect of financial year ended 31 December 2022:

Interim single-tier dividend	1.25	3,457,099
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The Directors do not recommend the payment of any final dividend in respect of the current financial year.

## 31. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

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

The Company has controlling related party relationship with its subsidiaries and associates.

Names of related parties	Relationship
Leader Steel Sdn. Bhd.	A company in which a Director of the Company has substantial financial interests.
Leader Steel Service Centre Sdn. Bhd.	A company in which a Director of the Company has substantial financial interests.
Genrizt Storage System	A Director of the Company is connected to this company.
EMT Systems Sdn. Bhd.	A company in which a Director of the Company has substantial financial interests.

### (b) Significant related parties transactions

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Related parties:</b>				
Sale of goods	46,810,890	8,205,310	0	0
Purchase of goods	2,125,578	1,718,293	0	0
Rental payable	3,436,627	2,912,076	0	0
<b>Subsidiaries:</b>				
Interest income	0	0	4,980,941	1,891,602
Interest expense	0	0	4,349,666	2,265,040

The above transactions were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 31. RELATED PARTY DISCLOSURES (Cont'd)

### (c) Compensation of key management personnel

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

Remuneration of Directors and other key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Directors</b>				
Fees	363,000	324,000	363,000	324,000
Other emoluments	3,812,088	5,030,653	47,515	43,500
Share options granted under ESOS	1,224,127	0	1,224,127	0
	<u>5,399,215</u>	<u>5,354,653</u>	<u>1,634,642</u>	<u>367,500</u>
<b>Other Key Management Personnel</b>				
Other emoluments	949,879	0	0	0
Share options granted under ESOS	197,944	0	0	0
	<u>1,147,823</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,547,038</u>	<u>5,354,653</u>	<u>1,634,642</u>	<u>367,500</u>

## 32. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	<u>7,656,000</u>	<u>15,258,500</u>

## 33. MATERIAL LITIGATIONS

### (a) Eonmetall Systems Sdn. Bhd. ('EMS') vs United Motors And Heavy Equipment Co. (L.L.C.) ('UMHE')

On 8 May 2020, EMS, a wholly-owned subsidiary of the Company, filed a Statement of Claim against UMHE for claims arising from the supply of goods for a sum of USD304,287 together with interest of 5% per annum thereon from the date of filing until the full settlement of the sum.

On 12 March 2021, EMS filed an application for summary judgement ('SJ') against UMHE. Subsequently, on 2 June 2021, UMHE filed an application to strike out ('SO') EMS's claim. To this end, both parties have exhausted the affidavits and filed written submissions for both SJ and SO applications. As directed by the new Judge, both parties have filed the Common Chronology of Facts and Executive Summary on 1 July 2022. The hearing has been fixed for 23 March 2023 via Zoom.

The Court has dismissed both summary judgement application and striking out application on 23 March 2023. The full trial of the matter has been fixed on 22, 25 and 26 July 2024 as well as 14 to 16 August 2024.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 33. MATERIAL LITIGATIONS (Cont'd)

(b) Cosco Shipping Lines Co., Ltd. and Cosco Shipping Lines (Malaysia) Sdn. Bhd. ('COSCO') vs EMS

On 25 May 2021, COSCO filed a claim against EMS, a wholly-owned subsidiary of the Company, for an alleged to be due and owing to COSCO arising from demurrage charges dated 22 March 2021 amounting to RM1,194,026 and a contractual interest of the sum at a daily rate of 0.1%, fourteen (14) days from 22 March 2021 until the date of full and final payment.

EMS has since filed its defence on 10 August 2021 and the reply was then filed by COSCO on 8 September 2021. Subsequently, EMS filed an application to seek leave of Court to issue Third Party Notice against UMHE, and was granted by the Court on 30 September 2021.

The Third Party Notice was issued on 4 October 2021, and on 14 October 2021, EMS obtained leave of Court to serve the Third Party Notice out of jurisdiction (i.e. to United Arab Emirates). The Third Party Notice was served to UMHE, and on 23 January 2022, UMHE filed its Memorandum of Appearance.

EMS proceeded to file a Notice for Third Party Directions on 21 February 2022. Subsequently, on 28 February 2022, UMHE applied for an order to set aside the Third Party Notice. EMS's Notice for Third Party Directions will be kept in abeyance pending the disposal of UMHE's setting aside application. To this end, both parties have exhausted the affidavits and filed written submissions for UMHE's setting aside application, and the case management for the said application is fixed for 26 May 2022.

Subsequently, the Court has proceeded to direct both parties to file the Defendant's Statement of Claim, Third Party's Defence and the Defendant's Reply to Defence respectively on 9 June 2022, 27 June 2022 and 11 July 2022. To this end, both parties have completed the pleadings of Third Party Proceedings.

During the Case Management on 4 July 2022, the Court informed parties that the trial dates for the Main Action which initially fixed on 26 September 2022 to 29 September 2022 have been vacated and rescheduled to 12 June to 15 June, 26 and 27 June 2023.

The Defendant has filed an application on 16 November 2022 vide Enclosure 78 to transfer the present suit to the High Court in Penang to be tried together and/or to be heard within the Penang Suit. To this end, the filing of affidavits have been exhausted and parties have filed their respective written submission on 12 January 2023. The Hearing for the transfer application is fixed on 19 January 2023.

Pursuant to the transfer application filed by UMHE, the Kuala Lumpur High Court has allowed the application and transferred the admiralty in personam for the case to Penang High Court to be tried and to be heard. The full trial of the matter has been fixed from 22, 25 to 26 July and 14 to 16 August 2024.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

(c) Eonmetall Group Berhad ('EGB') vs Rizhao Xingyang International Trade Co., Ltd. ('Rizhao') and Eng Meng Kong ('EMK')

On 24 September 2021, EGB filed a Statement of Claim against Rizhao and EMK for claims arising from a Share Sale Agreement ('SSA') entered on 18 March 2021 for the disposal of 510,000 shares in Eonmetall China Sdn. Bhd. to Rizhao for a total purchase price of USD1,020,000. Rizhao failed to pay the balance purchase price of USD1,000,000 in accordance with the terms and conditions of the SSA. The EGB filed an application against Rizhao to declare that the SSA is null and void and seeking an order for the company secretary to register the 510,000 shares into the EGB or nominee's name.

EGB has on 11 February 2022 and 20 March 2022 served the Originating Summons to Rizhao and EMK accordingly. EGB has on 21 March 2022 files application to extend the Originating Summons for another six (6) months due to on-going Covid-19 lockdown in China for his agent in Shanghai to affirm an affidavit of service before the Consulate of Malaysia. The matter is now fixed for hearing on 31 January 2023.

EMK has the time until 17 April 2023 to file the application for extension of time to file an affidavit in reply. The judge has rescheduled the matter to 10 May 2023 for both the defendants to file the application to extension of time to file an affidavit in reply and deferred the case against EMK to the same date as Case Management.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 33. MATERIAL LITIGATIONS (Cont'd)

- (c) Eonmetall Group Berhad ('EGB') vs Rizhao Xingyang International Trade Co., Ltd. ('Rizhao') and Eng Meng Kong ('EMK') (Cont'd)

The matter came up for hearing on 11 December 2023. Upon hearing from both side, the judge was of the opinion that the dispute between both parties was not suitable to be disposed by way of Originating Summon and directed the Company to file a new Writ action if the Company wants to pursue the matter. EGB has refilled this as a civil suit under Writ action.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

- (d) Xin Xin Engineering Sdn. Bhd. ('XXE') vs Eonmetall Technology Sdn. Bhd. ('EMT')

On 26 November 2021, XXE filed a claim against EMT, a wholly-owned subsidiary of the Company, for an alleged to be due and owing to XXE arising from a latex glove dipping line Purchase Agreement dated 30 June 2020 for a sum of RM2,676,911. EMT filed its defence on 18 February 2022.

On 13 April and 15 September 2022, the court has dismissed the summary judgement application filed by XXE. The case is now proceeded for full trial and the full trial has not concluded yet and is fixed for further continuation on 20 to 21 May 2024.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

## 34. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting period.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. The Group includes within net debt, trade and other payables, borrowings and lease liabilities, less cash and bank balances. Capital represents equity attributable to owners of the parent. The gearing ratios are as follows:

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Trade and other payables	18	<b>27,557,847</b>	37,009,235	<b>94,033,910</b>	78,099,316
Borrowings	19	<b>169,846,585</b>	169,797,557	<b>0</b>	0
Lease liabilities	6	<b>2,546,945</b>	5,250,338	<b>0</b>	0
		<b>199,951,377</b>	212,057,130	<b>94,033,910</b>	78,099,316
Less: Cash and bank balances	14	<b>(13,167,679)</b>	(16,678,983)	<b>(203,098)</b>	(219,218)
Net debt		<b>186,783,698</b>	195,378,147	<b>93,830,812</b>	77,880,098
Total capital		<b>317,303,294</b>	319,496,235	<b>97,597,988</b>	137,455,040
Net debt		<b>186,783,698</b>	195,378,147	<b>93,830,812</b>	77,880,098
Equity		<b>504,086,992</b>	514,874,382	<b>191,428,800</b>	215,335,138
Gearing ratio		<b>37%</b>	38%	<b>49%</b>	36%

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 34. CAPITAL MANAGEMENT (Cont'd)

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

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk, interest rate risk and commodity price risk. Information on the management of the related exposures is detailed below.

### (a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Exposure to credit risk arises mainly from sales made on credit terms. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

#### Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	2023		2022	
	RM	% of total	RM	% of total
By countries				
Malaysia	20,526,541	71%	16,688,699	71%
Middle East	2,411,195	8%	1,323,608	6%
United States of America	2,361,972	8%	916,672	4%
Philippines	2,331,847	8%	804,555	3%
Australia	771,122	3%	1,051,550	4%
Sri Lanka	137,521	1%	170,022	1%
Africa	81,005	*	1,118,652	5%
Singapore	45,131	*	1,143,957	5%
Indonesia	16,488	*	9,787	*
Others	235,239	1%	279,683	1%
	<b>28,918,061</b>	<b>100%</b>	<b>23,507,185</b>	<b>100%</b>
By industry sectors				
Steel product and trading activity	12,677,013	44%	16,479,970	70%
Machinery and equipment	16,241,048	56%	7,027,215	30%
	<b>28,918,061</b>	<b>100%</b>	<b>23,507,185</b>	<b>100%</b>

\* Amount less than 1%.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### (a) Credit risk (Cont'd)

##### Credit risk concentration profile (Cont'd)

At the end of the reporting period, approximately:

- (i) 37% (2022: 51%) of the trade receivables of the Group were due from two (2) (2022: two (2)) major customers who are located in Malaysia.
- (ii) Approximate 100% (2022: 100%) of the receivables of the Company were balances with its subsidiaries.

The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries amounts to RM169,846,585 (2022: RM191,829,172) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

##### Recognition and measurement of impairment loss of financial guarantee contracts

The Company assume that there is a significant increase in credit risk when the financial position of the subsidiary assumes significantly. The Company consider a financial guarantee to be credit impaired when:

- (a) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- (b) the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

#### (b) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligations due to the shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (b) Liquidity and cash flow risk (Cont'd)

The table below summaries the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
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#### 2023

##### Financial liabilities

Trade and other payables	27,557,847	0	0	27,557,847
Lease liabilities	1,607,797	860,876	336,000	2,804,673
Derivative liabilities	154,921	0	0	154,921
Borrowings	146,962,991	27,510,522	0	174,473,513
Total undiscounted financial liabilities	<u>176,283,556</u>	<u>28,371,398</u>	<u>336,000</u>	<u>204,990,954</u>

#### 2022

##### Financial liabilities

Trade and other payables	37,009,235	0	0	37,009,235
Lease liabilities	3,444,805	1,546,217	420,000	5,411,022
Borrowings	167,452,701	12,780,081	0	180,232,782
Total undiscounted financial liabilities	<u>207,906,741</u>	<u>14,326,298</u>	<u>420,000</u>	<u>222,653,039</u>

Company	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
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#### 2023

##### Financial liabilities

Trade and other payables	446,065	98,716,460	0	99,162,525
Financial guarantees	169,846,585	0	0	169,846,585
Total undiscounted financial liabilities	<u>170,292,650</u>	<u>98,716,460</u>	<u>0</u>	<u>269,009,110</u>

#### 2022

##### Financial liabilities

Trade and other payables	15,290,901	66,011,643	0	81,302,544
Financial guarantees	191,829,172	0	0	191,829,172
Total undiscounted financial liabilities	<u>207,120,073</u>	<u>66,011,643</u>	<u>0</u>	<u>273,131,716</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Certain subsidiaries of the Group have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of entities with the Group.

The unexpired forward currency contracts which have been entered into by the Group for its trade payables as at the end of each reporting period were as follows:

	Maturity	Contractual amount in Foreign Currency FC	Equivalent amount in Ringgit Malaysia RM
<b>2023</b>			
United States Dollar	Within one (1) year	<u>2,608,596</u>	<u>12,127,304</u>

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the United States Dollar ('USD') and Chinese Yuan ('CNY') exchange rates against the respective functional currencies of entities within the Group, with all other variables held constant:

Profit after tax		2023 RM	Group 2022 RM
USD/RM	- strengthen by 5% (2022: 5%)	<b>360,071</b>	174,695
	- weaken by 5% (2022: 5%)	<u><b>(360,071)</b></u>	<u>(174,695)</u>
CNY/RM	- strengthen by 5% (2022: 5%)	<b>(43,819)</b>	(51,030)
	- weaken by 5% (2022: 5%)	<u><b>43,819</b></u>	<u>51,030</u>

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposures of the Group and of the Company to interest rate risk arises primarily from loans and borrowings and amounts owing by subsidiaries respectively. The Group and the Company borrow at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposures of the Group and of the Company to interest rate fluctuations.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (d) Interest rate risk (Cont'd)

#### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	Group	
	2023 RM	2022 RM
<b>(Loss)/Profit after tax</b>		
Increase by 0.1% (2022: 0.1%)	(129,083)	(129,046)
Decrease by 0.1% (2022: 0.1%)	<u>129,083</u>	<u>129,046</u>

	Company	
	2023 RM	2022 RM
<b>(Loss)/Profit after tax</b>		
Increase by 0.1% (2022: 0.1%)	9,698	(4,277)
Decrease by 0.1% (2022: 0.1%)	<u>(9,698)</u>	<u>4,277</u>

No sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (d) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') or weighted average incremental borrowing rates ('WAIBR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	WAEIR/ WAIBR %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Over five (5) years RM	Total RM
<b>2023</b>									
<b>Fixed rate</b>									
Lease liabilities	6	4.35	1,541,447	389,751	128,386	116,516	66,945	303,900	2,546,945
<b>Floating rates</b>									
Bank overdrafts	19	7.66	11,007,121	0	0	0	0	0	11,007,121
Bankers' acceptances	19	4.90	62,360,079	0	0	0	0	0	62,360,079
Revolving credits	19	7.10	35,950,000	0	0	0	0	0	35,950,000
Term loans	19	6.32	15,485,936	7,921,675	8,252,800	6,462,716	2,304,918	0	40,428,045
Trust receipts	19	4.85	20,101,340	0	0	0	0	0	20,101,340

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') or weighted average incremental borrowing rates ('WAIBR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

Group	Note	WAEIR/ WAIBR %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Over five (5) years RM	Total RM
<b>2022</b>									
<b>Fixed rate</b>									
Lease liabilities	6	3.73	3,437,527	1,074,677	122,387	128,385	116,516	370,846	5,250,338
<b>Floating rates</b>									
Bank overdrafts	19	6.94	10,167,627	0	0	0	0	0	10,167,627
Bankers' acceptances	19	4.60	89,113,701	0	0	0	0	0	89,113,701
Revolving credits	19	6.38	26,450,000	0	0	0	0	0	26,450,000
Term loans	19	5.55	22,628,375	5,548,643	2,857,143	2,857,143	714,285	0	34,605,589
Trust receipts	19	4.38	9,460,640	0	0	0	0	0	9,460,640

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') or weighted average incremental borrowing rates ('WAIBR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

Company	Note	WAEIR/ WAIBR %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Over five (5) years RM	Total RM
<b>2023</b>									
<b>Floating rates</b>									
Amounts owing by subsidiaries	11	5.48	0	0	14,665,385	91,682,560	0	0	106,347,945
Amounts owing to subsidiaries	18	5.48	0	93,587,845	0	0	0	0	93,587,845
<b>2022</b>									
<b>Floating rates</b>									
Amounts owing by subsidiaries	11	5.01	0	0	11,946,176	42,235,030	0	0	57,181,206
Amounts owing to subsidiaries	18	5.01	0	62,808,415	0	0	0	0	62,808,415

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (e) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The principal exposure of the Group to commodity price risk arises mainly from the changes in steel raw material prices. Raw material is classified as current assets and the Group manage the procurement of its raw material to optimise return on realisation of its inventories.

#### Sensitivity analysis on world composite steel prices

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in world composite steel prices, with all other variables held constant:

	Group	
	2023 RM	2022 RM
Profit after tax		
Increase by 5% (2022: 5%)	2,009,101	1,938,828
Decrease by 5% (2022: 5%)	(2,009,101)	(1,938,828)

## 36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 7 February 2023, the share sale agreement of disposal of 15,300,000 ordinary shares, representing its entire 51% equity interest in Lienteh Technology Sdn. Bhd. ('LTSB'), a disposal group classified as held for sale as at 31 December 2022 has been completed. Upon completion of the disposal of the subsidiary on 7 February 2023, LTSB has ceased to be the subsidiary of the Company and gain on disposal of subsidiary is recognised.

- (b) On 9 February 2023, Eonmetall Industries Sdn. Bhd. ('EMI'), a wholly-owned subsidiary of the Company has received a letter of circumvention inquiry pursuant to antidumping duty and countervailing duty orders on boltless steel shelving units prepackaged for sale ('boltless steel shelving'). EMI has been selected by the United States Department of Commerce ('US DOC') as the mandatory respondent for the inquiry.

On 12 April 2024, US DOC has released its final determination and decided to impose antidumping duties for importation of boltless shelving from Malaysia.

- (c) On 18 April 2023, the Company offered and granted 34,200,000 units of ESOS options to eligible Directors and employees of the Group and of the Company with an exercise price of RM0.48 per share.

During the financial year, 420,000 shares options were issued at weighted average exercise price of RM0.53.

- (d) On 28 December 2023, Eonmetall International Limited ('EIL'), a wholly-owned subsidiary of the Company has disposed off 6 ordinary shares, representing its entire 60% equity interest in Africa Steel Investment Limited ('ASIL') for a cash consideration of RM10,000,000. Pursuant to the disposal, ASIL has ceased to be the subsidiary of the Group and gain on disposal subsidiary is recognised.

- (e) Subsequent to the financial year end, Eonmetall Land Sdn Bhd ('EML'), a wholly-owned subsidiary of the Company has received a Notis Award and Tawaran Pampasan ('Borang H') from the Pejabat Daerah Dan Tanah Klang invoking compulsory acquisition under Land Acquisition Act, 1960 ('Act 486') to acquire approximately 8,996 square meter in area of land forming part of H.S.(D) 166442, No. PT85117 (115881) Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of RM30,414,504.

As the date of this report, the disposal has been completed.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 37.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
<i>Amendments to MFRS 101 Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company other than the adoption of MFRS 17 as described below:

(a) *MFRS 17 Insurance Contracts and Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

MFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4 *Insurance Contracts*.

MFRS 17 outlines three measurement approaches for different types of insurance contracts – general measurement model, premium allocation approach and variable fee approach. The general measurement model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of options and guarantees of policyholders. The general measurement model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. Variable fee approach is applicable for insurance contracts with direct participation features.

Amendments to MFRS 17 adds a new transition option to MFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of MFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with MFRS 9 *Financial Instruments*.

The Company does not have any contracts that meet the definition of an insurance contract under MFRS 17, except for corporate guarantee provided to subsidiaries, which are financial guarantee contracts that the Company had previously explicitly asserted under MFRS 4. The Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Cont'd)

### 37.1 New MFRSs adopted during the financial year (Cont'd)

(a) The impact on transition is summarised below:

	Note	As at 31 December 2022 RM	Effects of MFRS 9 RM	As at 1 January 2023 RM
<b>Company</b>				
<b>Assets</b>				
Investments in subsidiaries		0	341,465	341,465
<b>Equity</b>				
Retained earnings		2,280,255	(237,846)	2,042,409
<b>Liabilities</b>				
Financial guarantee contracts	20	0	579,311	579,311

### 37.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

## LIST OF PROPERTIES OWNED BY THE GROUP

Location	Date of Revaluation / Acquisition	Tenure	Approximate Age of Building	Area (Square metres)	Description of property / Existing Use	Net book Value at 31 December 2023 RM'000
Eonmetall Technology Sdn Bhd						
Grant 64234, Lot 1696, Mukim 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang.	30 June 2019 / 08 August 2000	Freehold	23 yrs	39,180	A factory building is erected on the adjoining parcels of the land	37,433
Grant 302, Lot 1697, Mukim 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang.	30 June 2019 / 08 August 2000	Freehold	23 yrs	11,160		
Eonmetall Industries Sdn Bhd						
Lot No. T-2317, Mukim 13 No. 35, Lorong Cempaka 28 14110 Simpang Ampat Seberang Perai Selatan, Penang.	30 June 2019 / 1 April 2006	Freehold	18 yrs	116	Single storey terrace house / Residential premise for factory workers	230
Lot No. T-2318, Mukim 13 No. 37, Lorong Cempaka 28 14110 Simpang Ampat Seberang Perai Selatan, Penang.	30 June 2019 / 1 April 2006	Freehold	18 yrs	116	Single storey terrace house / Residential premise for factory workers	230
Eonsteel Sdn Bhd						
Lot No. 20109, Mukim 12, Seberang Perai Selatan, Penang.	30 June 2019 / 19 May 2009	Freehold	15 yrs	66,791	Single storey detached factory	55,888
Eonchem Biomass Sdn Bhd						
Lot No. 20123, Lot No. 20124, Mukim 12, Seberang Perai Selatan, Penang.	30 June 2019 / 19 November 2013	Freehold	11 yrs	30,680	Single storey detached factory and single storey warehouse	21,148
Eonmetall Land Sdn Bhd						
Lot No. PT85117, Mukim of Kapar, District of Klang, Selangor.	- / 22 May 2023	Freehold	-	276,239	Vacant Land	74,360



## ANALYSIS OF SHAREHOLDINGS

### Analysis of Shareholdings as at 1 April 2024

Total number of issued shares : 280,084,392 (inclusive 3,096,600 treasury shares)  
 Class of share : Ordinary shares  
 Voting rights : One vote for every ordinary share held

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 99	56	2.54	2,311	0.00
100 - 1,000	407	18.48	161,110	0.06
1,001 - 10,000	981	44.53	5,557,046	1.98
10,001 - 100,000	605	27.46	20,125,923	7.19
100,001 - less than 5% of issued shares	151	6.85	116,243,528	41.50
14,004,219 - 5% and above of issued shares	3	0.14	137,994,474	49.27
<b>TOTAL</b>	<b>2,203</b>	<b>100.00</b>	<b>280,084,392</b>	<b>100.00</b>

### Substantial Shareholders

The substantial shareholders of the Company based on the Register of Substantial Shareholders of the Company is as follows:

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	%*	No. of Shares	%*
1	Eonmetall Corporation Sdn. Bhd.	84,049,128	30.34	-	-
2	Dato' Goh Cheng Huat	36,128,918	13.04	(i) 84,049,128	30.34
3	Datin Tan Pak Say	-	-	(ii) 120,178,046	43.39
4	Chuah Theong Yee	21,179,428	7.65	-	-

\* Exclusive 3,096,600 treasury shares.

(i) Deemed interested pursuant to Section 8(4) of the Companies Act 2016.

(ii) Deemed interested pursuant to spouse's direct and indirect interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.

### Directors' Shareholdings

The interest of the Directors based on the Register of Directors' Shareholdings of the Company is as follows:

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	%*	No. of Shares	%*
1	Tan Sri Dato' Mohd Desa bin Pachi	30,000	0.01	-	-
2	Yeoh Cheng Chye	50,000	0.02	-	-
3	Dato' Goh Cheng Huat	36,128,918	13.04	(ii) 84,049,128	30.34
4	Goh Hong Kent	-	-	-	-
5	Dato' Wahab Bin Hamid	-	-	-	-
6	Chan Theng Sung	180,000	0.08	-	-
7	Dato' Mohammad Radhi Bin Abdul Razak	-	-	-	-
8	Tang Yin Kham	-	-	-	-
9	Goh Kee Seng	-	-	-	-
10	Datuk Yogeesvaran A/L Kumaraguru	-	-	-	-

\* Exclusive 3,096,600 treasury shares.

(i) Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 via his child.

(ii) Deemed interested via pursuant to Section 8 of the Companies Act 2016.

By virtue of his interest in the shares of the Company, Dato' Goh Cheng Huat is also deemed to have interest in the shares of all the subsidiaries to the extent the Company has an interest.

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

### Thirty Largest Shareholders as at 1 April 2024

	Name	No. of Shares	% of Issued Share Capital
1	EONMETALL CORPORATION SDN BHD	42,049,128	15.18
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH CHENG HUAT (SMART)	32,765,918	11.83
3	CHUAH THEONG YEE	21,179,428	7.65
4	EONMETALL CORPORATION SDN BHD	21,000,000	7.58
5	EONMETALL CORPORATION SDN BHD	21,000,000	7.58
6	GOH LI LI	9,141,271	3.30
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TING HONG (E-SJA/KBG)	8,638,000	3.12
8	PULAU ANGKASA INDUSTRIES SDN BHD	6,729,743	2.43
9	TAN ENG HOCK	6,000,000	2.17
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TING HONG	4,239,400	1.53
11	JANAKI @ MALLIKA A/P PALANIAPPAN	4,000,000	1.44
12	KASI A/L K L PALANIAPPAN	4,000,000	1.44
13	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOONG WEI KUONG	3,850,500	1.39
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHENG HUAT	3,363,000	1.21
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIONG HUI YEE (3000483)	2,752,600	0.99
16	CHONG TOH WEE	2,430,000	0.88
17	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOH PIAU (M&A)	2,067,200	0.75
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY AN NA (7001107)	2,000,000	0.72
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-RES)	2,000,000	0.72
20	WUAN SWEE MAY	2,000,000	0.72
21	LIM KIAN WAT	1,848,900	0.67
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YEW HING (7000829)	1,842,000	0.66
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP HENG SANG (7005721)	1,750,000	0.63
24	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHANG MIOW SIN	1,654,900	0.60
25	TAN CHENG ENG	1,601,200	0.58
26	HOR LEE CHEN	1,582,000	0.57
27	CHIN KIM LEE	1,233,400	0.45
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHIN KOK TIAN (PB)	1,135,400	0.41
29	LEE KEE NIAN	1,129,800	0.41
30	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	1,043,300	0.38
		<b>216,027,088</b>	<b>77.99</b>

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting ("**21st AGM**") of **EONMETALL GROUP BERHAD ("the Company")** will be conducted on a fully virtual basis through live streaming and via Remote Participation and Electronic Voting ("**RPEV**") facilities through meeting platform at <https://meeting.boardroomlimited.my> on Friday, 31 May 2024 at 2.30 pm or at any adjournment thereof for the following purposes:

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors retiring in accordance with Clause 103 of the Company's Constitution:
  - (a) Dato' Goh Cheng Huat; **Ordinary Resolution 1**
  - (b) Mr Goh Hong Kent; and **Ordinary Resolution 2**
  - (c) Mr Chan Theng Sung **Ordinary Resolution 3**
3. To re-elect Datuk Yogeessvaran A/L Kumaraguru, the Director retiring in accordance with Clause 110 of the Company's Constitution. **Ordinary Resolution 4**
4. To approve the payment of Directors' Fees to the Directors of the Group up to RM363,000 for the period from 1 June 2024 until the conclusion of the next Annual General Meeting ("AGM") of the Company. **Ordinary Resolution 5**
5. To approve the payment of benefits payable to the Directors of the Company up to an aggregate amount of approximately RM70,000 for the period from 1 June 2024 until the conclusion of the next AGM of the Company. **Ordinary Resolution 6**
6. To re-appoint BDO PLT as auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

#### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions with or without modifications:

7. **WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016** **Ordinary Resolution 8**

"THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 65 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over (a) all new shares in the Company, (b) all options offered or to be offered pursuant to the Company's Employees Share Option Scheme and (c) any offers, agreements, rights, options or other convertible securities of whatever kind in respect of any new shares in the Company AND THAT such new shares when issued, shall rank pari passu equally to the existing issued shares of the Company."
8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 9**

"THAT contingent upon the passing of Ordinary Resolution 8 and subject always to the Companies Act 2016 ("**the Act**"), the Company's Constitution, the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of the relevant government or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to allot and issue shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital (excluding treasury shares) of the Company for the time being.

AND THAT the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

**9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 10**

"THAT pursuant to the provisions of the MMLR of Bursa Securities, a general mandate of the shareholders be and is hereby granted for the Company and/or its subsidiaries to enter into recurrent related party transactions as set out in Section 2.4 under Part A of the Circular and Statement to Shareholders dated 30 April 2024, which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company; and that the approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

**10. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 11**

"THAT subject to the Act, the provisions of the Company's Constitution, the MMLR of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of the Company's shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained earnings of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall continue to be in force until:
  - (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and /or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- (a) cancel all the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased as treasury shares; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") (Cont'd)** Ordinary Resolution 11

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

11. **PROPOSED ALLOCATION OF OPTIONS GRANTED UNDER THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR THE "SCHEME") ("ESOS OPTIONS") TO THE DIRECTOR OF THE COMPANY NAMELY DATUK YOGEE SVARAN A/L KUMARAGURU** Ordinary Resolution 12

"THAT approval be and is hereby given to the Board to authorise the ESOS Committee, at any time and from time to time throughout the duration of the ESOS, to offer and grant to the Director, Datuk Yogeesvaran A/L Kumaraguru ESOS Options to subscribe for new ordinary shares in Eonmetall ("**Shares**") under the ESOS in accordance with the by-laws governing the ESOS ("**By-laws**") provided always that:-

- (i) he shall not participate in the deliberation or discussion of his own allocation as well as allocation to persons connected with him;
- (ii) the allocation to him, who singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), shall not exceed 10% of the total number of new Shares to be issued under the Scheme; and
- (iii) such offer and grant of ESOS Options are subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-laws, MMLR of Bursa Securities or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time;

THAT the Board is authorised to allot and issue such number of new Shares arising from the exercise of the ESOS Options issued under the Scheme;

AND THAT the Shares to be allotted and issued upon the exercise of any ESOS Options granted under the Scheme will be subject to the provisions of the Constitution of the Company and will, upon allotment and issuance, rank pari passu in all respects with the then existing issued Shares, save and except that the Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of such new Shares."

12. To transact any other business of which due notice shall have been given.

By Order of the Board

**Tai Yit Chan** (MAICSA 7009143 SSM PC No. 202008001023)  
**Ong Tze-En** (MAICSA 7026537 SSM PC No. 202008003397)  
 Company Secretaries  
 Penang, 30 April 2024

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (Cont'd)

### Notes:

#### Appointment of Proxy

1. The 21st AGM will be held entirely via Remote Participation and Electronic Voting ("**RPEV**") facilities through meeting platform at <https://meeting.boardroomlimited.my>. Kindly refer to the Administrative Guide for the **21st** AGM in order to register, participate and vote remotely via the RPEV facilities.
2. The online meeting platform is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairman of the meeting to be present at the main venue of the meeting. Shareholders / proxies from the public **WILL NOT BE ALLOWED** to be physically present. Shareholders who wish to participate in the 21st AGM will have to register online and attend remotely. Kindly read and follow the procedures in the Administrative Guide for the 21st AGM in order to participate remotely.
3. A proxy may but need not be a member.
4. The instrument appointing a proxy must be deposited / submitted via the following ways not less than 48 hours before the time set for holding the 21st AGM or at any adjournment thereof:-
  - (i) By hardcopy form  
The Form of Proxy must be deposited at the registered office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia.
  - (ii) By electronic form  
The Form of Proxy can be electronically submitted through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for the procedures on electronics lodgement of Form of Proxy.
5. A member entitled to attend, participate, speak and vote is entitled to appoint not more than 2 proxies to attend, participate, speak and vote instead of him. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 May 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

#### Explanatory Notes:

1. **Ordinary Resolutions 1, 2, 3 and 4** deal with the re-election of Dato' Goh Cheng Huat, Mr Goh Hong Kent, Mr Chan Theng Sung and Datuk Yogeessvaran A/L Kumaraguru (collectively "retiring Directors"). All of them are standing for re-election and being eligible, have offered themselves for re-election at this 21st AGM. The Board of Directors ("**the Board**") has, through the Nominating Committee ("**NC**"), considered the evaluation of retiring Directors and concurred that they met the criteria as prescribed by paragraph 2.20A of the MMLR of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

**Dato' Goh Cheng Huat** is an Executive Director of the Group. His extensive experience, expertise and knowledge in the processing iron and steel products. With more than 30 years in the industry, he has accumulated invaluable skills, which includes amongst others, the invention and enhancement of steel making machine and its related processes.

**Mr Goh Hong Kent** is an Executive Director and Chief Operating Officer of the Group. He is involved in group level strategic planning and execution.

**Mr Chan Theng Sung** is an Independent Non-Executive Directors ("**INED**"). He has fulfilled the requirements on independence as MMLR of Bursa Securities and demonstrated his objectivity and commitment through proactive engagements at meetings of the Board and Board Committees [NC, Audit Committee and Remuneration Committee] (as applicable) held during the financial year by sharing valuable, relevant, independent and impartial (as applicable) insights, views and opinions on issues tabled for discussion.



## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (Cont'd)

### Explanatory Notes: (Cont'd)

1. Ordinary Resolutions 1, 2, 3 and 4 deal with the re-election of Dato' Goh Cheng Huat, Mr Goh Hong Kent, Mr Chan Theng Sung and Datuk Yogeesvaran A/L Kumaraguru. All of them are standing for re-election and being eligible, have offered themselves for re-election at this 21st AGM. The Board of Directors ("the Board") has, through the Nominating Committee ("NC"), considered the evaluation of Dato' Goh Cheng Huat, Mr Goh Hong Kent and Mr Chan Theng Sung and concurred that they met the criteria as prescribed by paragraph 2.20A of the MMLR of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their roles as Directors. (Cont'd)

**Datuk Yogeesvaran A/L Kumaraguru** is an INED of the Company and was appointed to the Board on 31 May 2023. Given notice of his tenure, the Board approved the recommendation from the NC that should be give opportunity to contribute to the Group and supports his re-election.

The retiring Directors do not have any conflict of interest with the Company save as disclosed in the Annual Report 2023 and the Circular and Statement to the shareholders and had also abstained from deliberation and decision making on their re-election.

2. **Ordinary Resolution 5: Directors' fees**

The Directors' fees have been reviewed by the Remuneration Committee ("RC") and the Board which considered the fees are in the best interest of the Company and in accordance with the remuneration framework. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of any additional Director and/or for the formation of additional Board Committees. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

3. **Ordinary Resolution 6: Directors' Benefits**

The Directors' fees and benefits payable to the Directors have been reviewed by the RC and the Board, which recognises that the fees and benefits payable are in the best interest of the Company. The benefits payable comprises of meeting day allowances and is calculated based on the number of days scheduled for meetings of the Board and Board Committees (collectively, the Audit Committee, NC and RC). It also included contingency to account for additional unscheduled meeting days. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. **Ordinary Resolution 8: Waiver of the pre-emptive rights under Section 85 of the Companies Act 2016**

Pursuant to Section 85 of the Act read together with Clause 65 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities. In order for the Board to issue (a) all new shares in the Company, (b) all options offered or to be offered pursuant to the Company's Employees Share Option Scheme ("ESOS Options") and (c) any offers, agreements, rights, options or other convertible securities of whatever kind in respect of any new shares in the Company free of pre-emptive rights, such pre-emptive rights must be waived. The Ordinary Resolution, if passed, will exclude the shareholders' pre-emptive rights over all new shares in the Company, ESOS Options and any offers, agreements, rights, options or other convertible securities of whatever kind in the Company.

5. **Ordinary Resolution 9: Power to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

This Ordinary Resolution, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board to issued and allot ordinary shares at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 31 May 2023 and which will lapse at the conclusion of the 21st AGM. The renewal of this General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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

## Explanatory Notes: (Cont'd)

### 6. **Ordinary Resolution 10: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

This Ordinary Resolution, if passed, will allow the Company and/or its subsidiaries to enter into existing recurrent related party transactions under the Proposed Shareholders' Mandate pursuant to the provisions of the MMLR without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

Please refer to Part A of the Circular and Statement to Shareholders dated 30 April 2024 for further information.

### 7. **Ordinary Resolution 11: Proposed Renewal of Authority to Purchase its Own Shares**

This Ordinary Resolution, if passed, will allow empower the Directors of the Company to exercise the power of the Company to purchase its own shares. The total number of shares purchased shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. This authority will, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required to be held, whichever occurs first.

Please refer to Part B of the Circular and Statement to Shareholders dated 30 April 2024 for further information.

### 8. **Ordinary Resolution 12: Proposed allocation of ESOS Options to the Director of the Company namely Datuk Yogeesvaran A/L Kumaraguru**

The ESOS was approved by the shareholders of the Company at the EGM held on 20 May 2021 and subsequently became effective on 8 October 2021.

The proposed Resolution 12, if passed, will empower the Board to offer and grant to Datuk Yogeesvaran A/L Kumaraguru ESOS Options to subscribe for new Shares under the ESOS in accordance with the By-laws provided always that:-

- (i) he shall not participate in the deliberation or discussion of his/her own allocation as well as allocation to persons connected with him;
- (ii) the allocation to him, who singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), shall not exceed 10% of the total number of new Shares to be issued under the Scheme; and
- (iii) such offer and grant of ESOS Options are subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-laws, the MMLR of Bursa Securities or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities)

As at the date of this notice, no individual is standing for election as a Director at the forthcoming 21st AGM of the Company.



**EONMETALL****Eonmetall Group Berhad**Registration No. 200301029197 (631617-D)  
(Incorporated in Malaysia)**FORM OF PROXY**

No. of Shares held	CDS Account No.

I/We \_\_\_\_\_  
(Full Name in Block Letters and NRIC No./Passport No./Company No.)  
of \_\_\_\_\_ and \_\_\_\_\_  
(Address) (Tel. No./Email Address)

being a member/members of Eonmetall Group Berhad (the "Company"), hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding

\* and/or (\*delete if not applicable)

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding

as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Twenty-First Annual General Meeting ("**21st AGM**") of the Company, to be held on a fully virtual basis through live streaming and via Remote Participation and Electronic Voting ("**RPEV**") facilities through meeting platform at <https://meeting.boardroomlimited.my> on Friday, 31 May 2024 at 2.30 pm or at any adjournment thereof

Please indicate with an "x" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

ORDINARY RESOLUTION ("OR")	OR1	OR2	OR3	OR4	OR5	OR6	OR7	OR8	OR9	OR10	OR11	OR12
FOR												
AGAINST												

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

.....  
Signature of Shareholder(s)/ Common Seal

\* Strike out whichever is not desired.

**Notes :****Appointment of Proxy**

- The 21st AGM would be held via RPEV facilities through meeting platform at <https://meeting.boardroomlimited.my>. Kindly refer to the Administrative Guide for the 21st AGM in order to register, participate and vote remotely via the RPEV facilities.
- The online meeting platform is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairman of the meeting to be present at the main venue of the meeting. Shareholders / proxies from the public **WILL NOT BE ALLOWED** to be physically present. Shareholders who wish to participate in the 21st AGM will have to register online and attend remotely. Kindly read and follow the procedures in the Administrative Guide for the 21st AGM in order to participate remotely.
- A proxy may but need not be a member.
- The instrument appointing a proxy must be deposited / submitted via the following ways not less than 48 hours before the time set for holding the 21st AGM or at any adjournment thereof:-
  - By hardcopy form  
The Form of Proxy must be deposited at the registered office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia.
  - By electronic form  
The Form of Proxy can be electronically submitted through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for the procedures on electronics lodgement of Form of Proxy.
- A member entitled to attend, participate, speak and vote is entitled to appoint not more than 2 proxies to attend, participate, speak and vote instead of him. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 May 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

**Personal Data Privacy**

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 21st AGM of the Company and any adjournment thereof.

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**Affix  
Stamp**

The Company Secretaries  
**EONMETALL GROUP BERHAD**  
Registration No. 200301029197 (631617-D)  
170-09-01, Livingston Tower  
Jalan Argyll, 10050 George Town  
Pulau Pinang, Malaysia

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[www.eonmetall.com](http://www.eonmetall.com)

**EONMETALL GROUP BERHAD**

Registration No. 200301029197 (631617-D)

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