

A BRAND-NEW CHAPTER

ANNUAL REPORT 2024



EONMETALL

Eonmetall Group Berhad

Registration No. 200301029197 (631617-D)
(Incorporated in Malaysia)

A BRAND-NEW CHAPTER

Every chapter marks a new beginning, and this moment symbolises a pivotal step in our journey of growth and reinvention. As the page unfolds, it reveals more than just a new logo – it unveils our commitment to progress and innovate. This transition represents a fresh start with purpose and determination. With each step forward, we are shaping a story of resilience, evolution, and endless potential of what lies ahead.

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CORPORATE INFORMATION

Board of Directors

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

Datin Tan Pak Say
Managing Director & Chief Executive Officer

Dato' Goh Cheng Huat
Executive Director

Goh Hong Kent
Executive Director & Chief Operating Officer

Chan Theng Sung
Independent Non-Executive Director

Datuk Yogeesvaran A/L Kumaraguru
Independent Non-Executive Director

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

Yeoh Cheng Chye
Non-Independent Non-Executive Director

Goh Kee Seng
Non-Independent Non-Executive Director

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 Chairman

Dato' Mohammad Radhi Bin Abdul Razak Member

Datuk Yogeesvaran A/L Kumaraguru Member

Nominating Committee

Datuk Yogeesvaran A/L Kumaraguru Chairman

Chan Theng Sung Member

Dato' Mohammad Radhi Bin Abdul Razak Member

Remuneration Committee

Dato' Mohammad Radhi Bin Abdul Razak Chairman

Chan Theng Sung Member

Datuk Yogeesvaran A/L Kumaraguru Member

Registered Office

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

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, Pulau Pinang.

Telephone No. : (04) 582 8323
Facsimile No. : (04) 582 1525
Email : info@eonmetall.com
Website : www.eonmetall.com

Registrar

Securities Services (Holdings) Sdn. Bhd.
197701005827 (36869-T)
Suite 18.05, MWE Plaza
No. 8 Lebuhr Farquhar
10200 George Town, Pulau Pinang.

Telephone No. : (04) 263 1966
Facsimile No. : (04) 262 8544
Email : info@sshsb.com.my
Website : 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, Pulau Pinang.

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
MBSB Bank 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 2024

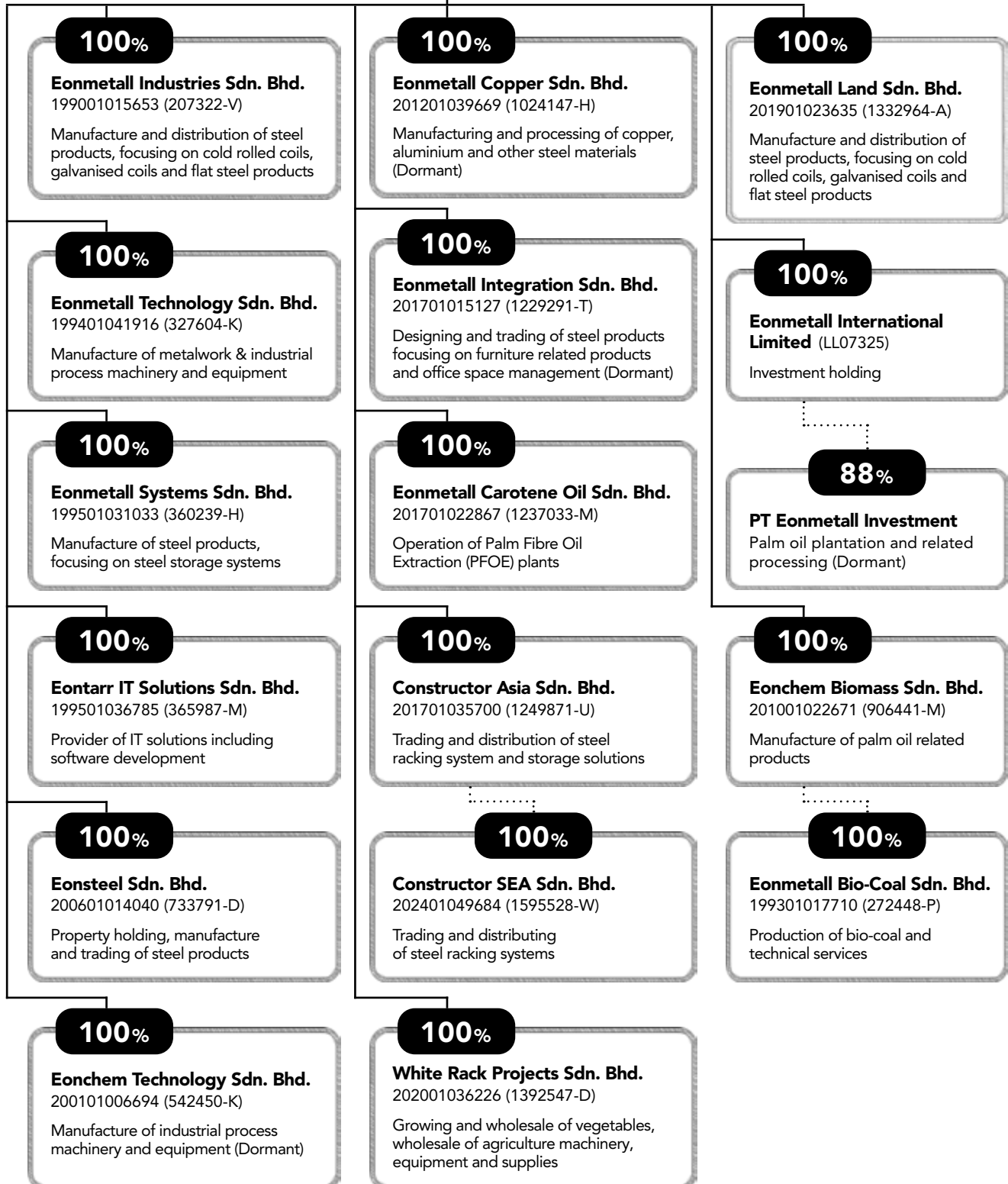
eonmetall

Eonmetall Group Berhad

200301029197 (631617-D)

EONMETALL GROUP BERHAD

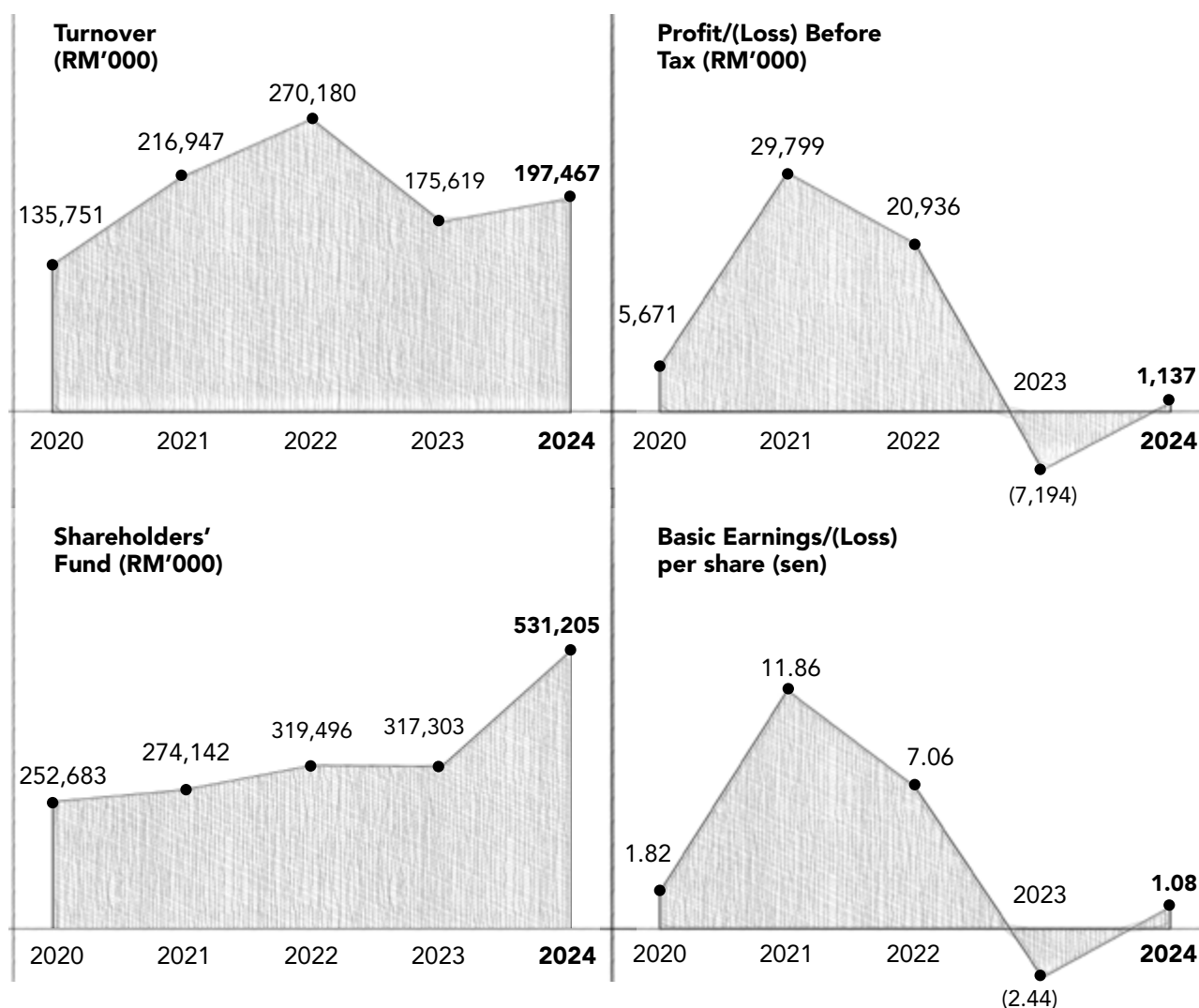
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GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
INCOME					
Turnover	135,751	216,947	256,925	173,190	197,425
Profit/(Loss) Before Tax	5,671	29,799	20,936	(7,194)	1,137
Profit/(Loss) attributable to Owners of the Company	3,468	24,164	17,675	(6,741)	3,078
FINANCIAL POSITION					
Total assets	502,158	511,732	608,263	529,352	731,391
Share Capital	106,097	106,097	137,426	137,734	145,748
Shareholders' Fund	252,683	274,142	319,496	317,303	531,205
PER SHARE					
Gross dividend (%)	3.0	0.0	2.6	0.0	0.0
Net assets per share (RM)***	1.32	1.35	1.28	1.15	1.87
Basic Earnings/(Loss) per share (sen)***	1.82	11.86	7.06	(2.44)	1.08

*** Based on weighted average number of shares in issue net of treasury shares during the financial year.



PROFILE OF DIRECTORS

TAN SRI DATO' MOHD DESA BIN PACHI

PSM, DSPN, KMN

Independent Non-Executive Chairman

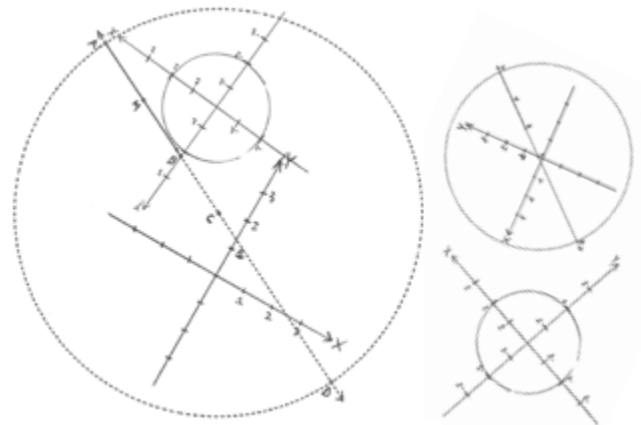
Tan Sri Dato' Mohd Desa Bin Pachi was appointed to the Board on 3 March 2005 and re-designated as Independent Non-Executive Chairman on 1 March 2018.

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.

Gender	Age	Nationality
Male	91	Malaysian

He has attended four (4) out of five (5) board meetings held during the financial year ended 31 December 2024.



EONMETALL GROUP BERHAD

DATIN TAN PAK SAY

Managing Director & Chief Executive Officer

Datin Tan Pak Say was appointed to the Board on 3 January 2025. At the same time, she also appointed as Managing Director and Chief Executive Officer.

Datin Tan Pak Say has been actively involved in the steel industry since mid-1980 upon completion of secondary education. She is instrumental in developing the business of Leader Steel Holdings Berhad Group to its present size. Previously, Datin Tan was also involved in the development of business under Eonmetall Group Berhad ("Eonmetall") via her directorship in a few principal subsidiary of Eonmetall up to 31 July 2021.

Gender	Age	Nationality
Female	63	Malaysian

Currently, she is the Managing Director of Leader Steel Holdings Berhad and its subsidiaries.

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PROFILE OF DIRECTORS



DATO' GOH CHENG HUAT

Executive Director

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.

Gender	Age	Nationality
Male	64	Malaysian

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

On 13 May 2022, he was appointed to the Board of 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 subsidiary of Eonmetall and several other private companies.

He has attended five (5) board meetings held during the financial year ended 31 December 2024.

GOH HONG KENT

Executive Director & Chief Operating Officer

Goh Hong Kent was appointed to the Board on 7 September 2020.

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.

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

Gender	Age	Nationality
Male	42	Malaysian

Currently, he is a director of subsidiary of Leader Steel Holdings Berhad.

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

He has attended five (5) board meetings held during the financial year ended 31 December 2024.



YEOH CHENG CHYE

Non-Independent Non-Executive Director

Yeoh Cheng Chye was re-designated as from Group Managing Director & Chief Executive Officer to Non-Independent Non-Executive Director on 3 January 2025.

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.

Gender	Age	Nationality
Male	56	Malaysian

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, 2021 to 2024 and reappointed for the year 2024-2027.

He has attended all five (5) board meetings held during the financial year ended 31 December 2024.

CHAN THENG SUNG

Independent Non-Executive Director

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.

Gender	Age	Nationality
Male	78	Malaysian

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 five (5) board meeting held during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS

DATUK YOGEESVARAN A/L KUMARAGURU

Independent Non-Executive Director

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.

Gender	Age	Nationality
Male	67	Malaysian

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 five (5) board meetings held during the financial year ended 31 December 2024.

DATO' MOHAMMAD RADHI BIN ABDUL RAZAK

Independent Non-Executive Director

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.

Gender	Age	Nationality
Male	62	Malaysian

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) out of five (5) board meetings held during the financial year ended 31 December 2024.

GOH KEE SENG

Non-Independent Non-Executive Director

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.

Gender	Age	Nationality
Male	69	Malaysian

He also sits on the board of a subsidiary of Eonmetall and several other private companies.

He has attended all five (5) board meetings held during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS

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 the following Directors, 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:
 - Dato' Goh Cheng Huat and Datin Tan Pak Say being husband and wife;
 - Goh Hong Kent who is the son of Dato' Goh Cheng Huat and Datin Tan Pak Say and the nephew of Goh Kee Seng;
 - Dato' Goh Cheng Huat and Goh Kee Seng being siblings.
- None of the Directors has any conflict of interest with Eonmetall Group other than as disclosed in the notes to audited financial statements. Details of the potential conflict of interest involving certain Director is disclosed in the Audit Committee Report in this Annual Report.
- Except as disclosed by Dato' Goh Cheng Huat and Datin Tan Pak Say, 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

DATIN TAN PAK SAY, 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.

OOI TEIK HUAT

Chief Financial Officer

Gender	Age	Nationality
Male	55	Malaysian

He was appointed on 3 January 2025 as Chief Financial Officer. He is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He also has a practicing certificate which qualifies him to act as Company Secretary.

He worked in an international accounting firm for more than 8 years before joining a subsidiary of Can-One Berhad as Finance Manager in 1995. He was appointed as Executive Director of Can-One Berhad Group in 2005 and left the position to assume the role of Group Chief Financial Officer of Kian Joo Can Factory Berhad Group in July 2012 and left in June 2021.

He joined Leader Steel Holdings Berhad in September 2021 and was appointed as Chief Financial Officer cum Business Controller of Leader Steel Holdings Berhad on 25 November 2021.

He was appointed as Chief Financial Officer on 18 May 2022 and was appointed to the Board on 13 January 2023 as Executive Director of Maybulk Berhad.

PROFILE OF KEY SENIOR MANAGEMENT

CHIA KANG YAO

Group Financial Controller

Chia Kang Yao was promoted as Group Financial Controller on 11 September 2024. He is a member of the Malaysian Institute of Accountants (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.

He started his career in 2008 as an Audit Assistant with audit firm and was involved in the audit of various industries from legal firm to manufacturing, trading, associations, transportation and logistics. He left the firm in year 2011, to further his study of ACCA. In year 2013, he continued his career in audit firm as Audit Senior and rejoin as Audit Supervisor in another firm in year 2014 where he held accounting and audit related positions with increasing responsibilities and scope of work.

In year 2016, he joined the Group to assist in the corporate function and is responsible for statutory reporting, corporate governance and management reporting.

Gender	Age	Nationality
Male	35	Malaysian

Following his promotion to Accountant in 2018, he was responsible for overall corporate function, statutory reporting, corporate governance and management reporting and assisted in finance.

In 2021, he was promoted as Corporate & Finance Assistant Manager and subsequently in 2022 as Corporate & Finance Manager where he was in-charge of overall corporate and finance function and was responsible for finance, statutory reporting, corporate governance and management reporting of the Group. In 2024, he oversee the whole accounting, finance and corporate department.

TEH IVAN

Deputy General Manager

Teh Ivan joined Eonmetall Industries Sdn Bhd, a wholly-owned subsidiary company of Eonmetall as Deputy General Manager on 3 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. In 1994, he started his career with MS Elevators Sdn Bhd, a company involved in the manufacturing of steel products, mainly responsible for packing and delivery. In 1997 when he graduated with a Diploma In Business Administration, he was promoted to Senior Sourcing Engineering where he was in charge of materials for production, overseeing delivery of finished products and stock planning.

During the year of 2000 to 2005, he was promoted to Engineering of Mechanical Assembly Section where he takes lead over bigger departments. In year 2006, he was again promoted to Senior Sourcing Engineer where he manages to achieve a significant cost reduction under his planning and guidance to the department. Before he left MS Elevators Sdn Bhd, he was Assistant Purchasing Manager where he managed to further reduce the cost from few major vendors during the period of service.

Gender	Age	Nationality
Male	53	Malaysian

In 2010, he joined Symmetry Medical Malaysia as Material Manager, a company involved in medical device solutions, including orthopedic implants, surgical instruments, and sterilization cases and trays. He was responsible for all procurement activities, forecast and involve in developing a supply base to comply with the requirements of ISO regulations.

In 2012, he assumed the position of Operation Manager in Marco Jewel Sdn Bhd, a company involved in doors manufacturing and he was responsible to lead a management team which include manufacturing, quality control, engineering, shipping, marketing, purchasing and human resources.

PROFILE OF KEY SENIOR MANAGEMENT

BRANDON LEONG WAI SENG

CI Manager & Head of Quality

Brandon Leong joined Eonmetall Industries Sdn Bhd, a wholly-owned subsidiary company of Eonmetall as CI Manager on 10 June 2024 in charge of 5S program and drive Lean practices in the company. He has over 20 years of experience in the manufacturing field. He was redesignated as CI Manager and Head of Quality on 7 January 2025.

Gender	Age	Nationality
Male	52	Malaysian

He graduated with BEng(Hons) in Manufacturing System Engineering from University of Warwick, UK in 1998. He started his career with Kien Hing Industry Sdn Bhd, Malaysia as PE Engineer. In 2001 he joined Sanden International (S) Ptd Ltd, Singapore as Project Engineer. He was posted overseas in 2004 to Iran and subsequently to the Philippines in 2005 as Head of Production Engineering where he manages process improvement, production line set-up and plant expansion program.

STEVEN ONG JEN KEAT

Operations Excellence Manager

Steven Ong joined Eonmetall Industries Sdn Bhd, a wholly owned subsidiary of Eonmetall, as an Operations Excellence Manager on 23 November 2022. He oversees steel product quality and factory operations. With over 25 years of manufacturing experience, he has managed production lines, store arrangements, and Quality Management Systems (QMS).

He graduated with a Higher Diploma in Electronic Engineering and a City & Guilds London certification in 1997. He began his career at Intel Technology Sdn Bhd, specializing in equipment, production and process management, new product development and setup, and supplier quality engineering.

Gender	Age	Nationality
Male	50	Malaysian

From 2012 to 2022, he served as Production and Quality Manager at Zhulian Marketing (M) Sdn Bhd and Analog Devices Inc., optimizing production, enforcing quality control, managing costs, improving logistics, training staff, and enhancing efficiency. He is also highly skilled in ISO9001, IATF16949, VDA 6.3, SQM, and QMS.

Notes :

- None of the Key Senior Management except Mr Ooi Teik Huat holds any directorship in other public companies or listed issuers.
- None of the Key Senior Management 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 Management has any conflict of interest with Eonmetall Group.
- None of the Key Senior Management has been convicted of any offences, other than traffic offences, within the past 5 years.
- None of the Key Senior Management 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 2024 ("FYE2024").

The Group recorded a profit before taxation ("PBT") of RM1.1 million in FYE 2024, higher as compared to FYE ended 31 December 2023 with LBT of RM5.4 million due to one-off gain on disposal of property during the year. Steel market has been subject to pressures on a global scale. The Group will continue to be responsive to market conditions, carry out cost mitigation measures and optimise operational efficiencies. Besides this, our Group will continue to emphasise on environmental, social and governance ("ESG") matters to enhance our sustainable value and create competitive edge.

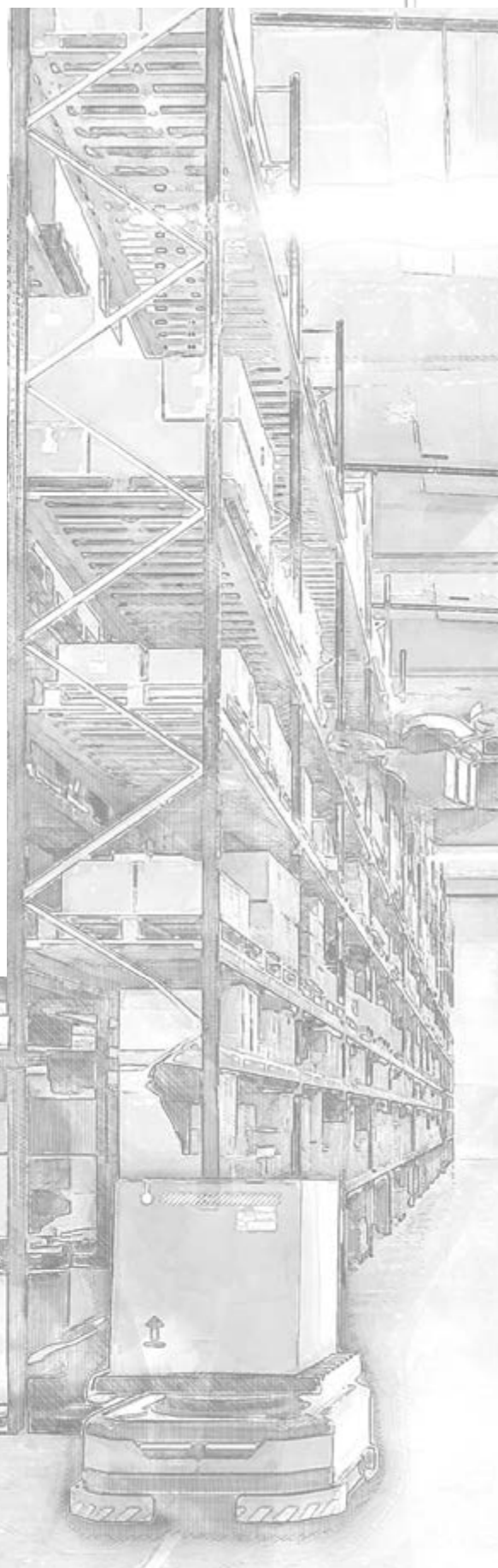
The Group's future financial performance will be influenced by the indirect effect arising from the emerging tariff war in early 2025 between major economic superpower for steel products, which may cause trade diversions and potential oversupply in other markets, potentially squeezing margins for the Group.

The Group is also preparing itself for the scheduled implementation of carbon tax in Malaysia in 2026.

The Group recognised the importance of ESG. Significant efforts and initiatives have been rolled out to address the material matters of ESG and we target to improve our FTSE Russell ESG Score from 2 stars in 2023.

On behalf of the Board of Directors, I wish to express my sincere appreciation to our management team and all our employees for their commitment, contribution and dedication to the Group. Our appreciation also goes to our valued customers, financiers, business associates, vendors, shareholders and the Government for their continuous support to our Group.

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



MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

This Management Discussion and Analysis ("MD&A") is prepared by the Management of Eonmetall Group Berhad ("the Company") and its subsidiaries ("the Group") to offer an in-depth analysis of the financial performance for the financial year ended 31 December 2024 ("FYE2024"). It provides insights into the overall performance of the Group and the Company, key business strategies, as well as the anticipated and known risks and prospects of the Group.

While comments on past performance are grounded in historical data, this MD&A incorporates forward-looking statements. Despite Management's diligence in formulating these forward-looking statements, they inherently involve uncertainties and should be interpreted with caution. These statements are made based on the Management's reasonable expectations and beliefs, considering the information available during the drafting of this MD&A and are subject to future uncertainty. Actual future performance may materially differ from the projections herein.

These statements reflect the Management's expectations regarding future growth, the general industry and economic outlook, predicted financial and operating conditions, business risks and opportunities, as well as plans and strategies of the Group. Expressions such as "seek," "project," "anticipate," "expect," "believe," "estimate," "could," "intend," "may," "might," "plan," "will," "would," and other similar expressions, or the negative of these expressions, are generally indicative of forward-looking statements.

The MD&A should be read in conjunction with the audited financial statements of the Group and the Company for FYE2024. This MD&A is the responsibility of the Management, and the Board of Directors of the Company ("Board ") has reviewed and approved it for inclusion in this Annual Report.

Business Overview:

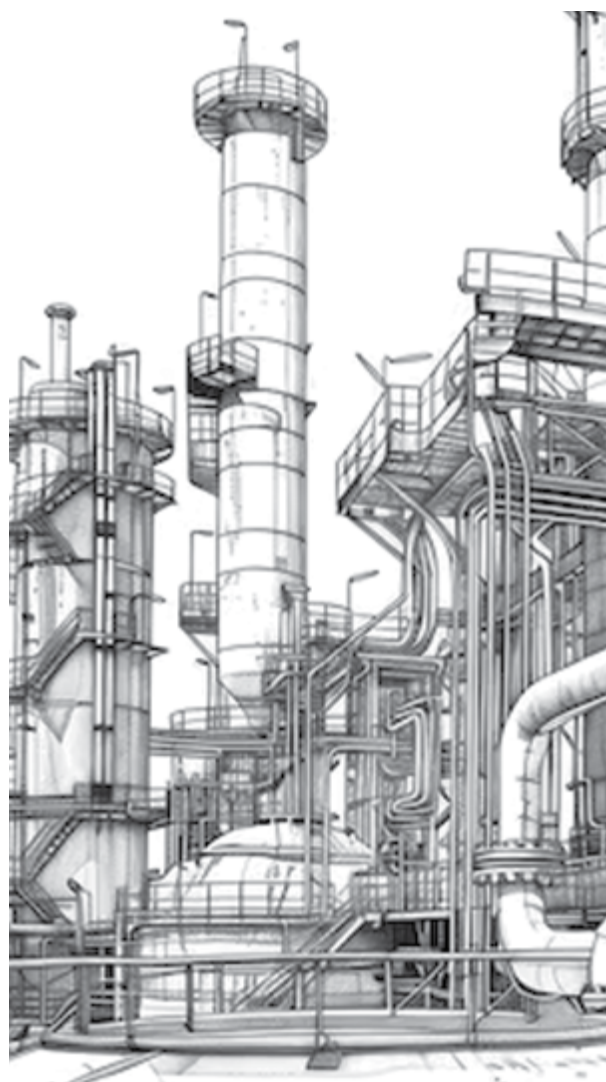
The Group is principally engaged in the manufacturing and sale of material handling systems under the "Eonmetall" and "Constructor" marques, both emerged as leading brands in their respective categories across Asia, the Middle East, and Australasia.

The Group is engaged in 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) since 2019.

The Group also caters for original equipment manufacturing (OEM) customers overseas apart from original design manufacturing (ODM) customers. The performance of our material handling systems is reported under Steel Product and Trading Activity Segment ("Steel Segment").

The Group is also involved in manufacturing of metal work and industrial process machinery and equipment where 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. The performance of this segment is reported under Machinery and Equipment Segment.

Other activities within the Group included investment in properties and other activities, the performance of which are reported under the Other Segment. This included an investment in a piece of industrial development land measuring 68.26 acres, being land located in Mukim of Kapar, District of Klang, Selangor.



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Steel Product and Trading Activity

In 2024, the Malaysian steel industry faced significant headwind such as low-capacity utilisation in Malaysia, declining global steel prices and increased competition of steel products manufactured abroad. The fluctuations in exchange rates also affected the input cost especially for products manufactured from hot-rolled steel coils.

Looking ahead, the industry's outlook will be influenced by global economic conditions with added uncertainties amid the tariff wars by major global economy powerhouse, exchange rate fluctuations, introduction of carbon tax on steel industry, and changes to the national minimum wage.

Machinery and Equipment Segment

The Group remains optimistic in the growth in Machinery and Equipment Segment due to the high crude palm oil ("CPO") price which may lead to higher demand in its palm oil related machinery.

The Group aimed to capitalise on this opportunity and will work with the players in the palm oil industry in Malaysia and Indonesia to develop and build PFOE and PKOE machinery.

The Management will continue to closely monitor industrial development and exercise caution in managing the Group's operations in the upcoming financial year to safeguard the Group's business interests and assets.

Financial Performance of the Group

The financial results of the Group for FYE2024, compared to the preceding financial year, are summarized as follows:

	FYE2024	FYE2023	Increase/ (Decrease)
Revenue (RM'000)	197,425	173,190	24,235
Gross profit ("GP")(RM'000)	14,760	21,114	(6,354)
Profit before taxation ("PBT")(RM'000)	1,137	(5,437)	6,574
Profit after taxation ("PAT")(RM'000)	3,093	(7,514)	10,607
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")(RM'000)	23,873	17,671	6,202
Gross assets (RM'000)	731,391	529,353	202,038
Shareholders' equity (RM'000)	531,206	317,303	213,903
Total borrowings and lease liabilities (RM'000)	138,234	172,394	(34,160)
No. of share in issue at year end, including treasury shares ('000)	307,783	280,084	27,699
Net assets per share (RM)	1.87	1.15	
Earnings per share (sen)			
- Basic	1.08	(2.44)	
- Diluted	1.08	(2.42)	
Debt/Equity ratio (times)	0.26	0.54	

Revenue increased by RM24.3 million to RM197.5 million (FYE2023: RM173.1 million) mainly due to higher sales from Steel Segment.

Despite the increase in revenue, GP declined by RM6.31 million to RM14.76 million (FYE2023: RM21.11 million), resulting in a lower gross profit margin. This was attributable to higher raw material costs and competitive pricing pressures in the steel market.

The Group recorded a turnaround in PBT of RM1.14 million in FYE2024, compared to a loss before tax of RM5.44 million in FYE2023. This improvement was mainly due to a one-off gain arising from the compulsory land acquisition of the Kapar Land.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance of the Group (Cont'd)

PAT improved primarily due to the recognition of deferred tax assets during the year, arising from previously underrecognized deductible temporary differences.

The Group's gross assets increased by RM202.04 million to RM731.39 million, while shareholders' equity strengthened by RM213.90 million to RM531.21 million, supported by the revaluation of properties and issue of shares pursuant to a 10% private placement exercise completed during the financial year.

Revenue

Revenue contributions from the respective segments are as follows:

	FYE2024 RM'000	FYE2023 RM'000	Increase/ (Decrease)
Steel Segment	224,530	206,246	18,284
Machinery Segment	11,506	24,342	(12,836)
Others	1,574	2,077	(504)
Total Gross Revenue	237,610	232,665	4,945
Inter-Segment Revenue	(40,185)	(59,475)	(19,290)
Discontinued operations	-	2,429	(2,429)
Net Revenue	197,425	175,619	21,806

The growth from Steel Segment was supported by a broader product mix, including some of these products carried comparatively lower margins. Conversely, revenue from the Machinery Segment declined by RM12.84 million or 52.7% to RM11.51 million (FYE2023: RM24.34 million), due to reduced commissioning activities during the year.

Employee Share Option Scheme ("ESOS")

During the financial year ended 31 December 2024, none of the granted shares have been exercised in the group.

Private placement Exercise

The Private Placement, which entailed the issuance of 25,000,000 and 2,698,700 ordinary shares at issue price of RM0.2891 and RM0.2915 per ordinary share respectively, was completed on 17 October 2024.

On 27 January 2025, the Company announced its intention to undertake a private placement of up to 30% of the total number of issued shares of the Company (excluding treasury shares). The Company announced that the listing application in relation to the Proposed Private Placement has been approved by Bursa Malaysia Securities Berhad on 9 April 2025.

Key Business Risks

The Group is exposed to a wide range of business risks, and the management is constantly monitoring and implementing risk-mitigating strategies to address these challenges.

Customer concentration risks

The Group's revenue stream is diversified, with only two largest customers contributing more than 20% of sales in FYE2024.

Credit risks

It is an industry practice to sell products on credit terms, typically granting customers between 30 to 120 days, subject to a credit evaluation process. The management conducts an annual review of credit terms and limits for each customer, with monthly assessments using ageing reports to identify potential slow-paying customers. This allows the management to take appropriate action for debt recovery.

Key Business Risks (Cont'd)

Credit risks (Cont'd)

An evaluation of expected credit loss is performed at each financial year-end to ensure an adequate allowance has been made to account for potential doubtful debts. For details on debtors' ageing analysis and allowances for doubtful debts, please refer to Note 11(g) in the Notes to the Audited Financial Statements for FYE2024.

Pricing risks

The Group's businesses are exposed to the volatility in commodity prices, particularly steel prices. The cost of steel is influenced by the international supply and demand of the commodity and can be affected by geopolitical factors.

To mitigate the impact of adverse steel price movements, the Group consistently monitors international steel prices and assesses its inventory position.

Supply Chain risks

The Group imported more than 40% of its steel direct materials to cater for its production needs.

To mitigate the risk of material shortages, the Group carefully plans for material procurement ahead of production and keeps 4 months of steel direct material in its inventory.

Contract performance risks

In the Machinery Segment, the Group entered into contracts with its customers to build, operate and transfer PKOE and PFOE plants.

The Group places significant emphasis on contractual risks by implementing robust contract reviews and legal safeguards to mitigate potential project delays, cost overruns, and disputes. The Group also maintains comprehensive quality control measures, best practices, and policies to ensure compliance with industry standards and timely project execution to fulfil its contractual obligations.

Foreign currency risks

The Group's exposure to foreign currency risks arises from transactions originating in currencies other than its functional currency. The fluctuations in foreign currency exchange rate, especially the United State Dollars (USD) will have an impact on the financial performance of the Group.

In FYE2024, approximately 22.5% of Steel Segment revenue were denominated in USD.

The Group also procure more than 40% of steel material from foreign source.

The Group constantly monitors the movements in USD to minimize exposure to these foreign currencies. When appropriate, the Group enters into foreign currency contracts to lock in the exchange rates for these currencies.

Liquidity and capital management risk

The Group maintains a healthy level of cash and cash equivalents and holds committed credit facilities from financial institutions to fulfil its short-term and long-term obligations. Long-term assets will be financed through long-term loans, with any excess funds placed in interest-bearing assets.

Interest rate risk

The Group's interest rate risks arise mainly from bank borrowings and lease liabilities. The Group borrowed at both fixed and floating rates to achieve desired interest rate profile and to manage the exposure to interest rate risks.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Business Risks (Cont'd)

Investment risk

The Group, through its wholly owned subsidiary, Eonmetall Land Sdn. Bhd. ("EML"), owned a piece of Industrial land in Kapar, Selangor ("Kapar Land").

On 28 November 2023, EML received and accepted a Notis Award dan Tawaran Pampasan ("Borang H") from Pentadbir Tanah Klang, invoking the compulsory acquisition of a portion of Kapar Land under the Land Acquisition Act 1960 ("Act 486"). The acquisition involved approximately 8,996 square meters of land for a cash consideration of RM30.4 million. This disposal was completed in the first quarter of FYE2024. The disposal resulted in a gain on disposal of RM28 million which was reported by the Group in FYE2024.

For the remaining Kapar Land, the Group intends to develop it for its own operations. However, Management may also explore options to sell or lease portions of it in the future.

These investments are subject to inherent risks, as they do not guarantee the desired returns.

Cyber risks

The evolution of cybercrime and cyber-threats due to the acceleration in digital technologies and infrastructure pose a great challenge to the Group's information system.

The Group take accountability to manage the growing threat of cyber-attacks including protecting data related to our stakeholders and business information. The following measures have been taken:

- Installation of Firewall and Antivirus applications and keep systems up to date with the latest patches to ensure proper functionality;
- Monitor Antivirus status for all users' computers/notebooks to ensure the devices are secured and free of risk from any cyber-attack

Prospect

The Group anticipates a challenging operating environment in 2025 due to several macro and microeconomic factors. These include rising cost pressures, global economic uncertainty, ongoing geopolitical tensions, tariff war between global economic powerhouse and fluctuations in foreign currency exchange rates.

The Group intends to focus on the expanding its of product range for material handling system to cater for automated warehouses. Towards this end, the Group will work towards securing new markets in Asia and Australia.

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

This MD&A was approved by the Board for inclusion in the Annual Report on 29 April 2025.





1. About This Statement

Eonmetall Group Berhad and its subsidiaries ("Eonmetall") are pleased to present this Sustainability Statement ("this Statement") for the financial year ended 31 December 2024. This Statement provides an overview of the Group's sustainability performance during FYE2024, unless stated otherwise.

Scope and Basis of Scope

This Statement focuses on sustainability matters and performance of the Group's four main subsidiaries, namely Eonmetall Industries Sdn Bhd ("EMI"), Eonmetall Technology Sdn Bhd ("EMT"), Eonmetall Systems Sdn Bhd ("EMS") and Eonmetall Carotene Oil Sdn Bhd ("ECO"), all of which are wholly owned. Other subsidiaries, as shown in the Group Structure and Principal Activities as at 31 December 2024 in the Group's Annual Report for FYE2024, have been excluded on the basis that they were either dormant, had no operational activity, or engaged only in minimal activities that were not material to the Group during FYE2024.

In this Statement, updates to some of the FYE2023 data have been indicated in the relevant sections, which is a result of enhancements in our data collection and review processes. This Sustainability Statement for FYE2024 has been approved by the Board on 29 April 2025.

Reporting Framework

This Statement has been prepared according to Bursa Malaysia's Listing Requirements for Main Market Listed Issuer, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd edition). Our Board of Directors strictly adhere to the Securities Commission's Malaysian Code on Corporate Governance; and as a Group, we are also committed to aligning our efforts with the United Nations Sustainable Development Goals ("UN SDGs").

Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered. If you have any questions or concerns regarding this Statement, please feel free to reach out to us via the following:

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

SUSTAINABILITY STATEMENT

2. Our Approach to Sustainability

Sustainability Governance

Eonmetall is committed to maintaining robust standards of sustainability governance throughout the Group, ensuring integrity, transparency, and accountability. Our governance practices are outlined in the **Board Charter** and various policy documents (see below), guiding our actions to safeguard our reputation and enhance shareholder value.

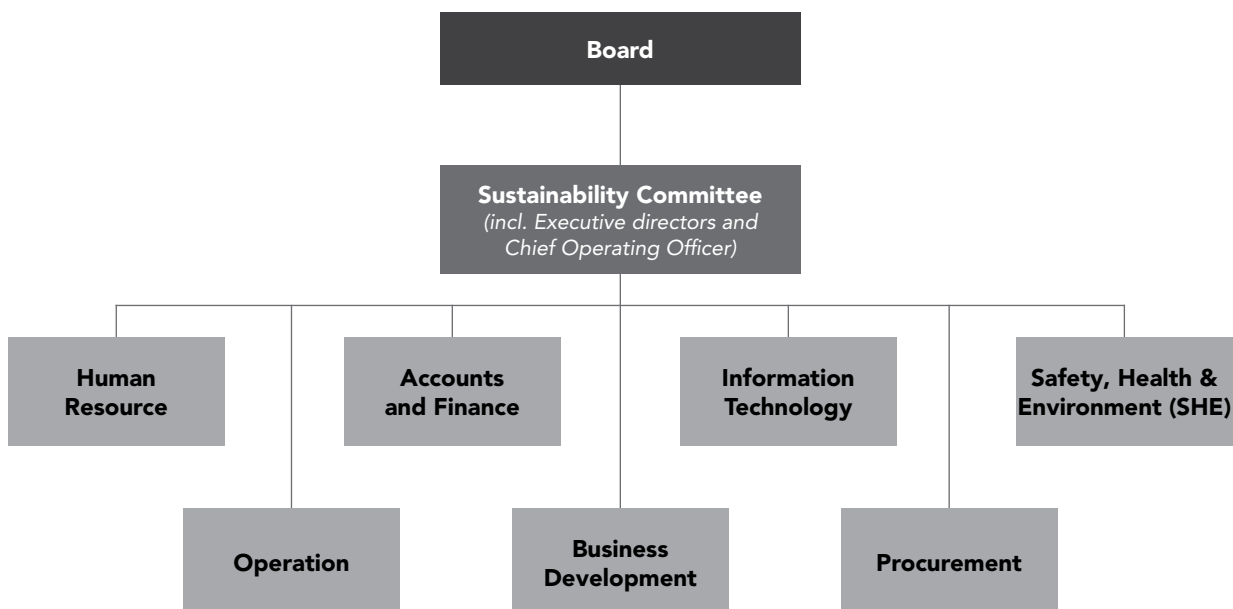
Eonmetall's sustainability governance has three levels of accountability, as illustrated in the Sustainability Governance Structure below. Their roles and responsibilities with regards to sustainability are as follows:

The **Board of Directors** ("the Board") acts as the first tier of accountability. They initiate new and approve amendments to policies, set directions and spreadhead all sustainability strategies, long term plans and in identifying material sustainability matters – they ultimately are accountable for Eonmetall's sustainable business strategy. This top-level leadership is also responsible for distilling thinking on sustainable development into all levels of Eonmetall's workforce and operations in a long-term manner.

Second tier is our **Sustainability Committee** ("SC") which comprises our Executive Directors and the Chief Operating Officer ("COO"). They are appointed by the Board to oversee and to ensure that the Group's sustainability practices, methodologies, and outcomes are aligned with the established Environmental, Social and Governance ("ESG") Policy and the common sustainability reporting frameworks and criteria, including that of Bursa Malaysia.

The third tier's sustainability responsibility is entrusted to all **Heads of Department** ("HODs"). In FYE2024, Eonmetall has further strengthened its sustainability governance structure by including two additional departments to the third tier, which are the Procurement and Safety, Health & Environment ("SHE") Departments. The HODs are responsible for the day-to-day implementation of sustainability initiatives within their department, ensuring sustainability objectives are met, contributing to the Group's overall sustainability performance.

Through this three-tier governance structure, Eonmetall fosters a culture of sustainability, integrating ESG principles into its business strategies and decision-making processes. The Sustainability Governance structure is at the Group level and applies to all of Eonmetall's subsidiaries.



Sustainability Governance Structure of Eonmetall Group Berhad

2. Our Approach to Sustainability (Cont'd)

Sustainability Governance (Cont'd)

As of FYE2024, Eonmetall has the following policies, Standard Operating Procedures ("SOPs") and guidelines in place. These are downloadable from our website:

- Whistle Blower Policy
- Code of Conduct
- Code of Ethics
- Board Charter
- Anti-Bribery and Anti-Corruption Policy
- Environmental, Social and Governance Policy

3. Stakeholder Engagement

At Eonmetall, we recognise that stakeholder engagement and feedback are an integral part of our sustainability strategy and initiatives. In FYE2023, we identified six stakeholder groups: including **shareholders and investors, customers, suppliers, regulatory authorities and industry associations, local communities**, and **our employees**, which we deemed are key to our operations and have significant influence over the impacts of our business. We continued to engage these groups at various platforms and intervals throughout FYE2024. The stakeholder engagement process which includes a proactive and both formal and informal approach, was carried out to fully understand their sustainability concerns and issues.

We also aim to improve our stakeholder engagement approach which has, over the years, evolved into more tailored and targeted engagement sessions. In this context, the following Table provides an overview of the efforts involved in our Group's focus on stakeholder engagement.

Stakeholders Groups	Engagement methods	Frequency	Key areas of concern/interest	Our response
Shareholders and investors	<ul style="list-style-type: none"> • Investor briefing sessions • Corporate announcements • Extraordinary General Meeting • Annual General Meeting (AGM) 	<ul style="list-style-type: none"> • As required • Annually 	<ul style="list-style-type: none"> • Corporate governance practices • Stable business growth • Return on investment • Continuous performance on financial and operational 	<ul style="list-style-type: none"> • Timely updates on the Group's strategy and financial performance via investor briefings and announcements • Uphold good governance practices across the Group, and supply chain
Customers	<ul style="list-style-type: none"> • One-to-one visits • Communication i.e. WhatsApp • Advertisement and social media updates • Engagement survey 	<ul style="list-style-type: none"> • As required • Daily • Monthly • Annually 	<ul style="list-style-type: none"> • Product quality and safety • Fair and reasonable pricing • Offerings on the latest products and services 	<ul style="list-style-type: none"> • Offer improved and competitive products and services • Implement strict assessments and improvements on product quality
Suppliers	<ul style="list-style-type: none"> • Briefing visits • Whistleblower platform • Evaluation of suppliers and registration 	<ul style="list-style-type: none"> • As required • On-going • Annually 	<ul style="list-style-type: none"> • Fair and robust procurement system • Support for local businesses • Social and environmental responsibility • Business ethics, anti-bribery and anti-corruption 	<ul style="list-style-type: none"> • Emphasis on provision of transparent procurement processes • Annual supplier evaluation

SUSTAINABILITY STATEMENT

3. Stakeholder Engagement (Cont'd)

We also aim to improve our stakeholder engagement approach which has, over the years, evolved into more tailored and targeted engagement sessions. In this context, the following Table provides an overview of the efforts involved in our Group's focus on stakeholder engagement. (Cont'd)

Stakeholders Groups	Engagement methods	Frequency	Key areas of concern/interest	Our response
Regulatory authorities	<ul style="list-style-type: none"> Compliance efforts 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Good governance Fair labour practices Ensure health and safety in premises Compliance with laws and regulations 	<ul style="list-style-type: none"> Compliance with regulatory requirements Strict compliance with practices outlined in the Malaysian Code on Corporate Governance Support government initiatives
Local communities	<ul style="list-style-type: none"> Charity events Informal visits 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Social and environmental responsibility Create job opportunities for local communities 	<ul style="list-style-type: none"> Giving back to communities by ways of in-kind and cash contributions
Our employees	<ul style="list-style-type: none"> Internal communication Performance appraisal Internal training courses Employee engagement activities 	<ul style="list-style-type: none"> Daily Annually and as required 	<ul style="list-style-type: none"> Remunerations and benefits Competency development Professional Learning Rewards and recognition Provide a safety working environment 	<ul style="list-style-type: none"> Promote transparent communication with employees Provide equal employment opportunities without discrimination Offer industry-competitive benefits and remuneration packages Provide relevant upskilling and development opportunities

4. Materiality Assessment

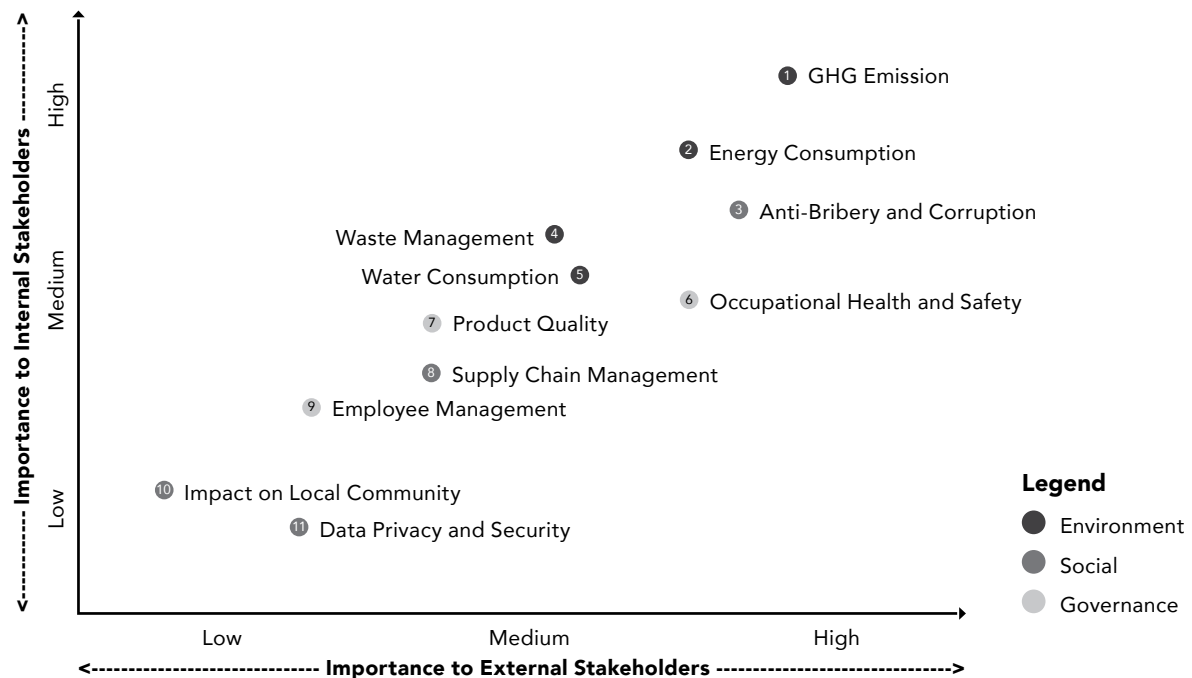
The Group acknowledges that certain issues can impact our capacity to generate value for our stakeholders, whether directly or indirectly. Hence, we have carried out a materiality assessment in FYE2023 to further understand issues of significance to both our stakeholders and to the Group. The process is summarised below.

Identification and Engagement	Prioritisation	Validation
We assembled a list of sustainability issues for assessment. Engaged our senior management team to deliberate on issues concerning our business risk, and opportunities internally and externally.	By conducting materiality assessment survey involving internal and external stakeholders, we prioritised and displayed a total of 11 material matters in our materiality matrix.	The outcomes of the materiality prioritisation process and the creation of the materiality matrix were thoroughly examined and approved by the Board.

Eonmetall's materiality assessment process

4. Materiality Assessment (Cont'd)

The result of our materiality assessment is depicted in the Group's materiality matrix below - it summarises the outcome of the materiality assessment conducted in FYE2023.



Eonmetall's Materiality Matrix

Based on the materiality assessment exercise conducted, matters material in order of significance to the Group is shown in the Table below.

Order	Material Topics
1	GHG emission
2	Energy Consumption
3	Anti-Bribery and Corruption
4	Waste Management
5	Water Consumption
6	Occupational Health and Safety
7	Product Quality
8	Supply Chain Management
9	Employee Management
10	Impact on Local Community
11	Data Privacy and Security

List of material topics in order of significance to Eonmetall

In FYE2024, the Board revisited the outcomes of the materiality assessment (above). The material matters were deemed to have continual relevance to our business activities well into FYE2024, however the Board decided that some rewordings of the material matters were required to align more closely with that of Bursa Malaysia's common sustainability matters, as follows:

- "Bribery and Corruption" has been reworded to "Anti-Bribery and Corruption"
- "General and Special Waste Management" has now been reworded to "Waste Management" to denote the inclusion of both types of waste management.
- "Labour conditions and environmental impact in supply chain" has been rephrased to "Supply Chain Management" to better reflect the various sustainability aspects of relevance to our suppliers.

SUSTAINABILITY STATEMENT

4. Materiality Assessment (Cont'd)

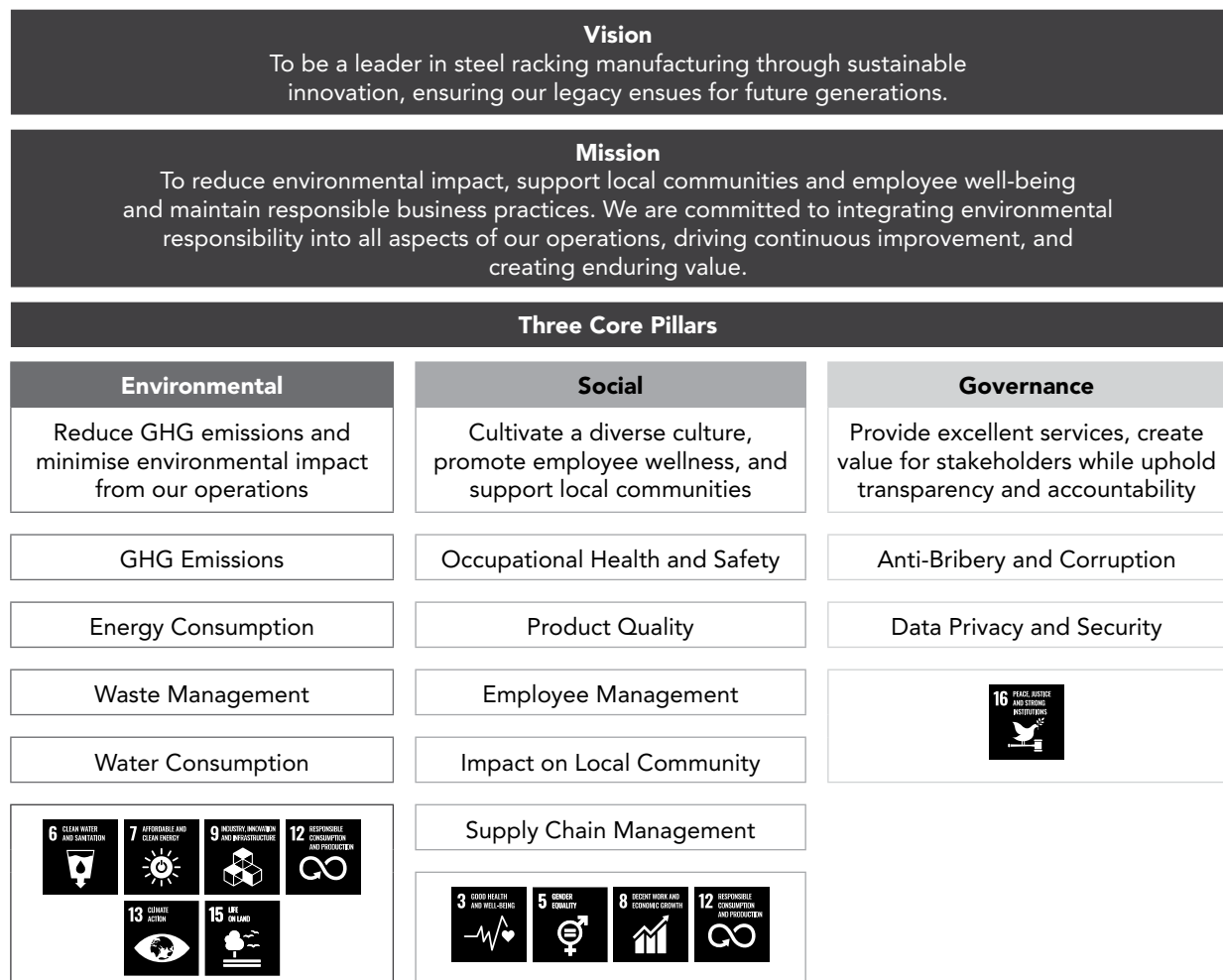
In FYE2024, the Board revisited the outcomes of the materiality assessment (above). The material matters were deemed to have continual relevance to our business activities well into FYE2024, however the Board decided that some rewordings of the material matters were required to align more closely with that of Bursa Malaysia's common sustainability matters, as follows: (Cont'd)

- "Fair employment and grievance mechanisms" has been rephrased to "Employee Management"
- "Customer Privacy" has been amended to "Data Privacy and Security" to reflect that not only data of customers matters, it should also include the Group's commercial data as well as the effort to safeguard confidential data internally.

5. Sustainability Framework

The Group's sustainability framework is underpinned by three core pillars: Environmental, Social, and Governance – we continuously aim to identify ways to reduce our environmental footprint; being inclusive to both our employees and local communities around us; we believe in creating value for our stakeholders by offering excellent quality products and services, while upholding transparency and accountability in our operations.

Our commitment can be illustrated by the Group's Sustainability Framework below which are mapped against the relevant United Nations Sustainable Development Goals (UN SDGs):



Eonmetall's Sustainability Framework

5. Sustainability Framework (Cont'd)

It should be noted that the Board has decided that Supply Chain Management (previously "Labour Conditions & Environmental Impact in Supply Chain"), which in FYE2023 was under Governance, be better positioned under the "Social" pillar from FYE2024 onwards; while Data Privacy and Security (previously "Customer Privacy") would be more appropriate to be positioned under the "Governance" pillar starting FYE2024. The Sustainability Framework above illustrates these changes.

6. Management Approach to Material Matters

Eonmetall recognises that our core business activity in producing steel products, which involves highly energy-intensive processes, could have a significant impact on the environment. We understand that these processes need to be carefully controlled and monitored if adverse impacts are not to be realised. In addition, mismanagement of these processes could also bring about unwanted financial and safety consequences. Therefore, as an environmental and socially responsible company, we strive to reduce our environmental footprint and have established and implemented the relevant policies to deliver the promise of creating long-term value for our stakeholders and communities around our operations.

Environmental Performance

In FYE2023, we started reporting on our environmental performance quantitatively: in Gigajoules ("GJ") for energy consumption, tonnes of carbon dioxide equivalent ("tCO₂e") for GHG emissions, m³ for water consumption, and finally, in tonnes for waste managed. In this regard we are pleased to be able to present meaningful comparison between FYE2023 and FYE2024 on our performance in these four material matters.

Water Management

The Group recognises the substantial consumption of fresh water in steel production, particularly during descaling processes, hence we prioritise effective water management to address the risk of water shortages and embed enhancement of efficiency across our operations. We periodically track water usage within our premises in order to identify processes and machineries with unusually high consumption. In addition, we promote water conservation among our employees through awareness campaigns and placing signages as reminder of such initiatives throughout our premises.

In FYE2024, our water consumption was **39,183 m³** (or 39.183 megalitres) marking a 7.7% increase from FYE2023 as a result of increase in production outputs.

Water consumption for FYE2023 and FYE2024			
Indicator	Unit	FYE2024	FYE2023
Total volume of water consumed	m ³	39,183 (39.183 megalitres)	36,383* (36.383 megalitres)

* Updated data

Energy Management

We recognise that responsible energy management is a key pillar of sustainable steel production, especially because we understand that it is a high-energy intensive process. We believe that gradually transitioning to renewable energy and being energy efficient is crucial to the Group's long-term success as it helps to reduce our reliance on finite natural resources, lower carbon emissions and ultimately reduce operational costs.

The main contributor to our energy consumption is from the use of electricity followed by liquefied petroleum gas ("LPG") which is used primarily in heating during steel production process. In October 2024, natural gas was added to the mix as a replacement to LPG as part of our efforts to transition to cleaner fuels. Other uses of fossil fuel such as diesel and petrol are for our vehicle fleet and factory forklifts.

SUSTAINABILITY STATEMENT

6. Management Approach to Material Matters (Cont'd)

Environmental Performance (Cont'd)

Energy Management (Cont'd)

Energy consumption for FYE2023 and FYE2024			
Energy Type	Unit	FYE2024	FYE2023
Scope 1 - Diesel	Gigajoules	2,244	2,304
Scope 1 - Petrol	Gigajoules	502	702*
Scope 1 - Liquefied Petroleum Gas (LPG)	Gigajoules	17,698	19,925
Scope 1 - Natural Gas	Gigajoules	3,266	-
Scope 2 - Electricity	Gigajoules	15,040	15,686*
Total energy consumption	Gigajoules	38,750	38,619*
Energy Intensity	GJ / Revenue (RM' million)	164.89	170.53*

* Updated data

Greenhouse Gas Emissions

Eonmetall started reporting GHG emissions data in FYE2023, as we recognise that CO₂ emissions contribute to climate change. Currently in our second year of GHG reporting, we have adopted a systematic methodology and approach guided by the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* ("the Protocol") to better quantify our data. The Group uses the operational control approach and in FYE2024, emissions data were reported in three different scopes and the relevant categories as guided by the Protocol:

Scope 1:

Scope 1 encompasses direct GHG emissions generated from sources that are owned or controlled by Eonmetall. It includes emissions from the combustion of fuels such as diesel, petrol, liquefied petroleum gas ("LPG") and natural gas used in our operations.

In FYE2024, thanks to the effective monitoring and planned effort in lowering liquid fuel consumption, diesel consumption saw a reduction of 2.6% (60 GJ), LPG consumption reduced by 11.1% (2,227 GJ) while petrol consumption has lowered by 28.5% (by 200 GJ) compared to consumption in FYE2023. The initiative to replace some of our LPG consumption with natural gas in production has resulted in a generation of 3,266 GJ from natural gas consumption up until 31 December 2024. The Group plans to completely phase out LPG by the end of year 2026.

Scope 2:

Scope 2 accounts mainly for the consumption of purchased electricity, emissions at a source that is outside the control of the Group. As electricity is a main energy source in our operations, assessing Scope 2 emissions enables us to identify opportunities for energy efficiency improvements and transition to renewable energy sources in reducing our carbon footprint and advancing our sustainability objective. In FYE2024, electricity consumption had reduced by 4.1% (646 GJ).

Scope 3:

Scope 3 includes all other indirect value chain emissions. In FYE2024, our data collection efforts included two of the 15 Scope 3 categories: Category 6 Business Travel and Category 7 Employee Commute, which were not reported in FYE2023. As part of our commitment to reduce dependence on fossil fuel which is a non-renewable resource, Eonmetall promotes the use of electric or hybrid electric vehicles ("EVs") and has installed two electric chargers for employee usage in FYE2023.

6. Management Approach to Material Matters (Cont'd)

Environmental Performance (Cont'd)

Energy Management (Cont'd)

Greenhouse Gas Emissions (Cont'd)

Total Emissions by Scopes (tCO ₂ e)		
Scope	FYE2024	FYE2023
Scope 1	1,473	1,478*
Scope 2	3,233	3,303*
Scope 3**	384	Data not available
Total tCO ₂ e	5,090	4,781*

* Updated data

** Category 6 Business Travel and Category 7 Employee Commute.

Waste Management

We understand that inadequate waste management, in particular hazardous waste, poses significant risks, impacting quality of air, soil and water in our surroundings, as increased exposure to hazardous materials can negatively impact the quality of life to both our employees and neighbouring communities. Therefore, we prioritise responsible management of wastes in all aspects of our operations.

For example, employees who are involved in handling hazardous waste strictly adhere to the **Chemical Waste SOP** as part of the **Factory Waste Management Strategy** to ensure no spillage. This practice also ensures the optimisation of raw steel material, minimising waste. Segregated hazardous waste is also handled and stored safely in a designated closed-door area which was constructed during FYE2024. These wastes are regularly tracked, recorded and monitored carefully following the SOP.

In FYE2024, Eonmetall generated a total of 1,032 tonnes of waste. Much of these (over 98%) were sent for recycling or re-treated for other uses; only about 14.22 tonnes (or 1.4%) were general waste sent for disposal.

In terms of the total waste generated, compared to FYE2023, there was an increase of about 44% in FYE2024, this is due to better tracking of data especially in schedule waste management and more precise measurement of material scraps.

Total Waste Managed (tonnes)		
Indicator	FYE2024	FYE2023
Total waste diverted from disposal (or recycled)	1018.14	718.42
Total waste directed to disposal	14.22	Data not available*
Total waste generated	1032.36	718.42

* Activity was not monitored in FYE2023

For recyclable materials, we adopt the 3R approach: reduce, reuse, and recycle, while educating our employees about the significance of sustainable waste management.

Other waste reduction initiatives that took place in FYE2024 include:

- Reuse of powder carton boxes as part of our packaging materials
- Repurpose of reject material (steel) parts to use as bins and racks for storage
- Purchase of recycled paper for packing materials
- Digitalisation of office operations wherever possible, thereby reducing the usage of virgin paper

SUSTAINABILITY STATEMENT

6. Management Approach to Material Matters (Cont'd)

Social Performance

Impact on Local Community

Eonmetall values its relationship with the communities in which it operates and understands the significance of contributing to their well-being. In FYE2024, to encourage locals to source their vegetables locally to reduce their carbon footprint, the Group ventured into hydroponic farming as one of its sustainability pilot projects. In addition, aside from selling the bulk of the produce to the public, the Group also donated some of the produce to a school and an elderly care home in vicinity. A donation of RM2,000 was also made to a school nearby in upgrading its library, benefiting a total of 250 pupils.

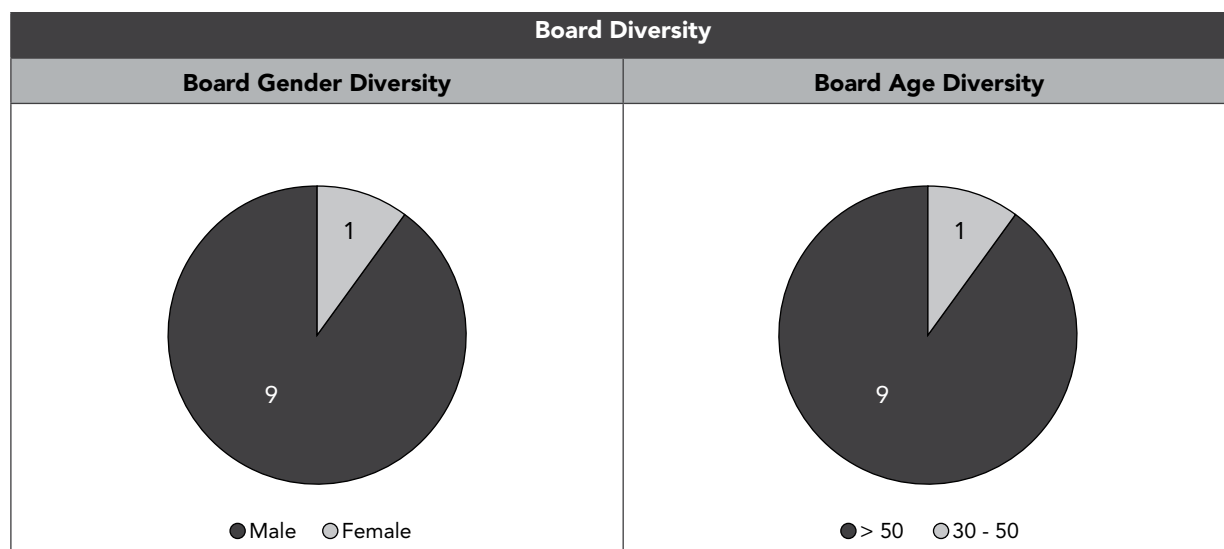
Total Amount Invested in Communities			
Indicator	Unit	FYE2024	FYE2023
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	RM 2,190	0
Total number of beneficiaries of the investment in communities	Persons	272	0

Diversity and Inclusion

We firmly recognise that diversity, equity, and inclusion ("DEI") are fundamental pillars for fostering a culture of innovation and creativity, which are imperative for driving the Group forward in today's competitive market landscape. We are committed to nurturing an inclusive culture beyond mere compliance; it is deeply ingrained in our corporate ethos and serves as a guiding principle in all aspects of our operations. Also, because embracing diversity enables us to tap into a wider pool of talent, it only makes business sense that we do so in all phases of human resource planning - from recruitment, talent development and to career advancement of our employees.

As a result, we actively recruit talent from a variety of backgrounds, race, gender, ages and nationalities, taking into consideration the individual's goals and ambitions.

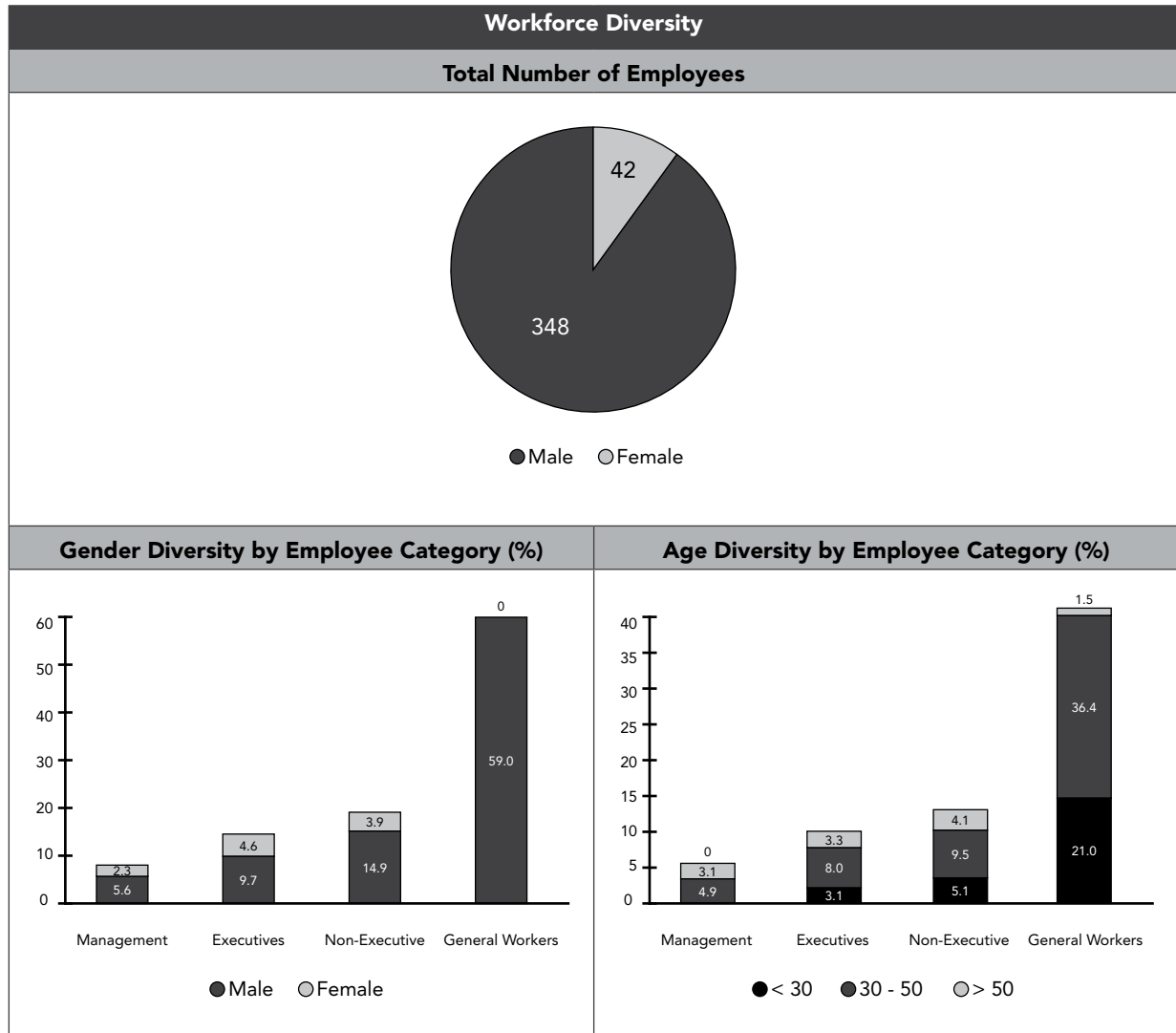
Information on board diversity is illustrated in the table below.



6. Management Approach to Material Matters (Cont'd)

Social Performance (Cont'd)

Diversity and Inclusion (Cont'd)



In FYE2024, the total headcount at the end of the reporting period was 390. The breakdown by gender and age are provided in the figures above.

Employee Management

Eonmetall views our employees as contributors to our success and expansion. We are committed to the recruitment, development, and retention of high-performing individuals within the Group. Furthermore, we invest in professional training programs to ensure that our employees remain professionally competitive, forward-thinking, and well-prepared for the future.

Talent Acquisition and Retention

We have established a resilient and sustainable talent pipeline that is critical to Eonmetall. We rigorously recruit individuals based on their merits, skills, experience, and suitability for roles within the Group, while aligning with the Group's values, culture, and vision. This fair recruitment principle ensures we cultivate a strong employer brand that appeals to top-tier talent.

SUSTAINABILITY STATEMENT

6. Management Approach to Material Matters (Cont'd)

Social Performance (Cont'd)

Employee Management (Cont'd)

Talent Acquisition and Retention (Cont'd)

The Table below shows the total headcount by the end of FYE2024 (390), as compared to 422 in FYE2023, including all local, expats and foreign employees.

Percentage of Employees that were Contractors or Temporary Staff		
Employee Category	FYE2024	FYE2023
Permanent employees	100%	100%
Temporary/Contract employees	0%	0%
Total Employees	390	422

In FYE2023, the Group onboarded 72 new employees, while 58 employees resigned from their positions. In FYE2024, the Group onboarded 50 new employees with 76 resignations. The rate of new hire and turnover in percentage is shown in the table below.

New Hire and Turnover Rate		
Indicator	FYE2024	FYE2023
New hire rate (%)	12.8%	17%
Turnover rate (%)	19.4%	13.7%

The percentage shown for FYE2024 is based on the total number of voluntarily resignations: 1 from management, 7 executives, 23 non-executive or technical employees and 45 general workers, which totalled to 76 employees.

Total Number of Employee Turnover by Employee Category		
Employee Category	FYE2024	FYE2023
Management	1	2
Executive	7	9
Non-executive/Technical Staff	23	14
General Workers	45	33
Total	76	58

Talent Development

To retain our skilled workforce, we offer opportunities for high-potential employees to grow and advance into senior positions within the Group. We believe that providing training to employees will lead to enhanced customer service, increased productivity, improved efficiency, and in general, a better and safer working environment. In FYE2024 we have identified certain gaps in skillsets and have set out to address these gaps by providing the relevant training to ensure ongoing relevance.

In FYE2024, a total of 28 training sessions totalling 3,224 hours covering financial management, quality management and occupational health and safety topics have been provided to our employees, as compared to FYE2023 where our employees completed a total of 2,216 training hours. This figure represents an increase of 46% in total number of training hours, illustrating our commitment towards upskilling and reskilling our workforce.

6. Management Approach to Material Matters (Cont'd)

Social Performance (Cont'd)

Employee Management (Cont'd)

Talent Development (Cont'd)

Employee Training (excluding OHS Training) in FYE2024		
No.	Date	Training Program
1	March	The Essentials of E-Invoicing in Malaysia
2	April	Powder Coating System
3	May & June	Microsoft Excel Intermediate & Advanced
4	May	<i>Seminar Mencegah dan Membasmi Amalan Buruh Paksa di Malaysia</i>
5	May	Practical Failure Modes and Effects Analysis (Alignment of VDA and AIAG FMEA Handbooks)
6	June	High Performance Work Team
7	July	Group Coaching - American Retail
8	August	Collective Leadership
9	August	Beyond Compliance: Achieving Excellence in Bursa's Enhanced Sustainability Reporting
10	August	<i>Forum Khas LHDN, KWSP, SOCSO, JTK</i>
11	September	Communication Training
12	October	NUS Executive Course - General Management Programme
13	November	BDO Tax Seminar on Budget 2025
14	November	E-Invoicing
15	November	Anti-Bribery & Corruption in Workplace
16	November	ESG Awareness

Total Number of Training Hours by Employee Category (including OHS Training)			
	Indicator	FYE2024	FYE2023
Management	Total man-hours of training	930	336
Executive	Total man-hours of training	1,196	616
Non-executive/Technical Staff	Total man-hours of training	818	1,008
General Workers	Total man-hours of training	280	256
Total man-hours of training		3,224	2,216

Remuneration and Benefits

Eonmetall is committed to offering fair and competitive compensation and benefits that adhere to legally required standards, with the goal of enhancing employee retention, morale, and overall satisfaction. In FYE2024, all full-time employees received a comprehensive benefits package, including medical coverage, hospitalisation insurance, travel allowance, and other benefits. The assessment of these benefits took into consideration of career span, tenure, and positions in Eonmetall, aiming to cultivate a motivating environment that attracts and retains top talents.

As with FYE2023, FYE2024 has recorded no substantiated complaints concerning human rights violations.

SUSTAINABILITY STATEMENT

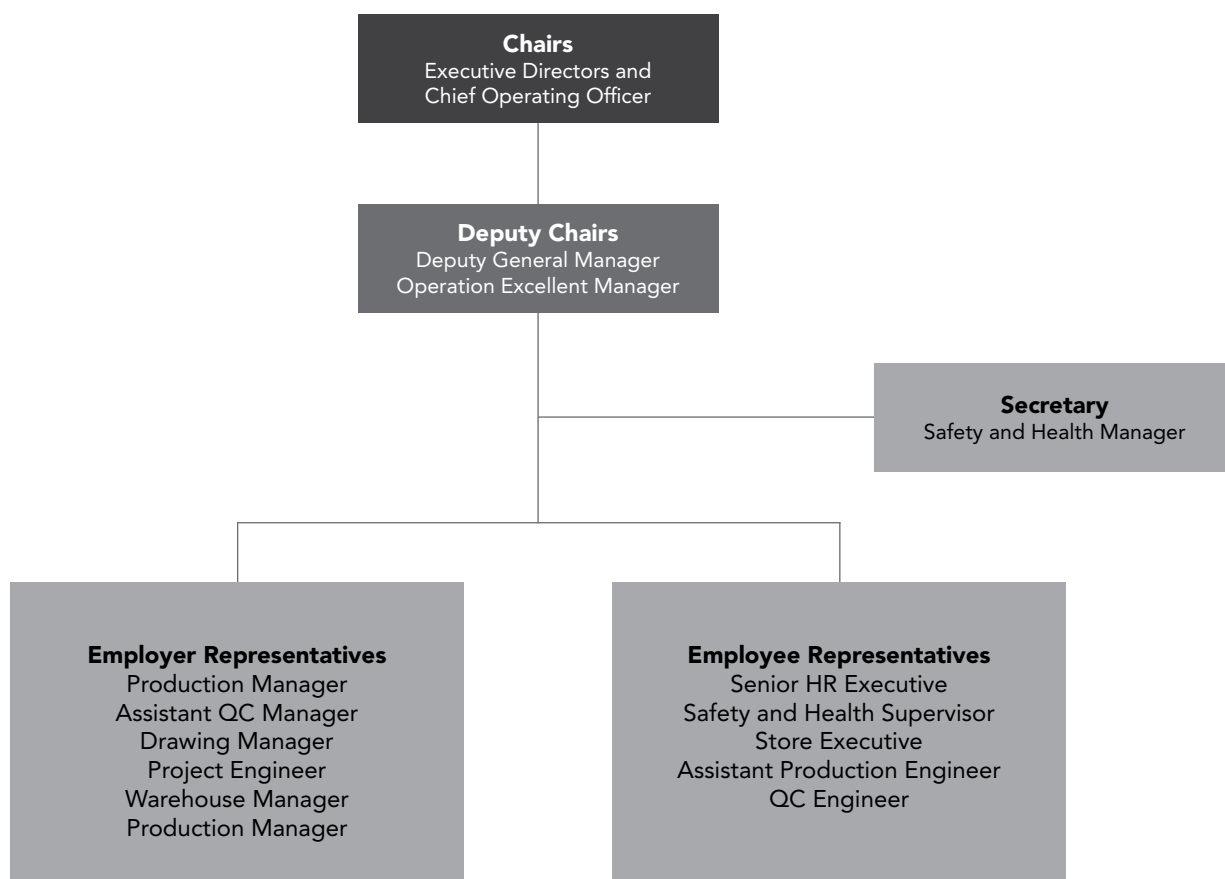
6. Management Approach to Material Matters (Cont'd)

Social Performance (Cont'd)

Health and Safety

The importance of health and safety transcends regulatory compliance; it is a moral imperative and a strategic investment. A safe workforce is a motivated and productive workforce. Prioritising the health and safety of our employees is our top priority – doing so not only enhances their quality of life but also ensures operational efficiency and resilience. As such we are committed to creating a secure and supportive environment, with a focus on preventing any occupational injuries and illnesses of all employees and contractors while working at our premises.

We subscribe to strictly comply with the **Occupational Safety and Health Act 1994** and **Environmental Quality Act 1974** in all our operations. In addition, we also take the **Safety, Health and Environmental ("SHE") Policy**, the **Management System Procedure**, internal communications and safety rule reminders very seriously. The established **Safety Committee** (Figure below) at the Group level is tasked with overseeing and monitoring any ongoing safety and health initiatives which were being implemented in FYE2024.



Safety Committee of Eonmetall Group Berhad

6. Management Approach to Material Matters (Cont'd)

Social Performance (Cont'd)

Health and Safety (Cont'd)

The Table below shows the total number of training duration and departments involved in OHS training in FYE2024.

Health and Safety Training (OHS) Conducted in FYE2024				
No.	Training Programme	Training Date	Hours	Total No. of Attendees
1	Emergency Response Team Training (Theory)	January	1	17
2	Emergency Response Team Training	January	1	11
3	Visual Management	February	1	11
4	Certified Environmental Professional in Scheduled Waste Management	May & July	40	2
5	Hearing Conservation Program (HCP)	July	8	27
6	Chemical Safety Management Training	July	8	30
7	Psychosocial Risk Factors in The Workplace: Assessment & Mitigation	August	8	1
8	Safety & Health Conference 2024 -Transforming OSH for Resilient Tomorrow	August	16	1
9	Security Policy & Procedures	September	1	8
10	OSH Coordinator	November	24	1
11	Oil & Gas Safety Passport (Remote Learning)	November	8	2
12	Working Safety at Height	November	16	2

Total Number of Employees Trained on Occupational, Health and Safety (OHS)			
Indicator	Unit	FYE2024	FYE2023
Number of employees trained on health and safety standards	Number	95	97

In FYE2024, there were a total of six lost time injury ("LTI") incidents resulting in a Lost Time Incident Rate ("LTIR") of 1.10. A root cause investigation was conducted after each of these incidents; with corrective actions identified and implemented, including health and safety refreshers and sharings of lessons learnt.

Eonmetall's Performance on Occupational Health and Safety Incidents			
Indicator	Unit	FYE2024	FYE2023
Number of work-related fatalities	Number	0	0
Number of lost time injuries	Number	6	0
Lost Time Incident Rate ("LTIR")	Rate	1.10	0

SUSTAINABILITY STATEMENT

6. Management Approach to Material Matters (Cont'd)

Social Performance (Cont'd)

Product Quality

Product quality is a core principle ingrained in the Eonmetall culture. Our over 30 years history of success is a result of providing products that have gained the confidence of our customers, created satisfaction, and have taken their interest into consideration. This requires a holistic approach to quality and safety across our value chain.

To achieve the objective mentioned, and to always live up to our ethos of "Customer's Satisfaction First", the Group has long established a Quality Management System ("QMS") to monitor and control the entire production process. On the management side, we aim to meet our customers' high expectation for high quality products throughout our business process in planning, development, production to after-sales service.

In addition, because safety is a non-negotiable principle at Eonmetall, we promote a culture of producing high quality products while adhering to safety standards. Throughout our workforce, we adhere to all strict health and safety regulations applicable to the steel production industry by regulators for the markets we operate in. The fact that our products have successfully entered markets in Asia Pacific, the Middle East, North Africa and the USA is a testament to such high standards.

To enhance the quality of services we provide to our customers, our technical employees continuously undergo comprehensive training. For example, employees involved in production are required to participate in training programs on product knowledge and soft skills development to meet the standards by our Quality Policy in alignment with the ISO9001:2015 standard.

In FYE2024, Eonmetall held the following international certifications:

- ISO 9001:2015 Quality Management system ("QMS") on racking system, certified by Intertek
- QAS International Certification on coils (raw material) compression testing, certified by SIRIM QAS International

Governance Performance

Anti-Corruption

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 and Anti-Corruption Policy** ("ABC Policy"), we 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 ABC Policy. This policy undergoes regular reviews to ensure compliance with the provisions of the Malaysian Anti-Corruption Commission ("MACC") Act 2009. In addition to our employees, any agents, representatives of the Group who are consultants, independent contractors, external agencies or any party that has a business relationship with the Group is required to sign the "Corruption-Free Pledge".

We also constantly reiterate the principles of the ABC Policy to all employees. It is mandatory for new employees to familiarise themselves during orientation sessions on the Group's policies, with a focus on anti-corruption and anti-bribery measures. Additionally, our **Whistle Blower Policy** has established a platform for employees and external stakeholders to confidentially report any unethical practice through email or telephone. The **Code of Conduct ("CoC")**, ABC Policy, and Whistle Blower Policy are readily accessible on our website, ensuring their availability to all stakeholders.

As of 31 December 2024, we recorded zero incidents of corruption across Eonmetall's business operations.

Confirmed Incidents of Corruption and Action Taken

Indicator	FYE2024	FYE2023
Total number of confirmed incidents of corruption	0	0

6. Management Approach to Material Matters (Cont'd)

Governance Performance (Cont'd)

Anti-Corruption (Cont'd)

Percentage of Operation Assessed for Corruption-related Risks		
Indicator	FYE2024 (%)	FYE2023 (%)
Percentage of Operation Assessed for Corruption-related Risks	0	0

Percentage of Employees Who Received Training on Anti-Corruption		
Employee Category	FYE2024 (%)	FYE2023* (%)
Management	68	0
Executive	57	0
Non-executive	40	0
General Workers	0	0

* Anti-corruption training was not conducted in FYE2023

Supply Chain Management

Steel production requires a large volume of raw materials, which has a wide-ranging impact across local community, workers, and the ecosystem. As a frequent purchaser of these resource-intensive raw materials, we prioritise sourcing from local suppliers over those from overseas to reduce our carbon footprint. 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.

In FYE2023 Eonmetall planned to formulate a sustainability assessment to screen suppliers with a sustainability scoring system. However this plan has been postponed to financial year ending 2025 to allow for development of a more robust program. In the coming years, our major suppliers must adhere to a defined set of sustainability standards, highlighting their commitment to ethical conduct, occupational health and safety compliance, environmental responsibility, and human rights principles.

The Group is pleased to report that in FYE2024 a total of 59.5% was spent on procuring from local suppliers, as compared to 55.8% on the same in FYE2023. This is an increase of 3.7% from the previous financial year, showing our commitment in supporting local suppliers and businesses.

Procurement from Local Suppliers		
Indicator	FYE2024	FYE2023
Proportion of spending on local suppliers (%)	59.5%	55.8%

SUSTAINABILITY STATEMENT

6. Management Approach to Material Matters (Cont'd)

Governance Performance (Cont'd)

Data Privacy and Security

The increased adoption of digital technologies due to recent trends such as remote work, e-commerce, and automation has increased the risks posed by cyber threats and undermined data security. As a result, there is a growing responsibility to safeguard our data and secure customers' personal information to prevent any potential data breaches or losses.

At Eonmetall, the oversight of data privacy and security is at the heart of our IT Policy and Procedure. The IT Manager or Head of Department has been tasked to oversee and to maintain the IT policy and ensure Group-wide adherence of the Policy. This is to ensure all data with regards to Eonmetall's business, its clients and customers' information is safe, remains confidential while we safeguard its integrity.

In addition, Eonmetall has in place a security firewall system to safeguard our networks against external cyber threats. We regularly train our employees to identify phishing emails. During FYE2024, we deployed anti-malware to prevent cyber threats, this in turn safeguarded all data on the server and ensured operational continuity. As with FYE2023, there has been no incident of data breaches in FYE2024, and no substantiated complaint lodged regarding the loss of customer data or breaches of customer privacy.

Cybersecurity and Data Protection			
Indicator	Unit	FYE2024	FYE2023
Number of substantiated complaints concerning breaches of customer privacy or lost of customer data	Number	0	0

7. Statement of Assurance

The non-financial data presented in this Statement has been reviewed by both internal and external parties. All the data concerning the Group's material topics have been validated by Eonmetall's internal teams, especially by the Heads of Department. Going forward, Eonmetall has plans to subject its sustainability statement to an internal review by its internal audit team or externally by an independent assurance body.

8. Performance Data Table

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	0.00	67.70
Executive	Percentage	0.00	57.10
Non-executive/Technical Staff	Percentage	0.00	39.70
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	2,190.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	272

Internal assurance External assurance No assurance (*)Restated

8. Performance Data Table (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0.00	0.00
Management Between 31-50	Percentage	4.50 *	4.90
Management Above 50	Percentage	2.80 *	3.10
Executive Under 30	Percentage	2.80 *	3.10
Executive Between 31-50	Percentage	5.70 *	8.00
Executive Above 50	Percentage	3.60 *	3.30
Non-executive/Technical Staff Under 30	Percentage	8.10 *	5.10
Non-executive/Technical Staff Between 31-50	Percentage	9.50 *	9.50
Non-executive/Technical Staff Above 50	Percentage	3.30 *	4.10
General Workers Under 30	Percentage	23.90 *	21.00
General Workers Between 31-50	Percentage	34.40 *	36.40
General Workers Above 50	Percentage	1.40 *	1.50
Gender Group by Employee Category			
Management Male	Percentage	5.50 *	5.60
Management Female	Percentage	1.90 *	2.30
Executive Male	Percentage	9.00 *	9.70
Executive Female	Percentage	3.10 *	4.60
Non-executive/Technical Staff Male	Percentage	15.90 *	14.90
Non-executive/Technical Staff Female	Percentage	5.00 *	3.80
General Workers Male	Percentage	59.70 *	59.00
General Workers Female	Percentage	0.00	0.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	90.00	90.00
Female	Percentage	10.00	10.00
Under 30	Percentage	0.00	0.00
Between 31-50	Percentage	10.00 *	10.00
Above 50	Percentage	90.00 *	90.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	10,727.50 *	10,763.88
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	1.10
Bursa C5(c) Number of employees trained on health and safety standards	Number	97	95
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	336	930
Executive	Hours	616	1,196
Non-executive/Technical Staff	Hours	1,008	818
General Workers	Hours	256	280
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00

Internal assurance External assurance No assurance

(*) Restated

SUSTAINABILITY STATEMENT

8. Performance Data Table (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Labour practices and standards)			
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	2	1
Executive	Number	9	7
Non-executive/Technical Staff	Number	14	23
General Workers	Number	33	45
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	55.80	59.50
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	36.383000 *	39.183000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	718.41	1,032.36
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	718.41 *	1,018.14
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	No Data Provided *	14.22
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,478.00 *	1,473.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	3,303.00 *	3,233.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	384.00

Internal assurance

External assurance

No assurance

(*)Restated

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 2024 ("**FYE2024**") 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 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 nine (9) members; three (3) Executive Directors, four (4) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors, as at the date of this Annual Report as follows:

Position	Directors
Independent Chairman Non-Executive Chairman	Tan Sri Dato' Mohd Desa Bin Pachi
Managing Director & Chief Executive Officer	Datin Tan Pak Say
Executive Director & Chief Operating Officer	Goh Hong Kent
Executive Director	Dato' Goh Cheng Huat
Independent Non-Executive Directors	Chan Theng Sung Dato' Mohammad Radhi Bin Abdul Razak Datuk Yogeessvaran A/L Kumaraguru
Non-Independent Non-Executive Directors	Yeoh Cheng Chye Goh Kee Seng

On 3 January 2025, Datin Tan Pak Say was appointed as the Managing Director & Chief Executive Officer to replace Mr Yeoh Cheng Chye who re-designated as Non-Independent Non-Executive Director ("**Non-INED**") on the even date. On the same day, Dato' Wahab Bin Hamid and Madam Tang Yin Kham retired as Non-INEDs.

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.

The concept of independence as adopted by the Board is consistent with definition of Independent Non-Executive Director ("**INED**") outlined in Paragraph 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Board of Directors (Cont'd)

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 FYE2024, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions, appointment of new Executive Director ("ED"), policies and procedures, sustainability as well as Directors' fees and benefits payable.

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	4/5	-	-	-
Datin Tan Pak Say ⁽¹⁾	-	-	-	-
Goh Hong Kent	5/5	-	-	-
Dato' Goh Cheng Huat	5/5	-	-	-
Yeoh Cheng Chye	5/5	-	-	-
Chan Theng Sung	5/5	4/4	2/2	2/2
Dato' Mohammad Radhi Bin Abdul Razak	4/5	3/4	2/2	2/2
Datuk Yogeesvaran A/L Kumaraguru	5/5	4/4	2/2	2/2
Goh Kee Seng	5/5	-	-	-
Dato' Wahab Bin Hamid ⁽²⁾	5/5	4/4	2/2	2/2
Tang Yin Kham ⁽²⁾	5/5	4/4	-	-

Notes:

- (1) Datin Tan Pak Say was appointed as Managing Director & Chief Executive Officer of the Board on 3 January 2025. Her attendance at the meetings of the Board is counted from her appointment date.
- (2) Dato' Wahab Bin Hamid and Madam Tang Yin Kham retired from the Board and Board Committees on 3 January 2025. Both attended all meetings of the Board and Board Committees held during FYE2024 up to the date of their retirement.

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 attendance to the meetings of the Board and Board Committees.

In addition, all of the Directors do not hold more than 5 directorships in 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, Datin Tan Pak Say had attended the Mandatory Accreditation Program ("MAP") Part I prescribed under the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Board of Directors (Cont'd)

All Directors have complied with the provision of MMLR in relation to MAP Part II: Leading in Impact ("MAP Part II"), except Datuk Yogeesvaran A/L Kumaraguru and Mr Goh Kee Seng, who have registered for the MAP Part II and will comply by 1 August 2025.

Directors regularly enhance their knowledge and stay updated on latest statutory and regulatory requirements through briefings provided by Internal Auditors, External Auditors, Company Secretaries and management during the Audit Committee and Board meetings, as applicable.

In compliance with Paragraph 15.08 of the MMLR, the Directors had attended the following seminar/webinar/conference/trainings in FYE2024:

Directors	Training, Conferences or Seminars
Tan Sri Dato' Mohd Desa Bin Pachi	<ul style="list-style-type: none"> Khazanah Megatrends Forum 2024 MAP Part II
Datin Tan Pak Say	<ul style="list-style-type: none"> Within and Beyond the Will: Strategies to Prevent Family Feuds Managing Misconduct in the Workplace BDO Tax Seminar on Budget 2025: Building Fiscal Resilience Sustainable Investing, Ethical Wealth Management, and AMLA Compliance: Aligning Financial Goals with Social Impact Understand Anti-Bribery and Corruption 17th World Chinese Entrepreneurs Convention (WCEC) MAP Part II
Goh Hong Kent	<ul style="list-style-type: none"> MAP Part II Anti bribery & ESG awareness Collective leadership
Dato' Goh Cheng Huat	<ul style="list-style-type: none"> MAP Part II Understand Anti-Bribery and Corruption
Yeoh Cheng Chye	<ul style="list-style-type: none"> MAP Part II
Chan Theng Sung	<ul style="list-style-type: none"> MAP Part II
Dato' Mohammad Radhi Bin Abdul Razak	<ul style="list-style-type: none"> MAP Part II

Datuk Yogeesvaran A/L Kumaraguru and Mr Goh Kee Seng did not attend any external training during the financial year, but they have enhanced their knowledge and kept abreast with the latest developments on statutory and regulatory requirements from the briefings given by the Internal Auditors, External Auditors, and the Company Secretaries from time to time during the Audit Committee and Board Meetings. Moving forward, the Nominating Committee will ensure that all Directors attend external training programmes periodically.

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. The Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Board of Directors (Cont'd)

Board Responsibilities (Cont'd)

These Board Committees comprise solely of Non-Executive Directors ("NED") 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 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Board of Directors (Cont'd)

Separation of Position of Chairman and MD&CEO (Cont'd)

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.

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, regulatory and corporate governance 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2. Demarcation of Responsibilities (Cont'd)

Board Charter (Cont'd)

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.

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 ("**ABAC Policy**") as in compliance with the Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The adoption of the ABAC 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 ABAC Policy sets out adequate procedures designed to prevent situations in which bribery and corrupt practices may take root.

Both Codes and ABAC policy are available on the Company's website at www.eonmetall.com.

Whistleblowing 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.

Fit & Proper Policy

The Board adopted the Fit & Proper Policy to provide guidance to assess the fitness and propriety of Directors and Key Senior Management ("**KSM**") to ensure that person(s) to be appointed or re-elected as a director/KSM possesses the necessary character and integrity, experience and competence as well as the ability to discharge and give appropriate commitment and participation and contribution to the Board and the Company.

The Fit & Proper Policy is available on the Company's website at www.eonmetall.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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") 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

During the year under review, the management presented updates to the Board to keep the Directors apprised on the Group's sustainability initiatives in managing material sustainability matters thus far. The Directors provide their views and opinions on the sustainability issues as well as suggestions on improvements during meetings.

The Directors have been and will continue to attend training to keep abreast of development on sustainability as well as regulations and guidance on current and emerging environmental problems that may affect the Group.

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 FYE2024 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.

5. Board Composition

The current NC comprises of three (3) members, all of whom are INEDs. The members of NC are as follows:

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

The NC met twice during the financial year with full attendance by NC members. The NC was previously chaired by Datuk Yogeesvaran A/L Kumaraguru and supported by Dato' Mohammad Radhi Bin Abdul Razak and Chan Theng Sung. Dato' Wahab Bin Hamid retired from the Board and the NC on 3 January 2025.

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

- Reviewed the term of office and performance of the AC.
- Reviewed the current Board structure, size and composition with an aim to achieving a balance of views on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

5. Board Composition (Cont'd)

The NC met twice (2) during the financial year and all members of the NC attended the meeting to deliberate on the following matters: (Cont'd)

- (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 Independent Non-Executive Director 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 the candidacy and thereafter recommended to the Board the appointment of Datin Tan Pak Say MD&CEO and Mr Ooi Teik Huat as Chief Financial Controller ("**CFO**").

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 MCCG, whereby at least half (50%) of the Board members, the three (3) 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 MCCG'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-ID or the Board shall justify and seek annual shareholders' approval at the Annual General Meeting ("**AGM**").

None of the INEDs served for a cumulative term of more than nine (9) years.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

Following evaluation and deliberation against the pre-set criteria, the Board approved the recommendation from the NC for the appointment of Datin Tan Pak Say as MD&CEO and Mr Ooi Teik Huat as CFO of the Board.

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 Yogeessvaran 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Annual General Meeting, 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 (1/3) 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 Annual General Meeting 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

RC

The present RC consists of three (3) IDs, 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
Datuk Yogeessvaran A/L Kumaraguru	Member

The RC was chaired by Dato' Mohammad Radhi Bin Abdul Razak and supported by Datuk Yogeessvaran A/L Kumaraguru and Chan Theng Sung. Dato' Wahab Bin Hamid retired from the Board and the RC on 3 January 2025.

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.

Remuneration policy

The objective of the Group's Directors' Remuneration Policy is to determine the level of remuneration package of EDs and CFO, attract, develop and retain high performing and motivated EDs and CFO, 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 ("NEDs"), 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 NEDs including that of Non-Executive Chairman of the Board shall be a matter for the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

Remuneration policy (Cont'd)

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 EDs and CFO.

In the case of the EDs and CFO, 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 EDs played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

During the FYE2024, the RC met twice, attended by all the members, to consider the remuneration package and annual bonus for the EDs and CFO as well as Directors' fees and benefits payable for the NEDs. 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.

8. Remuneration of Directors and Senior Management

Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees and benefits payable for FYE2024 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 to 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 FYE2024 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FYE2024 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 three (3) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 RM23,000 has been incurred for internal audit services for FYE2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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 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 and/or the CFO 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 21st 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 21st 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 21st 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY 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 21st AGM held on 31 May 2024.

Leveraging on technology

The Company has leveraged on technology to facilitate shareholders' participation at the 21st 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 21st AGM without having to physically present at the meeting venue.

The Company will conduct future general meetings and facilitate shareholders' participation in accordance with the Company's Constitution.

Shareholders engagement

All Directors and senior management, Joint Company Secretaries and external auditors were present during 21st 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 21st AGM were tested prior to the 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 meeting, the Chairman will undertake to include response in the minutes of said general meeting.

Minutes of General Meeting

Minutes and/or recordings of the 21st AGM proceedings are posted on the Company's website within 30 days from the 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 29 April 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by law to prepare annual financial statements for the Group and the Company which present a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows, and changes in equity of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2024, the Directors ensured that:

- The financial statements complied with the Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards, the Companies Act 2016 ("the Act") and the Main Market Listing Requirements of Bursa Securities Malaysia Berhad ("MMLR")
- Appropriate accounting policies are used and consistently applied
- The going concern basis used in the preparation of the financial statements are appropriate
- Where judgements and estimates are made, they are reasonable and prudent

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, enabling them to ensure that the financial statements comply with MFRSs, IFRS Accounting Standards, the Act and MMLR.

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

This statement was approved by the Board of Directors on 29 April 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control ("**the Statement**") 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 ("**MCCG**").

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 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 ("**ED&COO**") 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL STRUCTURE AND ENVIRONMENT (Cont'd)

- 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. 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.
- Reviews 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.
- Regularly reviews and monitors the Group's principal risks and their mitigation actions, updating the Audit Committee, which then informs to the Board on exception basis.

The Group has engaged JWC Consulting Sdn Bhd ("**JWC**"), an independent professional firm to assist the Group in its risk management efforts. During the financial year ended ("**FYE2024**"), 3 new risks relating to inventory, sales and purchasing were identified as having a significant impact on the Group's businesses. Following assessment of the likelihood and impact of these risks, appropriate mitigation actions have been identified and implemented.

Risk aspects	Mitigation action
Inventory risk	To ensure that the machines are tagged and movements between premises are properly recorded and approved.
Sales risk	Develop strategies to increase the Group's market share
Purchase risk	An authorisation process is in place to add new suppliers

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (Cont'd)

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.

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, JWC. 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 audit 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 FYE2024, 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 FYE2024, 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 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 MD&CEO and ED&COO 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 MMLR of Bursa Securities. 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 29 April 2025.

AUDIT COMMITTEE REPORT

Objectives

The primary function of the Audit Committee of Eonmetall Group Berhad ("**Eonmetall**" or "**the Company**") is to assist the Board of Directors in fulfilling the following oversight objectives of the Group activities:

- Assess the Group's processes in relation to its risks, governance 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/.

Composition

The Audit Committee comprises five (5) members; who are all Independent Non-Executive Directors. The independent composition of the ARMC has exceeded the requirements of paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and paragraph 9.4 of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission ("**MCCG**").

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

All members are financially literate and are able to understand matters under the purview of the Audit Committee.

Meetings

The members of the Audit Committee and their attendance at the four (4) meetings held during financial year ended 31 December 2024 ("**FYE2024**") is as tabulated:

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

Note:

⁽¹⁾ Tang Yin Kham and Dato' Wahab Bin Hamid retired as the members of Audit Committee on 3 January 2025.

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.

The minutes of each meeting were reported 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.

AUDIT COMMITTEE REPORT

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 quarterly unaudited financial results and annual audited financial statements of the Group, with particular focus on the implementation of major changes in accounting policies, significant and unusual events and compliance with the provision of the Companies Act 2016, MMLR and applicable accounting standards 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 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 based on risk assessment;
- (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 of a revenue or trading nature ("RRPT") 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 and recommended action plans to resolve potential conflict of interest (COI) situations, reporting to the Board on a quarterly basis. Except for Goh Hong Kent, none of the Directors or Key Senior Management have any COI or potential COI with the Company or its subsidiaries. Goh Hong Kent declared a potential COI arising from a prospective tenancy between a subsidiary and himself. After review, the Audit Committee concluded that this potential COI would constitute a Related Party Transaction (RRPT) and would be managed accordingly;
- (d) Reviewed the circular to the shareholders on RRPT of a revenue or trading nature;
- (e) Reviewed non-audit fees paid/payable to the external auditors and its affiliated firms before recommending the same to the Board for approval; and
- (f) 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 2024.

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 Sales and marketing, Procurement, Conversion and production and Inventory management 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 2024.

The cost incurred for the internal audit function of the Group in respect of FYE2024 was RM36,000.

This Audit Committee Report is issued in accordance with a resolution dated 29 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the MMLR of Bursa Securities, the following information is provided:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 24 September 2024, the Company announced its intention to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares).

The Private Placement, which entailed the issuance of 25,000,000 and 2,698,700 ordinary shares at issue price of RM0.2891 and RM0.2915 per ordinary share respectively, was completed following listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 17 October 2024. The proceeds from the Private Placement of RM8,014,171 was fully utilised for working capital purpose in the following manner: -

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilise RM'000	Intended Timeframe for Utilisation
Purchase of raw materials such as colls, coating powder and other manufacturing	4,007	4,007	-	Within thirty (30) months from the date of completion of the Proposed Disposal
Operating and administrative expenses such as staff costs, utilities, maintenance of manufacturing plants of the Group and other miscellaneous items	3,859	3,859	-	Within twelve (12) months from the date of completion of the Proposed Disposal
Expenses related to private placement	148	148	-	Immediate
	8,014	8,014		

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 the Group for the financial year ended 31 December 2024 are as follows:

	Group (RM)	Company (RM)
Fees paid or payable to the external auditors:		
Audit fees	350,300	77,800
Non-audit fees ⁽¹⁾	8,000	8,000
Total	358,300	85,800

Note:

⁽¹⁾ Non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditor's firm for reviewing the statement on risk management and internal control and information technology general control audit.

3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries, involving the interests of Directors or major shareholders, either still subsisting at the end of the financial year ended 31 December 2024 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 Company involving interests of Directors and major shareholders during the financial year ended 31 December 2024.

ADDITIONAL COMPLIANCE INFORMATION

5. Recurrent related Party Transactions ("RRPT") of revenue nature

Details of RRPT transacted during the financial year ended 31 December 2024 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 31 May 2024 are as tabulated. The information contained herein, save for the actual value transacted, is extracted from the Circular dated 30 April 2024.

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted (RM'000)	Related Parties
Eonmetall Industries Sdn. Bhd. ("EMI")	Genrizt Storage System ("Genrizt")	Sales of steel products	132	Dato' Goh Cheng Huat (" Dato' Goh ") is a major shareholder of Eonmetall Corporation Sdn. Bhd. (" ECSB "). Datin Tan Pak Say (" Datin Tan ") is the spouse of Dato' Goh and the sister of Tan Phaik Hoon (" TPH "). She is also a major shareholder of ECSB by virtue of her indirect interest through ECSB and her spouse. Goh Hong Kent (" GHK ") is a director of EMI. He is a person connected to Dato' Goh and Datin Tan. Tan Kheng Hwa (" TKH ") is the spouse of TPH. Genrizt is a partnership owned by TKH and TPH.
EMI & Eonmetall Technology Sdn. Bhd. ("EMT")	Eonlipids Sdn. Bhd. (" Eonlipids ")	⁽²⁾ Sales of steel products, sales and maintenance of machinery, and project works	-	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 (" GKS ") 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. (" ENS ")		-	
EMI	⁽¹⁾ Leader Steel Sdn. Bhd. (" LSSB ")	Sales and servicing of steel products	-	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. (" Bischart ") 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 and LSSC. He is a person connected to Dato' Goh and Datin Tan. He also has interest in LSH.
	⁽¹⁾ Leader Steel Service Centre Sdn. Bhd. (" LSSC ")		34,344	
⁽¹⁾ LSSC	EMI	Purchase and servicing of steel products	898	
	Eonmetall Systems Sdn. Bhd. (" EMS ")		-	
	Eonsteel Sdn. Bhd. (" ESL ")		-	
⁽¹⁾ LSSB	EMI	Purchase and servicing of steel products	-	
	EMS		-	
	ESL		-	
EMT	⁽¹⁾ LSSB	Sales and maintenance of machinery	3	
⁽¹⁾ LSSC & ⁽¹⁾ LSSB	EMT	Purchase and maintenance of machinery	13	
EMT	⁽¹⁾ LSSC	Sales and maintenance of machinery	-	

ADDITIONAL COMPLIANCE INFORMATION

5. Recurrent related Party Transactions ("RRPT") of revenue nature (Cont'd)

Details of RRPT transacted during the financial year ended 31 December 2024 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 31 May 2024 are as tabulated. The information contained herein, save for the actual value transacted, is extracted from the Circular dated 30 April 2024. (Cont'd)

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted (RM'000)	Related Parties
EMS and ESL	⁽¹⁾ LSSB ⁽¹⁾ LSSC	Sales and servicing of steel products	- 14,652	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. 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, 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.
⁽¹⁾ LSSB	EMI EMT	⁽³⁾ Renting of single storey factory	939	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. 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.
⁽¹⁾ LSSC	EMT	Purchase and servicing of steel products	-	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.
⁽¹⁾ LSSB			-	
EMI EMS	EMT Systems Sdn. Bhd. (" EMTS ")	Trading of steel products	39,595 -	Dato' Goh is an Executive Director and major shareholder of Eonmetall and Maybulk Berhad (" Maybulk "). He is also a major shareholder of ECSB.
EMT	EMTS	Sales and maintenance of machinery	68	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.

ADDITIONAL COMPLIANCE INFORMATION

5. Recurrent related Party Transactions ("RRPT") of revenue nature (Cont'd)

Notes:

- ¹ Subsidiaries of LSH
- ² Projects delayed pending finalisation of negotiations on the project specification as well as terms and conditions of award.
- ³ A single storey factory building located at Lot 1596, Mukim 12, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Daerah Seberang Perai Selatan, Penang measuring approximately 75,000 to 210,000 square feet in area at a monthly rental approximately RM70,000 to RM300,000.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

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, steel products, steel racking system and storage solutions, palm oil related products, provider of IT solutions including software development to related company, property and investment holding, operation of Palm Fibre Oil Extraction ('PFOE') plants, growing and wholesale of vegetables and agriculture machinery, equipment and supplies, and production of bio-coal and technical services.

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
Profit for the financial year	3,092,677	4,909,237
Attributable to:		
Owners of the parent	3,078,232	4,909,237
Non-controlling interests	14,445	0
	<u>3,092,677</u>	<u>4,909,237</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
Share option granted under Employee Share Options Scheme ('ESOS')	2,198,727	2,198,727
Transfer to retained earnings upon lapse of ESOS	148,394	148,394
Gross revaluation gain of properties	228,839,239	0
Deferred tax relating to revalued properties	28,209,630	0
Foreign currency translation loss	18,440	0
Realisation of revaluation reserve	<u>531,352</u>	<u>0</u>

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary shares of the Company was increased from 280,084,392 to 307,783,092 by way of issuance of 27,698,700 new ordinary shares pursuant to the private placement of 2,698,700 and 25,000,000 new ordinary shares at RM0.2915 and RM0.2891 per ordinary share respectively for total cash consideration of RM8,014,171.

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 in any company within 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 1.1.2024	Granted	Exercised	Lapsed*	Outstanding as at 31.12.2024^	Exercisable as at 31.12.2024
18 April 2023	32,900,000	0	0	(1,460,000)	31,440,000	6,012,000

* 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' 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

Datin Tan Pak Say *

(Appointed on 3 January 2025)

Dato' Goh Cheng Huat *

Yeoh Cheng Chye *

Chan Theng Sung

Goh Hong Kent *

Datuk Yogeesvaran A/L Kumaraguru

Dato' Mohammad Radhi Bin Abdul Razak

Goh Kee Seng *

Dato' Wahab Bin Hamid

(Retired on 3 January 2025)

Tang Yin Kham

(Retired on 3 January 2025)

* 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 2024 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 1.1.2024	Bought	Sold	Balance as at 31.12.2024

Shares in the Company

Direct interests:

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	36,128,918	5,000,000	0	41,128,918
Chan Theng Sung	180,000	0	0	180,000

Shares in the Company

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.

DIRECTORS' INTERESTS (Cont'd)

[----- Number of options over ordinary shares -----]				
	Balance as at 1.1.2024	Granted	Exercised	Balance as at 31.12.2024
Share options in the Company				
<u>Direct interests:</u>				
Tan Sri Dato' Mohd Desa Bin Pachi	1,250,000	0	0	1,250,000
Yeoh Cheng Chye	1,250,000	0	0	1,250,000
Dato' Goh Cheng Huat	2,150,000	0	0	2,150,000
Goh Hong Kent	1,250,000	0	0	1,250,000
Dato' Wahab Bin Hamid	700,000	0	0	700,000
Tang Yin Kham	700,000	0	0	700,000
Goh Kee Seng	700,000	0	0	700,000
Chan Theng Sung	700,000	0	0	700,000
Dato' Mohammad Radhi Bin Abdul Razak	700,000	0	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 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.

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 2024 were as follows:

	Group RM	Company RM
Fees	378,000	378,000
Other emoluments	3,417,627	52,365
Share options granted under ESOS	636,944	636,944
	<u>4,432,571</u>	<u>1,067,309</u>

DIRECTORS' REPORT

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.

No indemnity was 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 all known bad debts had been 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) net impairment losses on trade and other receivables of the Group of RM4,346,398;
 - (ii) impairment losses on property, plant and equipment of the Group of RM2,048,061;
 - (iii) property, plant and equipment written off of the Group of RM6,244,997;
 - (iv) gain on disposal of property, plant and equipment of the Group of RM28,004,992; and
 - (v) reversal of impairment losses on cost of investments in subsidiaries of the Company of RM7,223,000.

(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 render the amount written off for bad debts or 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
 - (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.

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

(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 SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 27 January 2025, the Company has proposed to undertake the proposed private placement of up to 30% of the total number of issued shares of the Company (excluding treasury shares) ('Proposed Private Placement'). Up to 91,405,947 new Placement shares may be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Malaysia Securities, subject to the conditions set out by Bursa Malaysia Securities.

The Company further announced on 9 April 2025 that Bursa Malaysia Securities Berhad had, via its letter dated 9 April 2025, approved the listing and quotation for up to 91,405,947 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Malaysia Securities, subject to the conditions set out in the letter by Bursa Malaysia Securities.

SUBSIDIARIES

The details of the subsidiaries are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2024 %	2023 %	
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	Design and trading of steel products focusing on furniture related products and office space management, currently dormant
Constructor Asia Sdn. Bhd.	Malaysia	100	100	Trading and distribution of steel racking system and storage solutions

DIRECTORS' REPORT

SUBSIDIARIES (Cont'd)

The 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
		2024 %	2023 %	
Eonmetall Carotene Oil Sdn. Bhd.	Malaysia	100	100	Operation of Palm Fibre Oil Extraction ('PFOE') plants
Eonchem Technology Sdn. Bhd.	Malaysia	100	100	Manufacture of industrial process machinery and equipment, currently dormant
Eonmetall International Limited	Malaysia	100	100	Investment holding
Eonmetall Copper Sdn. Bhd.	Malaysia	100	100	Manufacturing and processing of copper, aluminium and other steel materials, currently 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
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	Indonesia	88	88	Palm oil plantation and related processing, currently dormant
Subsidiary of Constructor Asia Sdn. Bhd.				
Constructor SEA Sdn. Bhd.	Malaysia	100	0	Trading and distributing of steel racking systems

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 2024 were as follows:

	Group RM	Company RM
Statutory audit	350,300	77,800
Other services	8,000	8,000
	<u>358,300</u>	<u>85,800</u>

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

Datin Tan Pak Say
Director

Penang
29 April 2025

Goh Hong Kent
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 78 to 156 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 2024 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,

Datin Tan Pak Say
Director

Penang
29 April 2025

Goh Hong Kent
Director

STATUTORY DECLARATION

I, Goh Hong Kent (I/C No.: 830124-07-5139), 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 78 to 156 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 29 April 2025

Goh Hong Kent

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EONMETALL GROUP BERHAD

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 2024 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 78 to 156.

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 2024, 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 2024, the Group had trade receivables amounted to RM38,369,903 which were net of impairment losses of RM17,531,296. The details of trade receivables and their credit risks have been disclosed in Note 11 and Note 33(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:

- recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- 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;
- inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EONMETALL GROUP BERHAD

Key Audit Matters (Cont'd)

Key Audit Matters of the Group (Cont'd)

Recoverability of trade receivables (Cont'd)

Audit response (Cont'd)

Our audit procedures included the following: (Cont'd)

- 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.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EONMETALL GROUP BERHAD

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

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

- (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.
- (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) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 7 to the financial statements.

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.

Other Matters

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

Brendan Francis Lim Jern Zhen
03591/09/2025 J
Chartered Accountant

29 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

			Group		Company
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	472,306,041	258,584,984	0	0
Right-of-use assets	6	1,918,124	2,570,728	0	0
Investments in subsidiaries	7	0	0	192,059,453	138,214,995
Investment in associate	9	0	0	0	0
Deferred tax assets	10	58,500	0	0	0
Trade and other receivables	11	6,048,339	9,392,932	0	53,527,165
		480,331,004	270,548,644	192,059,453	191,742,160
Current assets					
Inventories	12	171,227,665	178,315,629	0	0
Trade and other receivables	11	60,930,612	54,478,910	1,000	1,000
Contract assets	13	10,563,464	11,634,527	0	0
Current tax assets		818,809	1,207,130	0	10,699
Cash and bank balances	14	7,519,659	13,167,679	99,932	203,098
		251,060,209	258,803,875	100,932	214,797
TOTAL ASSETS		731,391,213	529,352,519	192,160,385	191,956,957

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

ENOMETALL GROUP BERHAD

ANNUAL REPORT 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	145,748,309	137,734,138	145,258,417	137,244,246
Treasury shares	15(d)	(1,761,139)	(1,761,139)	(1,761,139)	(1,761,139)
Reserves	16	387,218,423	181,330,295	(30,925,549)	(37,885,119)
		531,205,593	317,303,294	112,571,729	97,597,988
Non-controlling interests	7(h)	233,536	236,556	0	0
TOTAL EQUITY		531,439,129	317,539,850	112,571,729	97,597,988
LIABILITIES					
Non-current liabilities					
Other payables	17	0	0	78,858,590	93,587,845
Borrowings	18	17,024,663	24,942,835	0	0
Lease liabilities	6	977,509	1,005,498	0	0
Deferred tax liabilities	10	35,349,739	10,775,189	0	0
		53,351,911	36,723,522	78,858,590	93,587,845
Current liabilities					
Borrowings	18	119,236,179	144,903,750	212,237	325,059
Lease liabilities	6	995,555	1,541,447	0	0
Derivative liabilities	20	17,383	154,921	0	0
Trade and other payables	17	26,148,114	27,557,847	506,716	446,065
Current tax liabilities		202,942	931,182	11,113	0
		146,600,173	175,089,147	730,066	771,124
TOTAL LIABILITIES		199,952,084	211,812,669	79,588,656	94,358,969
TOTAL EQUITY AND LIABILITIES		731,391,213	529,352,519	192,160,385	191,956,957

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 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Continuing operations					
Revenue	21	197,424,533	173,190,251	0	0
Cost of sales		(182,664,382)	(152,075,906)	0	0
Gross profit		14,760,151	21,114,345	0	0
Other income		31,752,717	27,084,608	12,318,456	26,678,422
Distribution expenses		(4,405,767)	(4,332,512)	0	0
Administrative expenses		(18,551,873)	(19,793,402)	(1,618,937)	(2,035,396)
Other expenses		(9,163,565)	(17,374,868)	(214,873)	(24,876,192)
Finance costs	22	(8,908,611)	(8,608,543)	(4,243,990)	(4,349,666)
Net impairment losses on financial assets		(4,346,398)	(3,436,229)	(1,279,928)	(39,562,375)
Share of results of associates, net of tax		0	(90,015)	0	0
Profit/(Loss) before tax from continuing operations	26	1,136,654	(5,436,616)	4,960,728	(44,145,207)
Taxation	27	1,956,023	(319,424)	(51,491)	0
Profit/(Loss) for the financial year from continuing operations, net of tax		3,092,677	(5,756,040)	4,909,237	(44,145,207)
Discontinued operations					
Loss for the financial year from discontinued operations, net of tax	8(b)	0	(1,757,771)	0	0
Profit/(Loss) for the financial year		3,092,677	(7,513,811)	4,909,237	(44,145,207)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) for the financial year		3,092,677	(7,513,811)	4,909,237	(44,145,207)
Other comprehensive income/(loss), net of tax:					
<u>Continuing operations</u>					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		<u>(35,905)</u>	189,993	<u>0</u>	0
Items that may not be reclassified subsequently to profit or loss					
Gross revaluation gain of properties		228,839,239	0	0	0
Deferred tax relating to revalued properties		<u>(28,209,630)</u>	0	<u>0</u>	0
Total other comprehensive income, net of tax		<u>200,629,609</u>	0	<u>0</u>	0
Total comprehensive income/(loss)		<u>203,686,381</u>	<u>(7,323,818)</u>	<u>4,909,237</u>	<u>(44,145,207)</u>

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) for the financial year attributable to:					
Owners of the parent					
- continuing operations		3,078,232	(5,844,593)	4,909,237	(44,145,207)
- discontinued operations		0	(896,463)	0	0
		3,078,232	(6,741,056)	4,909,237	(44,145,207)
Non-controlling interests					
- continuing operations		14,445	88,553	0	0
- discontinued operations		0	(861,308)	0	0
		14,445	(772,755)	0	0
		3,092,677	(7,513,811)	4,909,237	(44,145,207)
Total comprehensive income/(loss) attributable to:					
Owners of the parent					
- continuing operations		203,689,401	(5,727,623)	4,909,237	(44,145,207)
- discontinued operations		0	(896,463)	0	0
		203,689,401	(6,624,086)	4,909,237	(44,145,207)
Non-controlling interests					
- continuing operations		(3,020)	161,576	0	0
- discontinued operations		0	(861,308)	0	0
		(3,020)	(699,732)	0	0
		203,686,381	(7,323,818)	4,909,237	(44,145,207)
Earnings/(Loss) per ordinary share attributable to owners of the parent (sen):					
Basic					
- continuing operations	28	1.08	(2.11)		
- discontinued operations	28	0	(0.32)		
		1.08	(2.44)		
Diluted					
- continuing operations	28	1.08	(2.10)		
- discontinued operations	28	0	(0.32)		
		1.08	(2.42)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 2024		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
Profit for the financial year		0	0	0	0	0	3,078,232	3,078,232	14,445	3,092,677
Foreign currency translations		0	0	0	(18,440)	0	0	(18,440)	(17,465)	(35,905)
Gross revaluation gain of properties		0	0	228,839,239	0	0	0	228,839,239	0	228,839,239
Deferred tax relating to revalued properties		0	0	(28,209,630)	0	0	0	(28,209,630)	0	(28,209,630)
Total comprehensive income		0	0	200,629,609	(18,440)	0	3,078,232	203,689,401	(3,020)	203,686,381
Transactions with owners										
Issuance of ordinary shares pursuant to private placement	15	8,014,171	0	0	0	0	0	8,014,171	0	8,014,171
Share options grant under Employee Share Options Scheme ('ESOS')		0	0	0	0	2,198,727	0	2,198,727	0	2,198,727
Transfer to retained earnings upon lapse of ESOS		0	0	0	0	(148,394)	148,394	0	0	0
Total transactions with owners		8,014,171	0	0	0	2,050,333	148,394	10,212,898	0	10,212,898
Realisation of revaluation reserve upon depreciation of revalued properties		0	0	(531,352)	0	0	531,352	0	0	0
		0	0	(531,352)	0	0	531,352	0	0	0
Balance as at 31 December 2024		145,748,309	(1,761,139)	246,060,197	(1,234,145)	6,268,012	136,124,359	531,205,593	233,536	531,439,129

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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
Total comprehensive loss		0	0	0	116,970	0	(6,741,056)	(6,624,086)	(699,732)	(7,323,818)
Transactions with owners										
Issuance of ordinary shares pursuant to ESOS	15	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
Realisation of reserves from disposal of subsidiary		0	0	0	(131,447)	0	0	(131,447)	0	(131,447)
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	(131,447)	4,217,679	36,591	4,431,145	(5,409,859)	(978,714)
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

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

STATEMENT CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Company	Note	Share capital RM	Treasury shares RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2024		137,244,246	(1,761,139)	4,217,679	(42,102,798)	97,597,988
Loss for the financial year		0	0	0	4,909,237	4,909,237
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive loss		0	0	0	4,909,237	4,909,237
Transactions with owners						
Issuance of ordinary shares pursuant to private placement	15	8,014,171	0	0	0	8,014,171
Share options grant under ESOS		0	0	2,198,727	0	2,198,727
Transfer to retained earnings upon lapse of ESOS		0	0	(148,394)	0	(148,394)
Total transaction with owners		8,014,171	0	2,050,333	0	10,064,504
Balance as at 31 December 2024		145,258,417	(1,761,139)	6,268,012	(37,193,561)	112,571,729
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)		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 income		0	0	0	(44,145,207)	(44,145,207)
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	15	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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax from:					
Continuing operations		1,136,654	(5,436,616)	4,960,728	(44,145,207)
Discontinued operations		0	(1,757,771)	0	0
Adjustments for:					
Amortisation of right-of-use assets	6	1,977,295	3,521,634	0	0
Bad debt written off		42,758	0	0	0
Depreciation of property, plant and equipment	5	11,850,394	10,977,886	0	0
Fair value (gain)/loss on derivative financial instruments	20(e)	(137,538)	154,921	0	0
Fair value gain on derivative liability		0	(1,000)	0	(1,000)
Fair value loss on guarantee asset		0	16,897,434	0	16,897,434
Fair value gain on financial guarantee contracts	19(e)	0	0	(112,822)	(428,618)
Gain on disposal of:					
- subsidiaries	26	0	(24,073,748)	0	(21,267,863)
- property, plant and equipment		(28,004,992)	(1,367,711)	0	0
Gain on lease modification	6(e)	(319,393)	(104)	0	0
Gain on lease termination	6(e)	(698)	0	0	0
Impairment losses on:					
- property, plant and equipment	5	2,048,061	0	0	0
- cost of investments in subsidiaries	7(b)	0	0	0	7,978,758
- equity loan	7(c)	0	0	(214,873)	0
- trade and other receivables		4,769,779	4,507,574	8,045,369	39,562,375
- contract assets	13(d)	0	431,756	0	0
Interest expense		8,908,611	8,611,594	4,243,990	4,349,666
Interest income		(438,654)	(42,919)	(4,982,634)	(4,980,941)
Inventories written down	12(c)	14,014	83,289	0	0
Operating profit/(loss) before changes in working capital carried forward		1,846,291	12,506,219	11,939,758	(2,035,396)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Operating profit/(loss) before changes in working capital brought forward		1,846,291	12,506,219	11,939,758	(2,035,396)
Property, plant and equipment written off	26	6,244,997	8,106	0	0
Revaluation loss on property, plant and equipment		221,000	0	0	0
Reversal of impairment losses on:					
- trade and other receivables		(423,381)	(1,196,390)	(6,765,441)	0
- contract assets	13(d)	0	(306,711)	0	0
- cost of investments in subsidiaries	7(b)	0	0	(7,223,000)	0
Share options granted under ESOS	23	2,198,727	4,360,992	636,944	1,224,127
Share of results of associate		0	90,015	0	0
Unrealised foreign exchange gain	26	(68,512)	(200,827)	0	0
Operating profit/(loss) before changes in working capital		10,019,122	15,261,404	(1,411,739)	(811,269)
(Increase)/Decrease in trade and other receivables		(7,496,264)	58,046,227	0	0
Decrease/(Increase) in contract assets		1,071,063	(7,255,420)	0	0
Decrease in inventories		7,073,950	8,813,605	0	0
(Decrease)/Increase in trade and other payables		(1,341,222)	(10,865,946)	60,651	(14,844,836)
Cash generated from/(used in) operations		9,326,649	63,999,870	(1,351,088)	(15,656,105)
Tax paid		(2,128,568)	(3,232,890)	(29,679)	(5,584)
Tax refunded		51,092	0	0	0
Net cash from/(used in) operating activities		7,249,173	60,766,980	(1,380,767)	(15,661,689)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		438,654	42,919	0	0
Net cash inflow on disposal of subsidiaries		0	32,582,108	0	35,700,000
Proceeds from disposal of property, plant and equipment		30,419,905	1,979,581	0	0
Purchase of property, plant and equipment	5	(7,661,183)	(87,236,968)	0	0
Placement of bank balance in debt service reserve account	14(b)	0	(1,523,604)	0	0
Increase in amounts owing by subsidiaries		0	0	11,806,929	(44,185,796)
Increase in amounts owing to subsidiaries		0	0	(18,973,245)	26,429,764
Subscription for shares in subsidiaries	7(e)	0	0	0	(2,499,999)
Net cash from/(used in) investing activities		23,197,376	(54,155,964)	(7,166,316)	15,443,969

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net decrease in short-term borrowings		(19,100,378)	(6,612,922)	0	0
Interest paid		(8,801,597)	(8,465,470)	0	0
Payments of lease liabilities	6	(1,685,495)	(3,788,121)	0	0
Proceeds from issuance of ordinary shares pursuant to:					
- private placement	15(a)	8,014,171	0	8,014,171	0
- ESOS		0	201,600	0	201,600
Proceeds from term loans		0	26,050,000	0	0
Repayments of term loans		(15,483,836)	(20,227,544)	0	0
Net cash (used in)/from financing activities		(37,057,135)	(12,842,457)	8,014,171	201,600
Net decrease in cash and cash equivalents		(6,610,586)	(6,231,441)	(532,912)	(16,120)
Effects of exchange rate changes on cash and cash equivalents		(35,905)	(252,113)	0	0
Cash and cash equivalents at beginning of financial year		636,954	7,120,508	203,098	219,218
Cash and cash equivalents at end of financial year	14(d)	(6,009,537)	636,954	(329,814)	203,098

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 6)		" Borrowings excluding bank overdrafts " (Note 18)	
	2024 RM	2023 RM	2024 RM	2023 RM
Balance as at 1 January	2,546,945	5,250,338	158,839,464	159,629,930
Cash flows	(1,685,495)	(3,788,121)	(34,584,214)	(790,466)
Non-cash flows:				
- additions	971,051	944,916	0	0
- lease modification	59,352	(6,312)	0	0
- lease termination	(25,803)	0	0	0
- unwinding of interest	107,014	146,124	0	0
Balance as at 31 December	1,973,064	2,546,945	124,255,250	158,839,464

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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 2024 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 29 April 2025.

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, steel products, steel racking system and storage solutions, palm oil related products, provider of IT solutions including software development to related company, property and investment holding, operation of Palm Fibre Oil Extraction ('PFOE') plants, growing and wholesale of vegetables and agriculture machinery, equipment and supplies, and production of bio-coal and technical services. Further details of the subsidiaries are set out in Note 7 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 35.1 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.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in respective notes to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

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 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, assets used primarily for corporate purpose and items that cannot be reasonably allocated to individual segment.

Segment liabilities exclude tax liabilities.

2024	Machinery and equipment RM	Steel product and trading activity RM	Property, investment holding and others RM	Total RM
Revenue				
Total revenue	11,505,860	224,572,323	1,573,447	237,651,630
Inter-segment revenue	(1,760,585)	(36,917,912)	(1,506,600)	(40,185,097)
Revenue from external customers	9,745,275	187,654,411	66,847	197,466,533
Interest income	1,087	56,322	381,245	438,654
Finance costs	(1,121,238)	(7,734,337)	(53,036)	(8,908,611)
Net finance expense	(1,120,151)	(7,678,015)	328,209	(8,469,957)
Depreciation of property, plant and equipment	(854,133)	(8,022,361)	(2,973,900)	(11,850,394)
Amortisation of right-of-use assets	(1,337,737)	(573,591)	(65,967)	(1,977,295)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. OPERATING SEGMENTS (Cont'd)

2024	Machinery and equipment RM	Steel product and trading activity RM	Property, investment holding and others RM	Total RM
Segment results before tax	(6,707,373)	22,231,934	(9,834,608)	5,689,953
Taxation	4,036,909	(1,265,977)	(814,909)	1,956,023
Other non-cash items:				
Fair value gain on derivative financial instruments	0	137,538	0	137,538
Gain on disposal of property, plant and equipment	1,138	28,003,854	0	28,004,992
Gain on lease modification	318,527	866	0	319,393
Gain on lease termination	39	659	0	698
Impairment losses on property, plant and equipment	0	0	(2,048,061)	(2,048,061)
Impairment losses on trade and other receivables	(1,787,749)	(2,747,563)	(234,467)	(4,769,779)
Inventories written down	(14,014)	0	0	(14,014)
Property, plant and equipment written off	0	0	(6,244,997)	(6,244,997)
Revaluation downwards on property, plant and equipment	0	(221,000)	0	(221,000)
Reversal of impairment loss on trade and other receivables	165,473	59,686	198,222	423,381
Unrealised foreign exchange gain/(loss)	36,127	248,871	(216,486)	68,512
Share options granted under ESOS	(471,419)	(995,501)	(731,807)	(2,198,727)
Additions to non-current assets other than financial instruments and deferred tax assets	1,031,544	7,146,607	454,083	8,632,234
Segment assets	129,382,695	420,054,503	181,076,706	730,513,904
Segment liabilities	34,362,769	128,496,773	1,539,861	164,399,403

4. OPERATING SEGMENTS (Cont'd)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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
Revenue						
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)
Amortisation of right-of-use assets	(3,041,209)	(411,355)	(69,070)	(3,521,634)	0	(3,521,634)
Segment results before tax	274,110	(7,166,554)	(42,557,586)	(49,450,030)	(1,757,771)	(51,207,801)
Taxation	(1,495,177)	1,747,923	(572,170)	(319,424)	0	(319,424)
Other non-cash items:						
Fair value gain on derivative liability	0	0	1,000	1,000	0	1,000
Fair value gain on derivative financial instruments	0	154,921	0	154,921	0	154,921
Fair value loss on guarantee assets	0	0	(16,897,434)	(16,897,434)	0	(16,897,434)
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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)						
Gain on lease modification	0	0	104	104	0	104
Impairment losses on contract assets	(431,756)	0	0	(431,756)	0	(431,756)
Impairment losses on trade and other receivables	(3,496,516)	(264,100)	(746,958)	(4,507,574)	0	(4,507,574)
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
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)
Unrealised foreign exchange (loss)/gain	(18,943)	(104,446)	324,216	200,827	0	200,827
Additions to non-current assets other than financial instruments and deferred tax assets	302,469	78,812,508	9,066,907	88,181,884	0	88,181,884
Segment assets	99,390,666	299,865,061	128,889,662	528,145,389	0	528,145,389
Segment liabilities	52,183,133	143,989,668	3,933,497	200,106,298	0	200,106,298

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. OPERATING SEGMENTS (Cont'd)

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.

	2024 RM	2023 RM
Profit/(Loss) for the financial year		
Total profit/(loss) for reportable segments	5,689,953	(51,207,801)
Adjustment for inter-segmental profits	(4,553,299)	44,013,414
Profit/(Loss) before tax	1,136,654	(7,194,387)
Tax expense	1,956,023	(319,424)
Profit/(Loss) for the financial year	3,092,677	(7,513,811)
Assets		
Segment assets	730,513,904	528,145,389
Deferred tax assets	58,500	0
Current tax assets	818,809	1,207,130
Total assets	731,391,213	529,352,519
Liabilities		
Segment liabilities	164,399,403	200,106,298
Deferred tax liabilities	35,349,739	10,775,189
Current tax liabilities	202,942	931,182
Total liabilities	199,952,084	211,812,669

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. OPERATING SEGMENTS (Cont'd)

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 investment in associate and deferred tax assets.

	Revenue		Non-current assets	
	2024 RM	2023 RM	2024 RM	2023 RM
Malaysia	135,708,800	96,716,614	480,272,504	270,548,644
Europe	12,413,512	9,218,446	0	0
Indonesia	10,659,011	7,375,255	0	0
Singapore	8,751,784	9,013,506	0	0
Australia	8,280,803	7,028,269	0	0
United States of America	6,736,299	16,290,145	0	0
Middle East	5,571,582	9,719,683	0	0
Philippines	5,418,833	10,230,367	0	0
New Zealand	1,265,050	850,811	0	0
Sri Lanka	1,185,338	1,358,521	0	0
People's Republic of China	349,385	1,640,244	0	0
Bangladesh	0	1,838,605	0	0
Others	1,126,136	1,909,785	0	0
	<u>197,466,533</u>	<u>173,190,251</u>	<u>480,272,504</u>	<u>270,548,644</u>

Major customers

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

	2024 RM	2023 RM	Segment
Customer A	49,015,322	*	Steel product and trading activity
Customer B	<u>40,651,537</u>	<u>26,527,858</u>	Steel product and trading activity
	<u>89,666,860</u>	<u>26,527,858</u>	

* Less than 10%

NOTES TO THE FINANCIAL STATEMENTS

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5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2024 RM	Additions RM	Disposals RM	Written off RM	Revaluation RM	Depreciation charge for the financial year RM	Impairment RM	Reclassi- fications RM	Balance as at 31.12.2024 RM
Carrying amount									
<u>At valuation</u>									
Freehold land	143,604,170	212,269	(2,414,904)	0	190,906,465	0	0	0	332,308,000
Buildings	40,948,959	22,968	0	0	37,711,774	(1,775,755)	0	4,349,256	81,257,202
<u>At cost</u>									
Buildings	4,037,141	323,545	0	0	0	(11,430)	0	(4,349,256)	0
Plant and machinery, moulds, tools and equipment	49,169,053	3,727,206	0	(6,244,997)	0	(9,574,362)	0	0	37,076,900
Furniture, fittings, office equipment and computer software	720,020	435,251	0	0	0	(244,306)	0	0	910,965
Motor vehicles	564,635	30,250	(9)	0	0	(241,761)	0	0	353,115
Electrical installation and renovation	69,697	0	0	0	0	(2,780)	0	0	66,917
Capital work-in-progress	19,471,309	2,909,694	0	0	0	0	(2,048,061)	0	20,332,942
	<u>258,584,984</u>	<u>7,661,183</u>	<u>(2,414,913)</u>	<u>(6,244,997)</u>	<u>228,618,239</u>	<u>(11,850,394)</u>	<u>(2,048,061)</u>	<u>0</u>	<u>472,306,041</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

EONMETALL GROUP BERHAD

ANNUAL REPORT 2024

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

	2024			
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM
Group				Carrying amount RM
Freehold land	0	332,308,000	0	0
Buildings	0	82,479,018	(1,201,648)	(20,168)
Plant and machinery, moulds, tools and equipment	115,988,201	0	(78,880,392)	(30,909)
Furniture, fittings, office equipment and computer software	5,289,654	0	(4,377,454)	(1,235)
Motor vehicles	3,416,645	0	(3,063,530)	0
Electrical installation and renovation	283,196	0	(216,279)	0
Capital work-in-progress	22,381,003	0	0	(2,048,061)
	<u>147,358,699</u>	<u>414,787,018</u>	<u>(87,739,303)</u>	<u>(2,100,373)</u>
				<u>472,306,041</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Group	Balance as at 1.1.2023 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Reclassi- fications RM	Balance as at 31.12.2023 RM
Carrying amount							
<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
	182,945,878	87,236,968	(611,870)	(8,106)	(10,977,886)	0	258,584,984

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

ENNMETALL GROUP BERHAD

ANNUAL REPORT 2024

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

	2023				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Group					
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
	<u>164,407,105</u>	<u>188,969,186</u>	<u>(90,383,951)</u>	<u>(4,407,356)</u>	<u>258,584,984</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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	30 - 38 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 21 June 2024.

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

	2024 RM	Group 2023 RM
Freehold land	97,928,150	100,130,786
Buildings	32,234,219	32,061,497
	<u>130,162,369</u>	<u>132,192,283</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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

- (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, 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.

- (iii) The following table shows a reconciliation of balances of property, plant and equipment whose fair values have been classified in Level 3 of the fair value hierarchy:

Group	2024 RM	2023 RM
Balance as at 1 January	184,553,129	112,102,603
Addition	4,584,493	74,154,170
Depreciation	(1,775,755)	(1,184,929)
Disposal	(2,414,904)	(518,715)
Change in fair value recognised in other comprehensive income	228,839,239	0
Change in fair value recognised in profit or loss (unrealised)	(221,000)	0
Balance as at 31 December	413,565,202	184,553,129

- (f) Freehold land and buildings of the Group with a carrying amount of RM310,716,858 (2023: RM132,734,876) have been charged to banks for credit facilities granted to the Group as disclosed in Note 18(b)(i) to the financial statements.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

Carrying amount	Balance as at 1.1.2024 RM	Additions RM	Amortisation for the financial year RM	Lease modification RM	Lease termination RM	Balance as at 31.12.2024 RM
Leasehold lands	593,698	0	(65,967)	0	0	527,731
Factory	996,828	865,218	(1,284,513)	(288,088)	(1,038)	288,407
Hostels	742,204	105,833	(561,907)	666,833	(24,067)	928,896
Motor vehicle	237,998	0	(64,908)	0	0	173,090
	<u>2,570,728</u>	<u>971,051</u>	<u>(1,977,295)</u>	<u>378,745</u>	<u>(25,105)</u>	<u>1,918,124</u>

Carrying amount	Balance as at 1.1.2023 RM	Additions RM	Amortisation for the financial year RM	Lease modification RM	Balance as at 31.12.2023 RM
Leasehold lands	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
	<u>5,153,654</u>	<u>944,916</u>	<u>(3,521,634)</u>	<u>(6,208)</u>	<u>2,570,728</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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

Lease liabilities

Carrying amount	Balance as at 1.1.2024 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Balance as at 31.12.2024 RM
Leasehold lands	607,527	0	(84,000)	29,190	0	0	552,717
Factory	942,819	865,218	(937,796)	32,506	(606,615)	(1,077)	295,055
Hostels	749,463	105,833	(591,951)	35,289	665,967	(24,726)	939,875
Motor vehicle	247,136	0	(71,748)	10,029	0	0	185,417
	<u>2,546,945</u>	<u>971,051</u>	<u>(1,685,495)</u>	<u>107,014</u>	<u>59,352</u>	<u>(25,803)</u>	<u>1,973,064</u>

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
Leasehold 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
	<u>5,250,338</u>	<u>944,916</u>	<u>(3,788,121)</u>	<u>146,124</u>	<u>(6,312)</u>	<u>2,546,945</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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

	2024 RM	2023 RM
Represented by:		
Current liabilities	995,555	1,541,447
Non-current liabilities	977,509	1,005,498
	1,973,064	2,546,945
Lease liabilities owing to financial institutions	185,417	247,136
Lease liabilities owing to non-financial institutions	1,787,647	2,299,809
	1,973,064	2,546,945

- (a) The Group leases leasehold land, factory, hostels and motor vehicle in the location which it operates. The leases 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:

Leasehold land	10 years
Factory	2 years
Hostels	2 - 3 years
Motor vehicle	5 years

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

	2024 RM	Group 2023 RM
Amortisation of right-of-use assets (included in cost of sales, distribution expenses and administrative expenses)	1,977,295	3,390,760
Amortisation of right-of-use assets (included in discontinued operations)	0	130,874
Interest expense on lease liabilities (included in finance costs)	107,014	146,124
Gain on lease modifications (included in other income)	319,393	104
Gain on lease termination (included in other income)	698	0
Expense relating to short-term leases (included in cost of sales)	128,060	163,595
	2,532,460	3,831,457

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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

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

	Group	
	2024 RM	2023 RM
Included in net cash flows from operating activities:		
Payment relating to short-term leases	128,060	163,595
Included in net cash flows from financing activities:		
Payment of lease liabilities	1,685,495	3,788,121
Total cash outflows for leases	1,813,555	3,951,716

(g) In the previous financial year, the Group had several lease contracts that include extension and termination options. These options were negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the business needs of the Group.

Group	Within five (5) years RM
2023	
Extension options expected not to be exercised	612,600

There is no potential future rental payment that is not included in the lease term for the current financial year.

(h) Information on financial risks of lease liabilities is disclosed in Note 33 to the financial statements.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
Unquoted shares, at cost		
- ordinary shares	64,768,951	64,768,951
- redeemable preference shares	96,880,000	96,880,000
Equity loan	45,938,773	515,831
Equity contributions in subsidiaries in respect of ESOS	4,513,663	3,100,274
Less: Impairment losses		
- cost of investments	(19,827,061)	(27,050,061)
- equity loan	(214,873)	0
	192,059,453	138,214,995

Included in equity loan is an amount of RM515,831 (2023: RM515,831) arising from financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

During the financial year, the Company reassessed the nature of amount owing by a subsidiary and determined that the outstanding balance of RM45,422,942 constitutes equity loans to a subsidiary. This equity loan is unsecured, interest-bearing and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the net investment of the Company in providing the subsidiary with a long term source of additional capital.

- (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.

During the financial year, the Company recognised a reversal of impairment loss of RM7,223,000 in respect of cost of investment in a subsidiary as the recoverable amount determined based on fair value less costs of disposal ("FVLCD") exceeded its carrying amount. The net assets of the subsidiary is used as a proxy for the recoverable amount based on FVLCD, which is categorised as level 3 in the fair value hierarchy.

In the previous financial year, impairment loss of RM7,978,758 was recognised to bring the carrying amount to their recoverable amount due to the decline in operations of certain subsidiaries of the Company.

- (c) Impairment for equity loan and contributions to subsidiaries is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 11(g) to the financial statements.

Movement in impairment losses of equity loan and contributions to subsidiaries are as follows:

	Company 2024 RM
12-month ECL	
At 1 January	0
Charge for the year	214,873
At 31 December	214,873

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7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2024 %	2023 %	
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 Information Technology solutions including software development
Eonmetall Integration Sdn. Bhd.	Malaysia	100	100	Design and trading of steel products focusing on furniture related products and office space management, currently 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	Manufacture of industrial process machinery and equipment, currently dormant
Eonmetall International Limited	Malaysia	100	100	Investment holding
Eonmetall Copper Sdn. Bhd.	Malaysia	100	100	Manufacturing and processing of copper, aluminium and other steel materials, currently 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

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7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) 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
		2024 %	2023 %	
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 #	Indonesia	88	88	Palm oil plantation and related processing, currently dormant
Subsidiary of Constructor Asia Sdn. Bhd.				
Constructor SEA Sdn. Bhd.	Malaysia	100	0	Trading and distributing of steel racking systems

Subsidiary audited by a BDO member firm.

(e) In the previous 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.

(f) Disposal of Lienteh Technology Sdn. Bhd. ('LTSB') in the previous financial year

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.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(f) (Cont'd)

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

(g) Disposal of Africa Steel Investment Limited ('ASIL') in the previous financial year

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

	PT Eonmetall Investment RM
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2024

NCI percentage of ownership interest and voting interest (%)	12%
Carrying amount of NCI	<u>233,536</u>
Loss for the financial year attributable to NCI	<u>14,445</u>
Total comprehensive loss attributable to NCI	<u>(3,020)</u>

	Lienteh Technology Sdn. Bhd. * RM	Africa Steel Investment Limited * RM	PT Eonmetall Investment RM	Total 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 during the financial year ended 31 December 2023

(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:

	2024 RM	2023 RM
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PT Eonmetall Investment

Assets and liabilities

Current assets	2,404,432	2,596,096
Current liabilities	<u>(458,298)</u>	<u>(624,795)</u>
Net assets	<u>1,946,134</u>	<u>1,971,301</u>

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(h) (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: (Cont'd)

	2024 RM	2023 RM
PT Eonmetall Investment		
Results		
Revenue	0	0
Profit/(Loss) for the financial year	120,371	(2,065)
Total comprehensive (loss)/income	<u>(25,167)</u>	<u>244,949</u>
Cash flows used in operating activities	0	0
Cash flows from investing activities	0	0
Cash flows used in financing activities	<u>0</u>	<u>0</u>
Net increase in cash and cash equivalents	<u>0</u>	<u>0</u>

8. DISCONTINUED OPERATIONS

- (a) As disclosed in Note 7(f) to the financial statements, 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 financial results of LTSB were classified as discontinued operations.

The disposal was completed on 7 February 2023 and accordingly, LTSB ceased to be the subsidiary of the Company.

- (b) Analysis of the results of the discontinued operations was as follows:

	LTSB 2023 RM
Statement of profit or loss and other comprehensive income	
Revenue	2,428,532
Cost of sales	<u>(4,489,807)</u>
Gross loss	(2,061,275)
Other income	539,655
Administrative expenses	(233,100)
Finance cost	<u>(3,051)</u>
Loss before tax	(1,757,771)
Taxation	<u>0</u>
Loss for the financial year	(1,757,771)
Other comprehensive income, net of tax	<u>0</u>
Total comprehensive loss	<u>(1,757,771)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

8. DISCONTINUED OPERATIONS (Cont'd)

- (c) Other than those disclosed elsewhere in the financial statements, loss before tax from discontinued operations was arrived at:

	LTSB 2023 RM
After charging:	
Interest expense	3,051
and crediting:	
Interest income from banks	<u>6,606</u>

9. INVESTMENT IN ASSOCIATE

- (a) Investment in associate is 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 associate is as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2024 %	2023 %	
Associate of Eonmetall International Limited				
Emeida Metal Sdn. Bhd. *	Malaysia	40	40	Dormant

* Associate not audited by BDO PLT or BDO member firms.

- (c) As disclosed in Note 7(g) to the financial statements, in the previous financial year, 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 had ceased to be the associate of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

9. INVESTMENT IN ASSOCIATE (Cont'd)

(d) Summarised financial information of material associate was as follows:

Group	2023 RM
<u>United Steel - Industria Metalica, LDA *</u>	
Assets and liabilities	
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>
Results	
Revenue	27,955,400
Loss for the financial year	(5,286,413)
Total comprehensive loss	<u>(5,286,413)</u>

(e) Reconciliation of net assets of material associate to the carrying amounts of the investment in associate was as follows:

Group	2023 RM
<u>United Steel - Industria Metalica, LDA *</u>	
Share of net assets	18,492,633
Bargain purchase	(18,492,633)
Carrying amount	<u>0</u>
Share of results for the financial year	
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

- (f) Summarised financial information of associate are not disclosed during the year as it is immaterial to the Group.
- (g) The unrecognised share of losses of associates amounted to RM2,312 (2023: RM2,211) in the current financial year. As a result, the accumulated unrecognised share of losses of associates amounted to RM11,831 (2023: RM9,519). 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

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10. DEFERRED TAX

(a) Deferred tax (assets) and liabilities are made up of the following:

	2024 RM	Group 2023 RM
Balance as at 1 January	10,775,189	12,608,895
Recognised in profit or loss (Note 27)	(3,693,580)	(1,833,706)
Recognised in other comprehensive income (Note 27)	28,209,630	0
Balance as at 31 December	<u>35,291,239</u>	<u>10,775,189</u>
Presented after appropriate offsetting:		
Deferred tax assets	(58,500)	0
Deferred tax liabilities	<u>35,349,739</u>	<u>10,775,189</u>
	<u>35,291,239</u>	<u>10,775,189</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10. DEFERRED TAX (Cont'd)

(b) Deferred tax (assets) and liabilities of the Group are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM
Property, plant and equipment	0	0	5,759,250	7,601,132	5,759,250	7,601,132
Revaluation of freehold land and buildings	0	0	34,552,393	6,160,482	34,552,393	6,160,482
Unutilised reinvestment allowances	(957,666)	(2,919,361)	0	0	(957,666)	(2,919,361)
Other deductible temporary differences	(4,062,738)	(67,064)	0	0	(4,062,738)	(67,064)
Tax (assets)/liabilities	(5,020,404)	(2,986,425)	40,311,643	13,761,614	35,291,239	10,775,189
Set off	4,961,904	2,986,425	(4,961,904)	(2,986,425)	0	0
Net tax (assets)/liabilities	(58,500)	0	35,349,739	10,775,189	35,291,239	10,775,189

	Property, plant and equipment RM	Revaluation of freehold land and buildings RM	Unutilised reinvestment allowances RM	Other deductible temporary differences RM	Total RM
Balance as at 1 January 2024	7,601,132	6,160,482	(2,919,361)	(67,064)	10,775,189
Recognised in profit or loss (Note 27)	(1,841,882)	182,281	1,961,695	(3,995,674)	(3,693,580)
Recognised in other comprehensive income	0	28,209,630	0	0	28,209,630
Balance as at 31 December 2024	5,759,250	34,552,393	(957,666)	(4,062,738)	35,291,239
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 27)	(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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10. DEFERRED TAX (Cont'd)

- (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:

	2024 RM	Group 2023 RM
Unabsorbed capital allowances	(21,867,249)	(11,105,792)
Unabsorbed tax losses		
- expiring by 31 December 2028	(5,392,056)	(5,392,056)
- expiring by 31 December 2029	(294,853)	(294,853)
- expiring by 31 December 2030	(610,380)	(610,380)
- expiring by 31 December 2031	(1,317,090)	(1,317,090)
- expiring by 31 December 2032	(2,471,138)	(2,471,138)
- expiring by 31 December 2033	(3,491,151)	(3,491,151)
- expiring by 31 December 2034	(8,346,229)	0
Other deductible temporary differences	(2,300)	(1,600)
	<u>(43,792,446)</u>	<u>(24,684,060)</u>

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

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11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-current				
Trade receivable				
Third parties	3,510,098	4,604,739	0	0
Less: Impairment losses	(2,621,038)	(1,633,956)	0	0
	889,060	2,970,783	0	0
Other receivables				
Third party	5,488,870	6,920,889	0	0
Amounts owing by subsidiaries	0	0	54,100,708	106,347,945
	5,488,870	6,920,889	54,100,708	106,347,945
Less: Impairment losses				
- third party	(329,591)	(498,740)	0	0
- amounts owing by subsidiaries	0	0	(54,100,708)	(52,820,780)
	(329,591)	(498,740)	(54,100,708)	(52,820,780)
	5,159,279	6,422,149	0	53,527,165
Non-current trade and other receivables	6,048,339	9,392,932	0	53,527,165
Current				
Trade receivables				
Third parties	32,715,544	37,718,171	0	0
Amounts owing by related parties	2,144,261	1,668,168	0	0
	34,859,805	39,386,339	0	0
Less: Impairment losses				
- third parties	(14,870,601)	(13,355,649)	0	0
- amounts owing by related parties	(39,657)	(83,412)	0	0
	(14,910,258)	(13,439,061)	0	0
	19,949,547	25,947,278	0	0

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (Cont'd)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current				
Other receivables				
Other receivables	22,028,484	15,942,316	2,947,000	2,947,000
Amount owing by associate	50,042	50,042	0	0
Deposits	2,428,114	2,424,855	1,000	1,000
	24,506,640	18,417,213	2,948,000	2,948,000
Less: Impairment losses				
- other receivables	(5,804,061)	(3,915,969)	(2,947,000)	(2,947,000)
- amount owing by associate	(50,042)	(20,954)	0	0
- deposits	(140,305)	(33,905)	0	0
	(5,994,408)	(3,970,828)	(2,947,000)	(2,947,000)
	18,512,232	14,446,385	1,000	1,000
Current trade and other receivables (excluding prepayments)	38,461,779	40,393,663	1,000	1,000
Prepayments	22,468,833	14,085,247	0	0
	60,930,612	54,478,910	1,000	1,000
Total trade and other receivables	66,978,951	63,871,842	1,000	53,528,165

- (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 (2023: 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 5.11% (2023: 5.48%) per annum.
- (d) Non-trade portion of amount owing by associate is 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 RM16,792,770 (2023: RM8,618,320) and remaining consideration receivable for disposal of a subsidiary amounting to RM6,749,292 (2023: RM8,126,262).

Included in prepayments of the Group are prepayment for construction in-progress amounting to RM19,886,599 (2023: RM13,016,744).

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11. TRADE AND OTHER RECEIVABLES (Cont'd)

(f) Currency exposure profile of trade and other receivables excluding prepayments are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	31,804,990	37,594,633	1,000	53,528,165
United States Dollar	12,354,269	12,065,156	0	0
Singapore Dollar	88,822	45,131	0	0
Euro Dollar	212,354	37,860	0	0
Others	49,683	43,815	0	0
	44,510,118	49,786,595	1,000	53,528,165

(g) 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 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.

Lifetime expected loss provision for trade receivables are as follows:

Group	Gross carrying amount RM	Impairment RM	Net carrying amount RM
2024			
Current	11,109,737	(3,489,570)	7,620,167
Past due:			
1 to 60 days	6,109,472	(1,582)	6,107,890
61 to 120 days	1,566,973	(6,013)	1,560,960
121 to 240 days	5,473,624	(67,043)	5,406,581
More than 241 days	14,110,097	(13,967,088)	143,009
Total	38,369,903	(17,531,296)	20,838,607

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE AND OTHER RECEIVABLES (Cont'd)

(g) Recognition and measurement of impairment loss (Cont'd)

Lifetime expected loss provision for trade receivables are as follows: (Cont'd)

Group	Gross carrying amount RM	Impairment RM	Net carrying amount RM
2023			
Current	12,425,646	(2,056,709)	10,368,937
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	14,977,976	(12,750,549)	2,227,427
Total	43,991,078	(15,073,017)	28,918,061

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 and the Company defined significant increase in credit risk based on payment trends and operational performance of other receivables, amounts owing by subsidiaries and amount owing by associate.

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.

The Group considers receivables to be in default when the receivables 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (Cont'd)

(h) Movements in the impairment allowance for trade receivables of the Group are as follows:

	Lifetime ECL RM	Credit impaired RM	Total RM
Group			
Balance as at 1 January 2024	1,028,330	14,044,687	15,073,017
Charge for the financial year	1,554,879	1,128,559	2,683,438
Reversal of impairment losses	(167,487)	(57,672)	(225,159)
Balance as at 31 December 2024	2,415,722	15,115,574	17,531,296
Balance as at 1 January 2023	1,055,475	10,526,682	11,582,157
Charge for the financial year	88,619	3,772,132	3,860,751
Reversal of impairment losses	(115,764)	(254,127)	(369,891)
Balance as at 31 December 2023	1,028,330	14,044,687	15,073,017

(i) Movements in the impairment allowance for other receivables based on the general approach are as follows:

	12-month ECL RM	Lifetime ECL RM	Total allowance RM
Group			
Balance as at 1 January 2024	0	4,469,568	4,469,568
Charge for the financial year	0	2,086,341	2,086,341
Reversal of impairment losses	0	(198,222)	(198,222)
Exchange differences	0	(33,688)	(33,688)
Balance as at 31 December 2024	0	6,323,999	6,323,999
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (Cont'd)

- (i) 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
Company			
Balance as at 1 January 2024	0	55,767,780	55,767,780
Charge for the financial year	0	8,045,369	8,045,369
Reversal of impairment losses	0	(6,765,441)	(6,765,441)
Balance as at 31 December 2024	0	57,047,708	57,047,708
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

- (j) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

12. INVENTORIES

	2024 RM	Group 2023 RM
At cost		
Raw materials	64,997,783	69,176,726
Work-in-progress	80,260,996	79,492,906
Manufactured inventories	21,401,645	24,250,153
	166,660,424	172,919,785
At net realisable value		
Work-in-progress	4,567,241	5,395,844
Total	171,227,665	178,315,629

- (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 RM137,186,447 (2023: RM106,389,396). The Group has also written down inventories of RM14,014 (2023: RM83,289) to their net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

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13. CONTRACT ASSETS

	2024 RM	Group 2023 RM
Aggregate costs incurred to-date	24,668,270	21,822,991
Add: Attributable profits	9,620,380	18,584,363
Less: Impairment loss	(595,186)	(595,186)
	33,693,464	39,812,168
Less: Progress billings	(23,130,000)	(28,177,641)
	10,563,464	11,634,527
Represented by:		
Construction contracts	10,563,464	11,634,527

(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:

	2024 RM	2025 RM	Total RM
Group			
31 December 2024	0	12,716,350	12,716,350
31 December 2023	6,221,287	0	6,221,287

(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(g) to the financial statements.

(d) Movements in the impairment allowance for contract assets based on the simplified approach are as follows:

	2024 RM	2023 RM
Group		
Balance as at 1 January	595,186	470,141
Charge for the financial year	0	431,756
Reversal of impairment losses	0	(306,711)
Balance as at 31 December	595,186	595,186

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

14. CASH AND BANK BALANCES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	7,519,659	13,167,679	99,932	203,098

- (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 (2023: RM1,523,604) held in debt service reserve account which are charged to banks for credit facilities granted to the Group as disclosed in Note 18(b)(iii) to the financial statements.
- (c) Currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	6,908,931	9,764,890	99,932	203,098
United States Dollar	545,284	3,273,697	0	0
Singapore Dollar	43,642	96,770	0	0
Chinese Yuan	896	947	0	0
Euro Dollar	19,080	0	0	0
Others	1,826	31,375	0	0
	7,519,659	13,167,679	99,932	203,098

- (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		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	7,519,659	13,167,679	99,932	203,098
Less: Bank overdrafts (Note 18)	(12,005,592)	(11,007,121)	0	0
Less: Bank balance held in debt service reserve account	(1,523,604)	(1,523,604)	0	0
	(6,009,537)	636,954	99,932	203,098

- (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 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

15. SHARE CAPITAL

	2024		2023	
	Number of shares	RM	Number of shares	RM
Group				
Issued and fully paid with no par value:				
Balance as at 1 January	280,084,392	137,734,138	279,664,392	137,425,816
Issuance of ordinary shares pursuant to private placement	27,698,700	8,014,171	0	0
Issuance for cash pursuant to ESOS	0	0	420,000	308,322
Balance as at 31 December	<u>307,783,092</u>	<u>145,748,309</u>	<u>280,084,392</u>	<u>137,734,138</u>

Company

Issued and fully paid with no par value:

Balance as at 1 January	280,084,392	137,244,246	279,664,392	136,935,924
Issuance of ordinary shares pursuant to private placement	27,698,700	8,014,171	0	0
Issuance for cash pursuant to ESOS	0	0	420,000	308,322
Balance as at 31 December	<u>307,783,092</u>	<u>145,258,417</u>	<u>280,084,392</u>	<u>137,244,246</u>

- (a) During the financial year, the issued and paid-up ordinary shares of the Company was increased from 280,084,392 to 307,783,092 by way of issuance of 27,698,700 new ordinary shares pursuant to the private placement of 2,698,700 and 25,000,000 new ordinary shares of RM0.2915 and RM0.2891 each respectively for cash totalling RM8,014,171.

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 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 ranked pari passu in all respects with the existing ordinary shares of the Company.

- (c) Owners of the Company (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 31 May 2024, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2024		2023	
	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>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

15. SHARE CAPITAL (Cont'd)

(d) Treasury shares (Cont'd)

- (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 2024, the number of ordinary shares net of treasury shares is 304,686,492 (2023: 276,987,792).
- (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.

16. RESERVES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-distributable:				
Revaluation reserve	246,060,197	45,961,940	0	0
Exchange translation reserve	(1,234,145)	(1,215,705)	0	0
Share options reserve	6,268,012	4,217,679	6,268,012	4,217,679
Distributable:				
Retained earnings/Accumulated losses	136,124,359	132,366,381	(37,193,561)	(42,102,798)
	387,218,423	181,330,295	(30,925,549)	(37,885,119)

(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 2024

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-current				
Other payables				
Amounts owing to subsidiaries	0	0	78,858,590	93,587,845
Current				
Trade payables				
Third parties	10,358,315	8,903,487	0	0
Amounts owing to related parties	519,146	1,426,348	0	0
	10,877,461	10,329,835	0	0
Other payables				
Other payables	11,457,076	10,646,359	70,766	15,665
Amounts owing to related parties	669,601	2,431,178	0	0
Deposit received	53,000	92,088	0	0
Accrued expenses	3,090,976	4,058,387	435,950	430,400
	15,270,653	17,228,012	506,716	446,065
Current trade and other payables	26,148,114	27,557,847	506,716	446,065
Total trade and other payables	26,148,114	27,557,847	79,365,306	94,033,910

- (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 (2023: 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 5.11% (2023: 5.48%) per annum.
- (d) Non-trade amounts owing to related parties are unsecured, payable within the next twelve (12) months and interest-free.
- (e) Currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	18,974,519	20,286,658	79,365,306	94,033,910
United States Dollar	5,694,973	5,863,290	0	0
Chinese Yuan	211,845	1,154,091	0	0
Singapore Dollar	182,929	70,485	0	0
Euro Dollar	1,083,848	183,323	0	0
	26,148,114	27,557,847	79,365,306	94,033,910

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

17. TRADE AND OTHER PAYABLES (Cont'd)

(f) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

18. BORROWINGS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Non-current</u>				
<i>Secured</i>				
Term loans	17,024,663	24,942,835	0	0
<u>Current</u>				
<i>Secured</i>				
Bank overdrafts	12,005,592	11,007,121	0	0
Bankers' acceptances	43,066,106	62,360,079	0	0
Revolving credits	23,455,000	35,950,000	0	0
Term loans	7,919,546	15,485,210	0	0
Trust receipts	32,789,935	20,101,340	0	0
Financial guarantee contracts (Note 19)	0	0	212,237	325,059
	119,236,179	144,903,750	212,237	325,059
<u>Total borrowings</u>				
<i>Secured</i>				
Bank overdrafts (Note 14(d))	12,005,592	11,007,121	0	0
Bankers' acceptances	43,066,106	62,360,079	0	0
Revolving credits	23,455,000	35,950,000	0	0
Term loans	24,944,209	40,428,045	0	0
Trust receipts	32,789,935	20,101,340	0	0
Financial guarantee contracts (Note 19)	0	0	212,237	325,059
	136,260,842	169,846,585	212,237	325,059

(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 guarantees of RM311,008,000 (2023: RM406,028,000) by the Company and subsidiaries of the Company; and
- (iii) debt service reserve account of RM1,523,604 (2023: RM1,523,604) as disclosed in Note 14(b) to the financial statements.

(c) All borrowings are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

18. BORROWINGS (Cont'd)

- (d) The carrying amounts of the current borrowings are reasonable approximation of the fair value due to insignificant impact of discounting.

The carrying amounts of the non-current 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 for presentation purposes are categorised as Level 3 in the fair value hierarchy.

- (e) Information on financial risks of borrowings is disclosed in Note 33 to the financial statements.

19. 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:
- (i) the amount of the loss allowance; and
 - (ii) 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 are as follows:

	Company	
	2024 RM	2023 RM
Balance as at 1 January	325,059	579,311
Addition	0	174,366
Fair value changes on financial guarantee contracts	(112,822)	(428,618)
Balance as at 31 December	212,237	325,059

- (f) Information on financial risk of financial guarantees contract is disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

20. DERIVATIVE LIABILITIES

Group	2024		2023	
	Contract amount RM	Liabilities RM	Contract amount RM	Liabilities RM
Forward currency contract	<u>2,223,505</u>	<u>17,383</u>	<u>12,127,304</u>	<u>154,921</u>

- (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.
- (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	
	2024 RM	2023 RM
Gain/(Loss) on derivative financial instruments	<u>137,538</u>	<u>(154,921)</u>

21. REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers				
Recognise at a point in time:				
Sale of goods	194,794,597	155,207,990	0	0
Recognised over time:				
Construction contracts revenue	2,629,936	17,982,261	0	0
	<u>197,424,533</u>	<u>173,190,251</u>	<u>0</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

21. REVENUE (Cont'd)

- (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 significant financing component in the revenue arising from construction contracts as the contracts are on normal credit terms not exceeding twelve (12) months.

22. FINANCE COSTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest expense on:				
- amounts owing to subsidiaries	0	0	4,243,990	4,349,666
- bank overdrafts	664,701	615,303	0	0
- bankers' acceptances	3,492,447	3,288,689	0	0
- lease liabilities	107,014	146,124	0	0
- revolving credits	1,555,916	1,868,520	0	0
- term loans	1,972,498	2,293,067	0	0
- trust receipts	1,116,035	396,840	0	0
	8,908,611	8,608,543	4,243,990	4,349,666

NOTES TO THE FINANCIAL STATEMENTS

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23. EMPLOYEE BENEFITS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Wages, salaries, bonuses and incentives	20,643,665	20,741,728	52,365	47,515
Contributions to defined contribution plan	1,341,184	1,480,125	0	0
Social security contributions	251,197	224,526	0	0
Share options granted under ESOS	2,198,727	4,360,992	636,944	1,224,127
Other employee benefits	636,898	611,282	378,000	363,000
	<u>25,071,672</u>	<u>27,418,653</u>	<u>1,067,309</u>	<u>1,634,642</u>

24. DIRECTORS' REMUNERATION

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company				
Executive:				
Fees	108,000	108,000	108,000	108,000
Other emoluments	3,346,747	3,778,088	14,485	13,515
Share options granted under ESOS	315,084	605,552	315,084	605,552
	<u>3,769,831</u>	<u>4,491,640</u>	<u>437,569</u>	<u>727,067</u>
Non-executive:				
Fees	270,000	255,000	270,000	255,000
Other emoluments	70,880	34,000	37,880	34,000
Share options granted under ESOS	321,860	618,575	321,860	618,575
	<u>662,740</u>	<u>907,575</u>	<u>629,740</u>	<u>907,575</u>
Total Directors' remuneration	<u>4,432,571</u>	<u>5,399,215</u>	<u>1,067,309</u>	<u>1,634,642</u>

25. EMPLOYEE SHARE OPTIONS SCHEME ('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:

- 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.
- Director has been appointed in any company within the Group.
- 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.

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25. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (Cont'd)

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: (Cont'd)

- (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 -----]						
Movement during the financial year						
Date of offer	Outstanding as at 1.1.2024	Granted	Exercised	Lapsed*	Outstanding as at 31.12.2024^	Exercisable as at 31.12.2024
18 April 2023	32,900,000	0	0	(1,460,000)	31,440,000	6,012,000
Weighted average exercise prices (RM)	0.48	0	0	0.48	0.48	0.48

[----- Number of options over ordinary shares -----]						
Movement during the financial year						
Date of offer	Outstanding as at 1.1.2023	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

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25. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (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 previous 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 (%)	0

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26. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Other than those disclosed elsewhere in the financial statements, profit/(loss) before tax from continuing operations is arrived at:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	350,300	295,639	77,800	57,500
- under provision in prior years	9,300	0	9,300	0
- assurance related services	8,000	7,500	8,000	7,500
Inventories written down	14,014	83,289	0	0
Property, plant and equipment written off	6,244,997	8,106	0	0
Revaluation downward on property, plant and equipment	221,000	0	0	0
and crediting:				
Foreign exchange gain:				
- realised	27,736	546,271	0	0
- unrealised	68,512	200,827	0	0
Gain on disposal of property, plant and equipment	28,004,992	1,367,711	0	0
Gain on disposal of subsidiaries	0	24,073,748	0	21,267,863
Interest income from:				
- banks	438,654	36,313	0	0
- amounts owing by subsidiaries	0	0	4,982,634	4,980,941
Rental income	344,549	275,376	0	0
Reversal of impairment losses on cost of investments in subsidiaries	0	0	7,223,000	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.

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27. TAXATION

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax expense based on profit/(loss) for the financial year:				
Current year	1,624,491	1,699,997	51,491	0
Under provision in prior years	113,066	300,533	0	0
	1,737,557	2,000,530	51,491	0
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	(691,549)	(2,316,894)	0	0
Crystallisation of deferred tax liabilities upon:				
- disposal of revalued properties	0	(17,582)	0	0
- depreciation of revalued properties	(193,141)	(60,354)	0	0
(Over)/Under provision in prior years	(2,808,890)	561,124	0	0
	(3,693,580)	(1,833,706)	0	0
Real property gains tax	0	152,600	0	0
Total taxation	(1,956,023)	319,424	51,491	0

- (a) Malaysian income tax is calculated at the statutory tax rate of twenty-four per centum (24%) (2023: 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 2024

27. TAXATION (Cont'd)

- (c) Numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) before tax	<u>1,136,654</u>	<u>(5,436,616)</u>	<u>4,960,728</u>	<u>(44,145,207)</u>
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	272,800	(1,304,800)	1,190,600	(10,594,800)
Tax effects in respect of:				
Non-allowable expenses	7,217,565	190,213	2,245,194	10,594,800
Non-taxable income	(10,779,067)	(1,173,846)	(3,384,303)	0
Real property gains tax	0	152,600	0	0
Tax incentive	(557,542)	(538,200)	0	0
Deferred tax assets not recognised	4,586,045	2,202,000	0	0
Utilisation of previously unrecognised deferred tax assets	<u>0</u>	<u>(70,200)</u>	<u>0</u>	<u>0</u>
	739,801	(542,233)	51,491	0
Under provision of current tax expense in prior years	113,066	300,533	0	0
(Over)/Under provision of deferred tax expense in prior years	<u>(2,808,890)</u>	<u>561,124</u>	<u>0</u>	<u>0</u>
	<u>(1,956,023)</u>	<u>319,424</u>	<u>51,491</u>	<u>0</u>

- (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.
- (e) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Group tax effect RM	After tax RM
2024			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>(35,905)</u>	<u>0</u>	<u>(35,905)</u>
Items that may not be reclassified subsequently to profit or loss			
Revaluation gain of properties	<u>228,839,239</u>	<u>(28,209,630)</u>	<u>200,629,609</u>

NOTES TO THE FINANCIAL STATEMENTS

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27. TAXATION (Cont'd)

(e) Tax on each component of other comprehensive income is as follows: (Cont'd)

	Before tax RM	Group tax effect RM	After tax RM
2023			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	189,993	0	189,993

28. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) 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.

	2024	Group 2023
Profit/(Loss) for the financial year attributable to owners of the parent (RM)		
- continuing operations	3,078,232	(5,844,593)
- discontinued operations	0	(896,463)
	3,078,232	(6,741,056)
Weighted average number of ordinary shares in issue (unit)	277,746,663	276,567,792
Effects of exercise of private placement (unit)	6,442,988	0
Effects of exercise of ESOS (unit)	0	184,455
Adjusted weighted average number of ordinary shares applicable to basic earnings/(loss) per ordinary share (unit)	284,189,651	276,752,247
Basic earnings/(loss) per ordinary share (sen):		
- continuing operations	1.08	(2.11)
- discontinued operations	0	(0.32)
	1.08	(2.44)

NOTES TO THE FINANCIAL STATEMENTS

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28. EARNINGS/(LOSS) PER ORDINARY SHARE (Cont'd)

(b) Diluted

Diluted loss per ordinary share for the financial year is calculated by dividing the profit/(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.

	Group	
	2024	2023
Profit/(Loss) for the financial year attributable to owners of the parent (RM)		
- continuing operations	3,078,232	(5,844,593)
- discontinued operations	0	(896,463)
	<u>3,078,232</u>	<u>(6,741,056)</u>
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per ordinary share (unit)	284,189,651	276,752,247
Effects of dilution due to ESOS (unit)	0	1,833,770
Adjusted weighted average number of ordinary shares applicable to diluted earnings/(loss) per ordinary share (unit)	<u>284,189,651</u>	<u>278,586,017</u>
Diluted earnings/(loss) per ordinary share (sen):		
- continuing operations	1.08	(2.10)
- discontinued operations	0	(0.32)
	<u>1.08</u>	<u>(2.42)</u>

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

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29. RELATED PARTY DISCLOSURES (Cont'd)

(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	
	2024 RM	2023 RM	2024 RM	2023 RM
Related parties:				
Sale of goods	88,812,914	46,810,890	0	0
Purchase of goods	910,316	2,125,578	0	0
Rental payable	938,873	3,436,627	0	0
Subsidiaries:				
Interest income	0	0	4,982,634	4,980,941
Interest expense	0	0	4,243,990	4,349,666

The above transactions were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

(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	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Directors</u>				
Fees	378,000	363,000	378,000	363,000
Other emoluments	3,417,627	3,812,088	52,365	47,515
Share options granted under ESOS	636,944	1,224,127	636,944	1,224,127
	4,432,571	5,399,215	1,067,309	1,634,642
<u>Other Key Management Personnel</u>				
Other emoluments	971,218	949,879	0	0
Share options granted under ESOS	102,995	197,944	0	0
	1,074,213	1,147,823	0	0
	5,506,784	6,547,038	1,067,309	1,634,642

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30. CAPITAL COMMITMENTS

	2024 RM	Group 2023 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	<u>8,469,400</u>	<u>7,656,000</u>

31. 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. However, the trial dates have been vacated giving way to disposal of earlier cases.

Full trial of the matter has been fixed on 21 to 24 and 28 to 29 of July 2025. The pre-trial case management has been completed on 4 March 2025 for EMS to restructure the Witness Statement(s) filed for the convenience of the trial as directed by the Court. The next case management is scheduled for 11 June 2025 to assess general readiness for trial.

The Directors are of the opinion, after taking appropriate legal advice, that no contingent asset has been recognised as the outcome of the litigation is uncertain and not virtually certain to result in an inflow of economic benefits to the Company.

- (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.

NOTES TO THE FINANCIAL STATEMENTS

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31. MATERIAL LITIGATIONS (Cont'd)

(b) Cosco Shipping Lines Co., Ltd. and Cosco Shipping Lines (Malaysia) Sdn. Bhd. ('COSCO') vs EMS (Cont'd)

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 60 26 July and 14 to 16 August 2024. However, the trial dates have been vacated giving way to disposal of earlier cases.

Full trial of the matter has been fixed on 21 to 24 and 28 to 29 of July 2025. The pre-trial case management has been completed on 4 March 2025 for EMS to restructure the Witness Statement(s) filed for the convenience of the trial as directed by the Court. The next case management is scheduled for 11 June 2025 to assess general readiness for trial.

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.

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 refiled this as a civil suit under Writ action.

After taking some time to get leave to sere the Writ out of jurisdiction to Rizhao's address in People's Republic of China ('PRC') and engaging a law firm in PRC to be the agent to serve the Writ on Rizhao, EGB is now at the stage of application to enter judgement in default of defence.

The case had been concluded on 26 March 2025 as the court has allowed EGB's application to record Judgment in Default of Defence against Rizhao and EMK and allowing the claims of EGB. As a result, the company secretary of Eonmetall China Sdn. Bhd. is instructed to transfer the 510,000 shares back to EGB and issue the relevant share certificate.

As the Court Order was released subsequent to the financial year end and the share transfer is not effected up to report date, the financial statements for the current financial year do not reflect the impact. The relevant transaction will be accounted for during the financial year ending 31 December 2025.

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31. MATERIAL LITIGATIONS (Cont'd)

- (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.

Pursuant to the latest case management held on 14 January 2025, the High Court has fixed the Trial to continue on the following dates 14 July 2025, 15 July 2025, 16 July 2025, 17 July 2025, 25 August 2025, 26 August 2025, 27 August 2025, 28 August 2025 and 29 August 2025.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

- (e) Eonmetall Industries Sdn. Bhd. ('EMI') vs Power Portal Sdn. Bhd. ('Power Portal')

EMI, a wholly-owned subsidiary of the Company, had sued Power Portal for outstanding rental amounting to RM657,768.15 from Power Portal in relating to granting early possession of a property pending completion of the sale of the said property to the debtor.

The case is now at filing pre-trial document stage and court directed parties to try mediation.

The Directors are of the opinion, after taking appropriate legal advice, that no contingent asset has been recognised as the outcome of the litigation is uncertain and not virtually certain to result in an inflow of economic benefits to the Company.

- (f) Eonsteel Sdn. Bhd. ('ESL') vs Power Portal Sdn. Bhd. ('Power Portal')

ESL, a wholly-owned subsidiary of the Company, had sought an order to evict Power Portal from the land rented by Power Portal on basis of breach of the tenancy agreement.

On 15 January 2025, the case is still at the stage of application for summary judgment and application for summary striking out of claim stage because the matter was kept in abeyance for retiring judge to clear old cases and for new judge to assume duty.

The Directors are of the opinion, after taking appropriate legal advice, that no contingent asset has been recognised as the outcome of the litigation is uncertain and not virtually certain to result in an inflow of economic benefits to the Company.

32. 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.

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32. CAPITAL MANAGEMENT (Cont'd)

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, external borrowings and lease liabilities, less cash and bank balances. Capital represents equity attributable to owners of the parent. The gearing ratios are as follows:

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Trade and other payables	17	26,148,114	27,557,847	79,365,306	94,033,910
Borrowings	18	136,260,842	169,846,585	0	0
Lease liabilities	6	1,973,064	2,546,945	0	0
		164,382,020	199,951,377	79,365,306	94,033,910
Less: Cash and bank balances	14	(7,519,659)	(13,167,679)	(99,932)	(203,098)
Net debt		156,862,361	186,783,698	79,265,374	93,830,812
Total capital		531,205,593	317,303,294	112,571,729	97,597,988
Net debt		156,862,361	186,783,698	79,265,374	93,830,812
Total capital plus net debt		688,067,954	504,086,992	191,837,103	191,428,800
Gearing ratio		23%	37%	41%	49%

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 2024.

33. 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

Bank balances with licensed banks and receivables could give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal 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.

In respect of the bank balances placed with licensed banks, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

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:

	2024		2023	
	RM	% of total	RM	% of total
By countries				
Malaysia	13,857,353	66%	20,526,541	71%
Philippines	1,750,921	8%	2,331,847	8%
United States of America	1,049,473	5%	2,361,972	8%
Australia	996,277	5%	771,122	3%
Middle East	813,673	4%	2,411,195	8%
Sri Lanka	625,584	3%	137,521	1%
Singapore	93,405	*	45,131	*
Indonesia	12,652	*	16,488	*
Africa	0	*	81,005	*
Others	1,639,269	8%	235,239	1%
	20,838,607	100%	28,918,061	100%
By industry sectors				
Steel product and trading activity	3,940,734	19%	12,677,013	44%
Machinery and equipment	16,897,873	81%	16,241,048	56%
	20,838,607	100%	28,918,061	100%

* Amount less than 1%.

At the end of the reporting period, approximately:

- (i) 26% (2023: 37%) of the trade receivables of the Group were due from two (2) (2023: two (2)) major customers who are located in Malaysia.
- (ii) Approximate 100% (2023: 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 RM311,008,000 (2023: RM406,028,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

Recognition and measurement of impairment loss of financial guarantee contracts

The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates 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 determine 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's exposure to liquidity risk arises principally from its various payables, lease liabilities, derivative liabilities and borrowings.

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 also manage the liquidity risk by minimising the mismatch of financial assets and liabilities whilst maintaining sufficient cash and marketable securities, the availability of funding through standby credit facilities and the ability to close out market positions.

As at 31 December 2024, the current liabilities of the Company exceeded its current assets by RM629,134. The Directors are confident that the Company will obtain sufficient funds from the support of its subsidiaries to meet its obligations as and when they fall due. Historical results of the treasury management show that the Company has not defaulted on any obligations due or payable to creditors and has the ability to meet its obligations as and when they fall due.

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
2024				
Financial liabilities				
Trade and other payables	26,148,114	0	0	26,148,114
Lease liabilities	1,073,749	830,489	252,000	2,156,238
Derivative liabilities	17,383	0	0	17,383
Borrowings	120,580,466	20,204,214	0	140,784,680
Total undiscounted financial liabilities	147,819,712	21,034,703	252,000	169,106,415

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

33. 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: (Cont'd)

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
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	176,283,556	28,371,398	336,000	204,990,954

Company	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2024				
Financial liabilities				
Trade and other payables	506,716	82,888,266	0	83,394,982
Financial guarantees	311,008,000	0	0	311,008,000
Total undiscounted financial liabilities	311,514,716	82,888,266	0	394,402,982

2023				
Financial liabilities				
Trade and other payables	446,065	98,716,460	0	99,162,525
Financial guarantees	406,028,000	0	0	406,028,000
Total undiscounted financial liabilities	406,474,065	98,716,460	0	505,190,525

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Foreign currency risk (Cont'd)

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
2024			
United States Dollar	Within one (1) year	497,700	2,181,802
Singapore Dollar	Within one (1) year	<u>12,700</u>	<u>41,703</u>
2023			
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'), Chinese Yuan ('CNY'), Euro Dollar ('EURO') exchange rates against the respective functional currencies of entities within the Group, with all other variables held constant:

		Group	
Profit after tax		2024 RM	2023 RM
USD/RM	- strengthen by 5% (2023: 5%)	273,037	360,071
	- weaken by 5% (2023: 5%)	<u>(273,037)</u>	<u>(360,071)</u>
RM/USD	- strengthen by 5% (2023: 5%)	(68,343)	(68,399)
	- weaken by 5% (2023: 5%)	<u>68,343</u>	<u>68,399</u>
CNY/RM	- strengthen by 5% (2023: 5%)	(8,016)	(43,819)
	- weaken by 5% (2023: 5%)	<u>8,016</u>	<u>43,819</u>
EURO/RM	- strengthen by 5% (2023: 5%)	(32,392)	(4,734)
	- weaken by 5% (2023: 5%)	<u>32,392</u>	<u>4,734</u>

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

The effect to the equity of the Group and the Company are not presented as they are not affected by the changes in the exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(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 to interest rate risk arises primarily from lease liabilities and external borrowings while the exposures of the Company to interest rate risk arises primarily from amounts due from and due to subsidiaries. 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.

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	
	2024 RM	2023 RM
Profit/(Loss) after tax		
Increase by 0.1% (2023: 0.1%)	103,558	(129,083)
Decrease by 0.1% (2023: 0.1%)	<u>(103,558)</u>	<u>129,083</u>
	Company	
	2024 RM	2023 RM
Profit/(Loss) after tax		
Increase by 0.1% (2023: 0.1%)	(18,816)	9,698
Decrease by 0.1% (2023: 0.1%)	<u>18,816</u>	<u>(9,698)</u>

There is no interest rate risk exposure to the equity, hence the effect of change in the interest rate is not explained.

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.

33. 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
2024									
Fixed rate									
Lease liabilities	6	4.68	995,555	490,145	116,516	66,945	70,377	233,526	1,973,064
Floating rates									
Bank overdrafts	18	7.48	12,005,592	0	0	0	0	0	12,005,592
Bankers' acceptances	18	4.92	43,066,106	0	0	0	0	0	43,066,106
Revolving credits	18	6.59	23,455,000	0	0	0	0	0	23,455,000
Term loans	18	6.29	7,919,546	8,252,523	6,462,421	2,309,719	0	0	24,944,209
Trust receipts	18	4.85	32,789,935	0	0	0	0	0	32,789,935

33. 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
2023									
Fixed rate									
Lease liabilities	6	4.35	1,541,447	389,751	128,386	116,516	66,945	303,900	2,546,945
Floating rates									
Bank overdrafts	18	7.66	11,007,121	0	0	0	0	0	11,007,121
Bankers' acceptances	18	4.90	62,360,079	0	0	0	0	0	62,360,079
Revolving credits	18	7.10	35,950,000	0	0	0	0	0	35,950,000
Term loans	18	6.32	15,485,936	7,921,675	8,252,800	6,462,716	2,304,918	0	40,428,045
Trust receipts	18	4.85	20,101,340	0	0	0	0	0	20,101,340

33. 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 ('WABIR') 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/ WABIR %	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
2024									
Floating rates									
Amounts owing by subsidiaries	11	5.11	0	0	14,597,521	39,503,187	0	0	54,100,708
Amounts owing to subsidiaries	17	5.11	0	78,858,590	0	0	0	0	78,858,590
2023									
Floating rates									
Amounts owing by subsidiaries	11	5.48	0	0	14,665,385	91,682,560	0	0	106,347,945
Amounts owing to subsidiaries	17	5.48	0	93,587,845	0	0	0	0	93,587,845

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

33. 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:

	2024 RM	Group 2023 RM
Profit after tax		
Increase by 5% (2023: 5%)	1,479,585	2,009,101
Decrease by 5% (2023: 5%)	(1,479,585)	(2,009,101)

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 27 January 2025, the Company has proposed to undertake the proposed private placement of up to 30% of the total number of issued shares of the Company (excluding treasury shares) ('Proposed Private Placement'). Up to 91,405,947 new Placement shares may be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Malaysia Securities, subject to the conditions set out by Bursa Malaysia Securities.

The Company further announced on 9 April 2025 that Bursa Malaysia Securities Berhad had, via its letter dated 9 April 2025, approved the listing and quotation for up to 91,405,947 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Malaysia Securities, subject to the conditions set out in the letter by Bursa Malaysia Securities.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments to Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosure - Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments to Standards did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Cont'd)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards-Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
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 to Standards, 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 2024 RM'000
Eonmetall Technology Sdn Bhd						
Grant 64234, Lot 1696, Mukim 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang.	21 June 2024 / 08 August 2000	Freehold	24 yrs	39,180	A factory building is erected on the adjoining parcels of the land	77,154
Grant 302, Lot 1697, Mukim 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang.	21 June 2024 / 08 August 2000	Freehold	24 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.	21 June 2024 / 1 April 2006	Freehold	19 yrs	116	Single storey terrace house / Residential premise for factory workers	326
Lot No. T-2318, Mukim 13 No. 37, Lorong Cempaka 28 14110 Simpang Ampat Seberang Perai Selatan, Penang.	21 June 2024 / 1 April 2006	Freehold	19 yrs	116	Single storey terrace house / Residential premise for factory workers	326
Eonsteel Sdn Bhd						
Lot No. 20109, Mukim 12, Seberang Perai Selatan, Penang.	21 June 2024 / 19 May 2009	Freehold	16 yrs	66,791	Single storey detached factory	102,927
Eonchem Biomass Sdn Bhd						
Lot No. 20123 & 20124, Mukim 12, Seberang Perai Selatan, Penang.	21 June 2024 / 19 November 2013	Freehold	12 yrs	30,680	Single storey detached factory and single storey warehouse	46,563
Eonmetall Land Sdn Bhd						
Lot No. PT85117, Mukim of Kapar, District of Klang, Selangor.	21 June 2024 / 22 May 2023	Freehold	-	267,243	Vacant Land	189,869

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

Total number of issued shares : 307,783,092 (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	57	2.62	2,361	0.00
100 - 1,000	409	18.81	158,310	0.05
1,001 - 10,000	945	43.47	5,373,896	1.75
10,001 - 100,000	621	28.57	21,729,223	7.06
100,001 - less than 5% of issued shares	138	6.35	117,524,828	38.18
15,389,154 - 5% and above of issued shares	4	0.18	162,994,474	52.96
TOTAL	2,174	100.00	307,783,092	100.00

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	27.59	-	-
2	Dato' Goh Cheng Huat	41,128,918	13.50	⁽ⁱ⁾ 84,049,128	27.59
3	Dato' Sri Lee Hock Seng	25,000,000	8.21	-	-
4	Chuah Theong Yee	21,179,428	6.95	-	-
5	Datin Tan Pak Say	-	-	⁽ⁱⁱ⁾ 125,178,046	41.09

* 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	Datin Tan Pak Say	-	-	⁽ⁱ⁾ 125,178,046	41.09
3	Dato' Goh Cheng Huat	41,128,918	13.50	⁽ⁱⁱ⁾ 84,049,128	27.59
4	Goh Hong Kent	-	-	-	-
5	Chan Thetng Sung	180,000	0.06	-	-
6	Datuk Yogeesvaran A/L Kumaraguru	-	-	-	-
7	Dato' Mohammad Radhi Bin Abdul Razak	-	-	-	-
8	Yeoh Cheng Chye	-	-	-	-
9	Goh Kee Seng	-	-	-	-

* Exclusive 3,096,600 treasury shares.

⁽ⁱ⁾ Deemed interested pursuant to spouse's direct and indirect interest pursuant to Section 8(4) and Section 59(11)(c).

⁽ⁱⁱ⁾ Deemed interested via pursuant to Section 8(4) 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

AS AT 2 APRIL 2025

Thirty Largest Shareholders

Name	No. of Shares	% of Issued Share Capital
1 EONMETALL CORPORATION SDN BHD	42,049,128	13.80
2 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH CHENG HUAT (SMART)	32,765,918	10.75
3 LEE HOCK SENG (DATO'SRI)	25,000,000	8.21
4 CHUAH THEONG YEE	21,179,428	6.95
5 EONMETALL CORPORATION SDN BHD	21,000,000	6.89
6 EONMETALL CORPORATION SDN BHD	21,000,000	6.89
7 PULAU ANGKASA INDUSTRIES SDN BHD	12,935,343	4.25
8 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TING HONG	10,239,400	3.36
9 GOH LI LI	9,141,271	3.00
10 TAN ENG HOCK	6,000,000	1.97
11 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHENG HUAT	4,263,000	1.40
12 GOH CHENG HUAT	4,100,000	1.35
13 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIONG HUI YEE (3000483)	2,752,600	0.90
14 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (8036608)	2,698,700	0.89
15 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TING HONG (E-SJA/KBG)	2,638,000	0.87
16 M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOH PIAU (M&A)	2,582,400	0.85
17 CHONG TOH WEE	2,430,000	0.80
18 AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY AN NA (M04)	2,000,000	0.66
19 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	2,000,000	0.66
20 WUAN SWEE MAY	2,000,000	0.66
21 LIM KIAN WAT	1,848,900	0.61
22 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YEW HING (7000829)	1,842,000	0.60
23 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP HENG SANG (7005721)	1,750,000	0.57
24 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOONG WEI KUONG	1,728,600	0.57
25 TAN CHENG ENG	1,601,200	0.53
26 HOR LEE CHEN	1,582,000	0.52
27 CHIN KIM LEE	1,233,400	0.40
28 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHIN KOK TIAN (PB)	1,135,400	0.37
29 LEE KEE NIAN	1,130,000	0.37
30 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SONG KOK CHEONG	1,050,000	0.34

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting ("**22nd AGM**") of **EONMETALL GROUP BERHAD** ("**the Company**") will be held at Meeting Room, 2nd Floor, Lot 1258, Mk 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Pulau Pinang, Malaysia on Wednesday, 28 May 2025 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 2024 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors, each of whom retires in accordance with Clause 103 of the Company's Constitution and being eligible, offers himself for re-election:
 - (a) Tan Sri Dato' Mohd Desa Bin Pachi; **Ordinary Resolution 1**
 - (b) Mr. Yeoh Cheng Chye; and **Ordinary Resolution 2**
 - (c) Mr. Goh Kee Seng **Ordinary Resolution 3**
3. To re-elect Datin Tan Pak Say retiring in accordance with Clause 110 of the Company's Constitution and being eligible, offers herself for re-election. **Ordinary Resolution 4**
4. To approve the payment of Directors' Fees to the Directors of an amount up to RM380,000 for the period from one day after 22nd AGM until the conclusion of the next annual general meeting ("**AGM**") of the Company. **Ordinary Resolution 5**
5. To approve the payment of benefits to the Directors of an amount up to RM90,000 for the period from one day after 22nd AGM 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 determine 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 ("**the Act**") 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 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.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (Cont'd)** **Ordinary Resolution 9**

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 29 April 2025, 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 ALLOCATION OF OPTIONS GRANTED UNDER THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR THE "SCHEME") ("ESOS OPTIONS") TO DATIN TAN PAK SAY, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER OF THE COMPANY** **Ordinary Resolution 11**

"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, Datin Tan Pak Say ESOS Options to subscribe for new ordinary shares in Eonmetall Group Berhad ("Shares") under the ESOS in accordance with the by-laws governing the ESOS ("By-laws") provided always that:-

- (i) she shall not participate in the deliberation or discussion of her own allocation as well as allocation to persons connected with her;
- (ii) the allocation to her, who singly or collectively through persons connected with her, 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."

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

11. 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, 29 April 2025

Notes:

Appointment of Proxy

1. A proxy may but need not be a member.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia, not less than forty-eight (48) hours before the time set for holding the 22nd AGM or at any adjournment thereof.
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. 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.
5. 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.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2025 (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 Tan Sri Dato' Mohd Desa Bin Pachi, Mr. Yeoh Cheng Chye, Mr. Goh Kee Seng and Datin Tan Pak Say. All of them are standing for re-election and being eligible, have offered themselves for re-election at this 22nd AGM. The Board of Directors ("**the Board**"), through the Nominating Committee ("**NC**"), had conducted assessments on Tan Sri Dato' Mohd Desa Bin Pachi, Mr. Yeoh Cheng Chye and Mr. Goh Kee Seng and considered the results of the assessments based on the criteria set out in the Fit and Proper Policy which include commitment, contributions, knowledge, integrity and experience and their overall performance and was satisfied that all of them met the performance criteria set out therein in the discharge of their duties and responsibilities.

Tan Sri Dato' Mohd Desa Bin Pachi is an Independent Director ("**ID**") of the Company. He has fulfilled the requirements on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and has provided confirmation of independence. Throughout his tenure, he has provided strong leadership and guidance to the Board, fostering effective decision-making processes and promoting transparency and accountability as well as sharing impartial views and opinions. Mr. Yeoh Cheng Chye and Mr. Goh Kee Seng are Non-IDs. Both had demonstrated their objectivity through proactive engagements during meetings of the Board. Following re-designation as Non-ID, Mr. Yeoh Cheng Chye continued to contribute his valuable expertise and insights to the Company and its subsidiaries ("**Group**") to ease the transition to the new executive leadership. Datin Tan Pak Say did not participate in the annual assessment as she was only appointed in January 2025. Nonetheless, the Board viewed that she has, since her appointment, added value to the Board's decision making process. Accordingly, the Board would like to recommend the re-election of all four Directors at the forthcoming 22nd AGM.

The retiring Directors do not have any conflict of interest with the Company save as disclosed in the Annual Report 2024 and the Circular and Statement to the shareholders and had also abstained from deliberation and decision making on their re-election.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

Explanatory Notes: (Cont'd)

2. In respect of **Ordinary Resolution 5** and **Ordinary Resolution 6**, the Directors' fees and benefits have been reviewed by the Remuneration Committee ("RC") and the Board which considered the fees and benefits are in the best interest of the Company and in accordance with the remuneration framework. The fee 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** (collectively, the Audit Committee, NC and RC). 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. It also included contingency to account for additional unscheduled meeting days. In the event the proposed amounts are insufficient, approval will be sought at the next AGM for the shortfall.
3. **Ordinary Resolution 8: Waiver of the pre-emptive rights under Section 85 of the Companies Act 2016 ("Act")**
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.
4. **Ordinary Resolution 9: Power to issue and allot shares pursuant to Sections 75 and 76 of the Act**
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 issue 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 2024 and which will lapse at the conclusion of the 22nd 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.

5. **Ordinary Resolution 10: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
This Ordinary Resolution, if approved, will allow the Group to enter into existing recurrent related party transactions of a revenue and trading nature under the Proposed Shareholders' Mandate with related parties. Please refer to Part A of the Circular and Statement to Shareholders dated 29 April 2025 for further information.
6. **Ordinary Resolution 11: Proposed allocation of ESOS Options to a Director of the Company: Datin Tan Pak Say**
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 11, if passed, will empower the Board to offer and grant to Datin Tan Pak Say ESOS Options to subscribe for new Shares under the ESOS in accordance with the By-laws provided always that:
 - (a) she shall not participate in the deliberation or discussion of her own allocation as well as allocation to persons connected with her;
 - (b) the allocation to her, 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
 - (c) 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 or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time.

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the MMLR)

As at the date of this notice, no individual is standing for election as a Director at the forthcoming 22nd AGM of the Company.

**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-Second Annual General Meeting (“**22nd AGM**”) of the Company, to be held at Meeting Room, 2nd Floor, Lot 1258, Mk 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Pulau Pinang, Malaysia on Wednesday, 28 May 2025 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	OR 10	OR 11
FOR											
AGAINST											

Signed this _____ day of _____ 2025

.....
Signature of Shareholder(s)/ Common Seal

* Strike out whichever is not desired.

Notes :**Appointment of Proxy**

1. A proxy may but need not be a member.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia, not less than forty-eight (48) hours before the time set for holding the 22nd AGM or at any adjournment thereof.
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. 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.
5. 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.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2025 (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 22nd 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

Then fold here



EONMETALL GROUP BERHAD

Registration No. 200301029197 (631617-D)

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