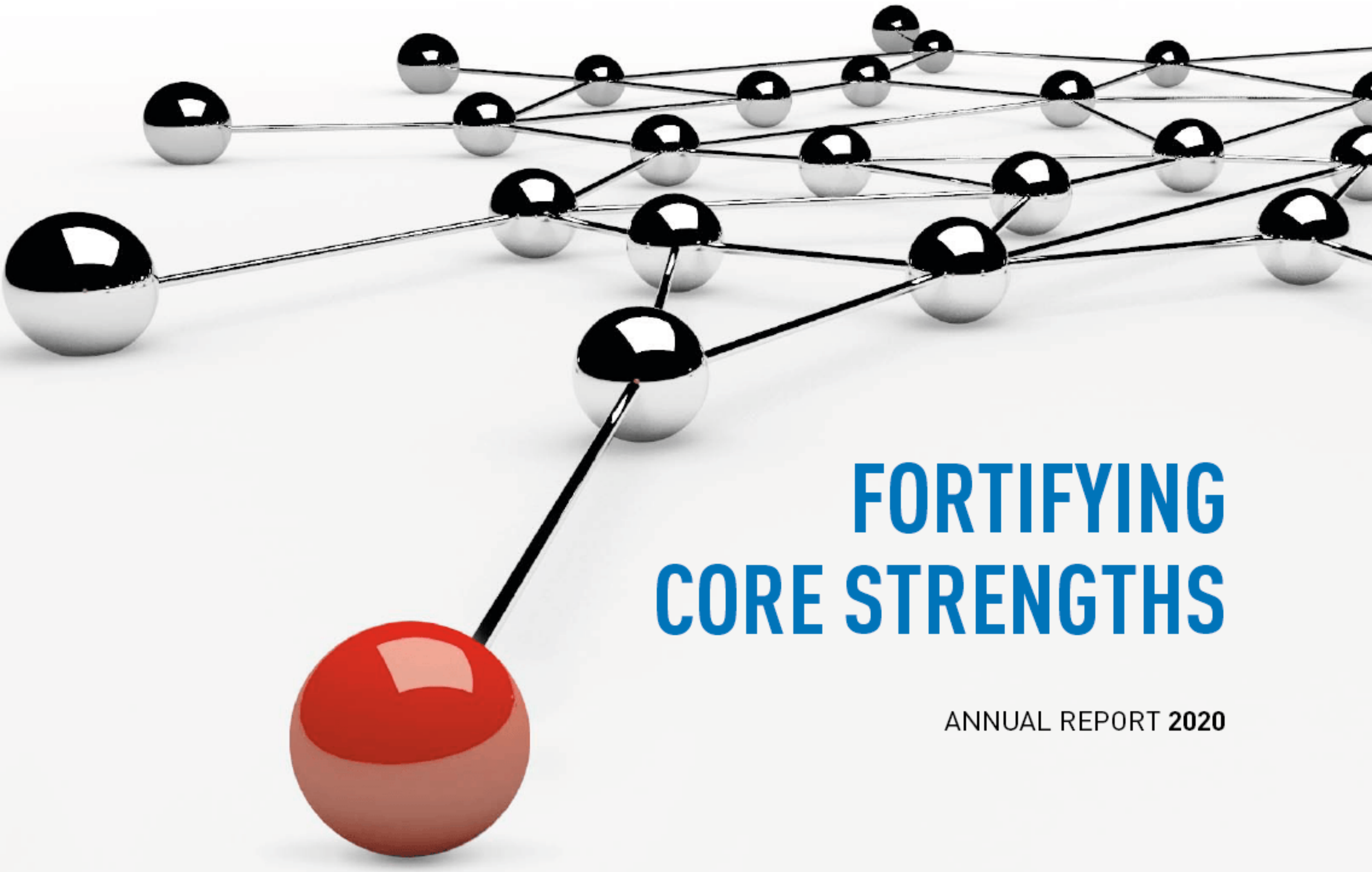
LEON FUAT BERHAD
Registration No. 200601036648 (756407-D)



FORTIFYING CORE STRENGTHS

ANNUAL REPORT **2020**

FORTIFYING CORE STRENGTHS

This cover captures the focus on steel, using steel balls to show expansion and new connections. This reflects Leon Fuat's recent venture into steel manufacturing which fortifies its lead as a one-stop steel partner in Malaysia.

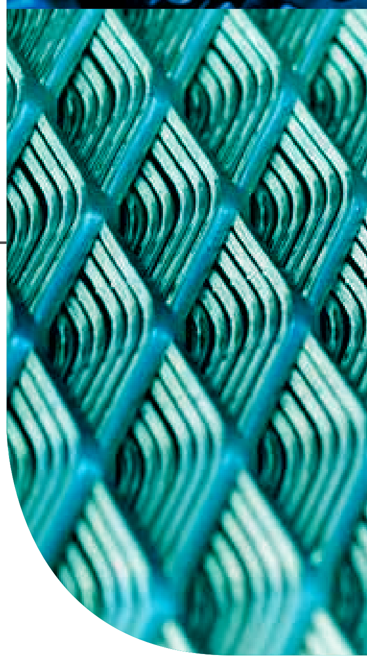
CONTENTS

ANNUAL REPORT 2020

LEON FUAT GROUP

OUR PRODUCTS

- Stainless Steel Flat
- Stainless Steel Long
- Carbon and Alloy Steel Flat
- Carbon and Alloy Steel Long



OUR PROCESSING AND/OR MANUFACTURING

- CNC Oxy-gas Cutting
- CNC Laser Cutting
- CNC Waterjet Cutting
- CNC Plasma Cutting

OUR PROCESSING AND/OR MANUFACTURING

- Bandsaw Cutting
- Guillotine Shear
- CNC Press Brake (Bending)
- CNC Turret Punching

OUR PROCESSING AND/OR MANUFACTURING

- Coil Levelling/Slitting
- Polishing
- Pipe Forming
- Expanded Metal

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ng Ah Hock @ Ng Soon Por
Independent Non-Executive Chairman

Dato' Sri Ooi Bin Keong
Executive Deputy Chairman

Ooi Seng Khong
Group Managing Director

Ooi Kong Tiong
Executive Director

Ng Kok Teong
Executive Director

Ooi Shang How
Executive Director

Chan Kee Loin
Senior Independent Non-Executive Director

Tan Did Heng
Independent Non-Executive Director

Tan Sack Sen
Independent Non-Executive Director

AUDIT COMMITTEE

Tan Did Heng (*Chairman*)
Chan Kee Loin
Tan Sack Sen

NOMINATION COMMITTEE

Chan Kee Loin (*Chairman*)
Tan Sack Sen
Tan Did Heng

REMUNERATION COMMITTEE

Tan Sack Sen (*Chairman*)
Dato' Ng Ah Hock @ Ng Soon Por
Chan Kee Loin

COMPANY SECRETARIES

Yeoh Chong Keat
SSM PC No.201908004096
MIA 2736

Lim Fei Chia
SSM PC No.202008000515
MAICSA 7036158

REGISTERED OFFICE

Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2031 1988
Fax : (603) 2031 9788

PRINCIPAL PLACE OF BUSINESS

Wisma Leon Fuat
No. 11, Lorong Keluli 1B
Kawasan Perindustrian
Bukit Raja Selatan
Seksyen 7, 40000 Shah Alam
Selangor Darul Ehsan
Tel : (603) 3375 3333
Fax : (603) 3344 7777

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (603) 2297 1000
Fax : (603) 2282 9980

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7890 4700
Fax : (603) 7890 4670

PRINCIPAL BANKERS

AmBank (M) Berhad
Level 21, Bangunan AmBank Group
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2036 2633
Fax : (603) 2036 2458

Hong Leong Bank Berhad
Level 9, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : (603) 2081 8888
Fax : (603) 2081 8935

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Ground Floor, East Block
Wisma Golden Eagle Realty
142-B Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2301 7000
Fax : (603) 2170 7100

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector/Sub-sector : Industrial Products & Services/Metals
Stock Name : LEONFB
Stock Code : 5232

CORPORATE WEBSITE

www.leonfuat.com.my

CORPORATE STRUCTURE

LEON FUAT BERHAD

- 100% Leon Fuat Hardware Sdn. Bhd. ("LF HARDWARE")
- 100% Overum Wear Parts (Far East) Pte. Ltd. ("OVERUM")
- 100% Leon Fuat Metal Sdn. Bhd. ("LF METAL")
  - 100% Leon Fuat Industrial Products Sdn. Bhd. ("LFIP")
  - 87% PCM Steel Processing Sdn. Bhd. ("PSP")
- 100% ASA Steel (M) Sdn. Bhd. *(In Member's Voluntary Winding-up)* ("ASA STEEL")
- 100% Supreme Steelmakers Sdn. Bhd. ("Supreme Steelmakers")

CHAN KEE LOIN
Senior Independent
Non-Executive Director

OOI SHANG HOW
Executive Director

DATO' SRI OOI BIN KEONG
Executive Deputy Chairman

TAN DID HENG
Independent
Non-Executive Director

OOI KONG TIONG
Executive Director

BOARD OF DIRECTORS

DATO' NG AH HOCK @ NG SOON POR
Independent
Non-Executive Chairman

OOI SENG KHONG
Group Managing Director

NG KOK TEONG
Executive Director

TAN SACK SEN
Independent
Non-Executive Director

PROFILE OF DIRECTORS

DATO' NG AH HOCK @ NG SOON POR
Independent Non-Executive Chairman

71	Male	
Age	Gender	Nationality

Dato' Ng Ah Hock @ Ng Soon Por, the Chairman of the Board and a member of the Remuneration Committee, was appointed to the Board on 6 November 2012.

He graduated from Tunku Abdul Rahman College in 1974 with the accountancy qualification ACCA awarded by the Association of Chartered and Certified Accountants of United Kingdom. He is a member of the Malaysian Institute of Accountants, Fellow Member of the Association of Chartered and Certified Accountants of United Kingdom and a member of the Malaysian Institute of Chartered Secretaries & Administrators.

He started his career in 1974 when he joined the audit firms, Turquand, Youngs & Co. and Azman, Wong, Salleh & Co. as an Auditor. In 1977, he left and joined Spicers International Ltd as a Finance Manager until 1982 when he was elected as the Selangor State Legislative Assemblyman for Sungei Pelek constituency and held the position until 1995. During his tenure as an assemblyman, he was also the Selangor Executive Councilor from 1990 to 1995. Subsequently in 1995, he joined Paper Converting Industries Sdn. Bhd. as the Finance Director until 2005. He was also a member of the Selangor Public Service Commission from 2002 to 2007.

He was an Independent Non-Executive Director of XingQuan International Sports Holdings Limited and Turbo-Mech Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

DATO' SRI OOI BIN KEONG
Executive Deputy Chairman

71	Male	
Age	Gender	Nationality

Dato' Sri Ooi Bin Keong was appointed to the Board on 21 June 2012.

After completing his primary education in 1963, he worked at a coffee shop before he established Leong Huat Trading & Co in 1972 as a partnership, which was then mainly involved in the trading of steel products and undertook minor processing work.

In 1982, he co-founded Leon Fuat Group together with Ooi Kong Tiong and the late Ng Chee Tiang by establishing LF Hardware to take over the business of Leong Huat Trading & Co. They then established LF Metal, Supreme Steelmakers and ASA Steel in 1983, 1991 and 1995 respectively. As the co-founder and with approximately 49 years of experience in the steel industry, he has been instrumental in the growth and development of the Leon Fuat Group and has also contributed significantly to the success of the Group particularly in driving the Group's overall vision and strategy.

On 1 October 2020, he was re-designated as the Executive Deputy Chairman of the Company, with his main roles of overseeing the overall management of the operations of the Group including guiding the Managing Director and Executive Directors on the running of the business operations as well as oversight of business directions and strategies of the Group, besides deputising for the Chairman of the Board when required in the Chairman's absence.

He is currently the President of the 58th Executive Committee (2019 – 2021) of the Malaysia Steel and Metal Distributors' Association (MSMDA).

He is the father of Ooi Shang How, the Executive Director of the Company.

He is the major shareholder of the Company by virtue of his interest in Leon Fuat Holdings Sdn. Bhd., a major shareholder of the Company.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

OOI SENG KHONG
Group Managing Director

59	Male	
Age	Gender	Nationality

Ooi Seng Khong was appointed to the Board on 21 June 2012.

After completing his primary school education in 1975, he was involved in his family's paper packaging business before joining Leong Huat Trading & Co as a machine operator in 1979. In 1982, he joined LF Hardware as a sales representative and subsequently in 1983, he was appointed as Head of Operations of LF Metal. In 1999, he was appointed as the Managing Director of LF Metal and holding this position until 30 September 2020. During this period, he has been instrumental in the growth and development of the Leon Fuat Group. With approximately 42 years of experience in the steel industry, he has contributed significantly to the Group's success.

On 1 October 2020, he was promoted and re-designated as the Group Managing Director, mainly responsible for formulating the strategic business direction of the Group and ensuring day to day management and business affairs of the Group is effectively managed, amongst others.

He is the brother of Dato' Sri Ooi Bin Keong and Ooi Kong Tiong, the Executive Directors of the Company.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

OOI KONG TIONG
Executive Director

67	Male	
Age	Gender	Nationality

Ooi Kong Tiong was appointed to the Board on 21 June 2012.

After completing his primary education in 1967, he opted to join the working community and worked at a coffee shop before he joined Leong Huat Trading & Co in 1972 as a machine operator and sales executive. In 1982, he co-founded Leon Fuat Group together with Dato' Sri Ooi Bin Keong and the late Ng Chee Tiang by establishing LF Hardware to take over the business of Leong Huat Trading & Co. Together with Dato' Sri Ooi Bin Keong and the late Ng Chee Tiang, they established LF Metal, Supreme Steelmakers and ASA Steel in 1983, 1991 and 1995 respectively.

As the Group's co-founder and Executive Director, he has been instrumental in the growth and development of the Leon Fuat Group. With approximately 49 years of experience in the steel industry, he has contributed significantly to the Group's success particularly in driving the sales operations for the Group. He is currently responsible for overseeing the sales operations and is responsible for the Group's business planning and implementation.

He is the brother of Dato' Sri Ooi Bin Keong and Ooi Seng Khong, the Executive Directors of the Company.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS

NG KOK TEONG
Executive Director

52	Male	
Age	Gender	Nationality

Ng Kok Teong was appointed to the Board on 21 June 2012. He graduated with a Diploma in Business Studies from Stamford College, Malaysia in 1989.

He started his career in 1990 when he joined LF Hardware as a sales representative before being appointed as the Executive Director of LF Hardware in 1999. He is currently the Managing Director of LF Hardware and is responsible for overseeing the business and operation functions of the company.

He is the son of the late Ng Chee Tiang, one of the co-founders of Leon Fuat Group.

He is the major shareholder of the Company by virtue of his interest in Leon Fuat Holdings Sdn. Bhd., a major shareholder of the Company.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

OOI SHANG HOW
Executive Director

42	Male	
Age	Gender	Nationality

Ooi Shang How was appointed to the Board on 21 June 2012. He obtained his Cambridge A-Level certificate from Taylor's College, Malaysia in 1997. Between 1998 and 2001, he undertook studies in Monash University and RMIT in Australia before he started his career in 2002 when he joined LF Metal as a sales and marketing representative.

He was tasked to develop information technology capability for LF Metal during his tenure with the company. In 2005, he was appointed as the Executive Director of LF Metal where he was mainly involved in business development and procurement planning as well as information technology functions of the company. He is currently responsible for overseeing the operations, business expansion plans and business development functions of LF Metal.

He is the son of Dato' Sri Ooi Bin Keong, the Executive Deputy Chairman of the Company.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

CHAN KEE LOIN

Senior Independent Non-Executive Director

57	Male	
Age	Gender	Nationality

Chan Kee Loin, the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee, was appointed to the Board on 21 June 2012.

He undertook his studies in Tunku Abdul Rahman College where he completed a three years extra-mural course in Financial Accounting in 1987 and was a finalist in professional examination of the Chartered Association of Certified Accountants, United Kingdom. He started his career in early 1988 as an audit assistant in a small firm of Public Accountants in Johor Bahru. In early 1989, he joined a medium size public accounting firm in Kuala Lumpur where he was promoted to Director in 2000. He brings with him vast experience in statutory audits, due diligence audits, share and business valuation and provision of professional services as adviser, coordinator and Reporting Accountants for corporate exercises.

He is an Independent Non-Executive Director of CAM Resources Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

TAN DID HENG

Independent Non-Executive Director

50	Male	
Age	Gender	Nationality

Tan Did Heng, the Chairman of the Audit Committee and a member of the Nomination Committee, was appointed to the Board on 21 June 2012.

He undertook his studies in Tunku Abdul Rahman College from 1992 to 1994. He joined Tai, Yapp & Co in 1994 as an associate and left the firm in 2000 to join United Straits Amalgamated Berhad as an Accountant. In 2001, he founded D.H. Tan & Associates, an accounting firm providing audit services to various industries such as manufacturing, trading, investment holdings, housing and properties development and etc. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA).

He is an approved Company Auditor and licensed Tax Agent and the Managing Proprietor of Y.W. Woon & Co., a professional firm providing audit services.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS

TAN SACK SEN
Independent Non-Executive Director

45	Male	
Age	Gender	Nationality

Tan Sack Sen, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee, was appointed to the Board on 21 June 2012.

He graduated with a Bachelor of Law (Honours) Degree from the University of Wales, Cardiff, United Kingdom in 1997 and obtained the Certificate of Legal Practice from the Board of Legal Practice in 1998.

He started his career with Messrs. K. B. Chua & Co. and was admitted to the Bar in 1999. He joined Messrs. T. G. Lim & Partners in 1999 and further his practice in banking litigation. Subsequently, he joined Messrs. Jal & Lim in 2001 to conduct defence work and general litigation matters. In 2002, he was invited by Messrs. Chong & Tiong to handle and manage the Litigation Department. In 2003, he founded his legal firm, Messrs. Yee How & Tan where he manages the main office in Kuala Lumpur.

He attended four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2020.

ADDITIONAL NOTES

Save as disclosed, none of the Directors have any:

1. Directorships in public companies and listed issuers;
2. Family relationship with other Directors and/or major shareholders of the Company;
3. Conflict of interests with the Company; and
4. Conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

PROFILE OF KEY MANAGEMENT PERSONNEL

NG LAM KEONG

Executive Director
of LF Hardware

63 Age | Male Gender | Nationality

Ng Lam Keong is the Executive Director of LF Hardware. After completing his primary education in 1971, he joined his family's paper packaging business from 1972 to 1981.

In 1982, he joined LF Hardware as a machine operator before he was promoted to overseeing the management of the steel processing operations for the company and management of human resources in 1992. In 1999, he was appointed as the Executive Director of LF Hardware. He is mainly responsible for overseeing the sales and procurement functions of LF Hardware.

He is the brother of Dato' Sri Ooi Bin Keong, Ooi Kong Tiong and Ooi Seng Khong, the Executive Directors of the Company.

OOI PEK KUAN

Managing Director
of LF Metal

56 Age | Male Gender | Nationality

Ooi Pek Kuan is the Managing Director of LF Metal. After completing his Form 4 education, he started his career in 1983 when he joined LF Metal as a machine operator.

In 1999, he was appointed as the Executive Director of LF Metal. On 1 October 2020, he was re-designated as the Managing Director of LF Metal. He has accumulated approximately 38 years of experience in the steel industry. He is currently responsible for overseeing the overall management, business development and procurement functions of LF Metal.

He is the brother of Dato' Sri Ooi Bin Keong, Ooi Kong Tiong and Ooi Seng Khong, the Executive Directors of the Company.

NG KOK WEE

Executive Director
of LF Metal

50 Age | Male Gender | Nationality

Ng Kok Wee is the Executive Director of LF Metal. He obtained his Bachelor of Commerce Degree in Accounting from Nelson Polytechnic, New Zealand in 1999.

His career started in 2000 when he joined Ling Kam Hong & Co, an audit firm in Kuala Lumpur as a semi-senior. In 2002, he joined Leon Fuat Holdings Sdn. Bhd. as the Accounts Executive. Subsequently in 2007, he joined LF Hardware as the Assistant Accountant before he was transferred to LF Metal in 2009 as the Finance Manager. He was appointed as the Executive Director of LF Metal since 2010.

He is the brother of Ng Kok Teong, the Executive Director of the Company.

He is the major shareholder of the Company by virtue of his interest in Leon Fuat Holdings Sdn. Bhd., a major shareholder of the Company.

OOI SHANG YAO

Executive Director
of Supreme Steelmakers

39 Age | Male Gender | Nationality

Ooi Shang Yao is the Executive Director of Supreme Steelmakers. In 2006, he obtained his Bachelor Degree in Business from Swinburne University of Technology, Australia.

He started his career in 2007 when he joined Supreme Steelmakers as a sales and marketing representative. Later, he was tasked to involve in procurement planning and overseeing the factory operations of Supreme Steelmakers. In 2013, he was promoted as the General Manager of Supreme Steelmakers assisting the Managing Director in overseeing the factory operations, human resource and administrative functions of the company.

He was appointed as the Executive Director of Supreme Steelmakers on 15 March 2017.

He is the son of Dato' Sri Ooi Bin Keong, the Executive Deputy Chairman of the Company.

PROFILE OF KEY MANAGEMENT PERSONNEL

TAN KIEN YAP
Chief Financial Officer

49
Age

Male
Gender


Nationality

Tan Kien Yap is the Chief Financial Officer of the Company. In 1997, he obtained his Bachelor of Accountancy degree from Universiti Putra Malaysia. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) since 2000.

He started his career in 1997 with Price Waterhouse (predecessor firm of PricewaterhouseCoopers) as Audit Assistant before he was promoted to Senior Associate in 1999. Subsequently in 2000, he joined Leon Fuat Holdings Sdn. Bhd. as the Group Accountant. In 2013, he was transferred to Leon Fuat Berhad and assumed his current position as the Chief Financial Officer. He is primarily responsible for overseeing the financial management, reporting and financial activities of Leon Fuat Group.

WONG CHOONG HENG
Assistant General Manager of LF Metal

53
Age

Male
Gender


Nationality

Wong Choong Heng is the Assistant General Manager of LF Metal. In 2005, he obtained his Master in Business Administration Degree from the University of Hull, United Kingdom.

His career started in 1988 when he joined Asahi Techno Vision (S) Pte Ltd in Singapore as a fitter and was promoted to technician group leader in year 1991. He returned to Malaysia in 1996 to join Hanwa AJ (M) Sdn. Bhd. as Production Executive and was promoted to Production Manager in year 1999. He left Hanwa AJ and joined LF Metal in 2002 as Factory Operations Manager. In 2006, he was promoted as Assistant General Manager of LF Metal, assisting the Executive Directors in overseeing the factory operations, human resource and administrative functions of the company.

In 2015, he attended a Professional Certification in Human Resources program and subsequently become a Professional Member (CAHRI) of Australian Human Resources Institute (AHRI). He is also a Chartered Member (Chartered MCIPD) of Chartered Institute of Personnel Development (CIPD), UK since 2016.

He continued to pursue his study in year 2016 and was awarded Graduate Certificate of Business by University of Southern Queensland, Australia before he re-joined LF Metal in the same year.

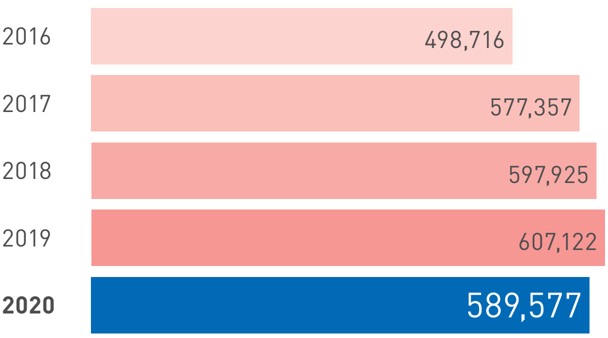
ADDITIONAL NOTES

Save as disclosed, none of the Key Management Personnel have any:

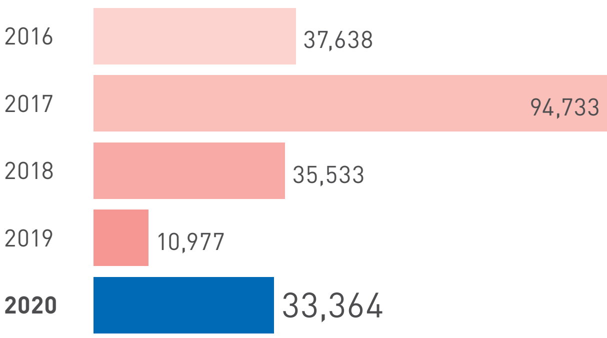
1. Directorships in public companies and listed issuers;
2. Family relationship with other directors and/or major shareholders of the Company;
3. Conflict of interests with the Company; and
4. Conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

FINANCIAL HIGHLIGHTS

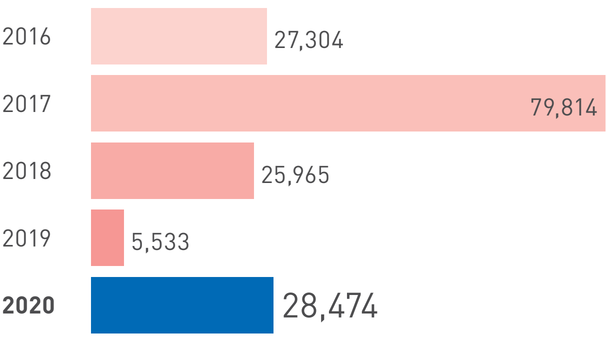
Revenue (RM'000)



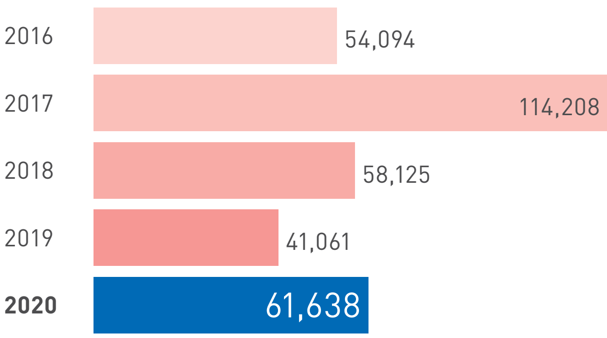
Profit Before Tax (RM'000)



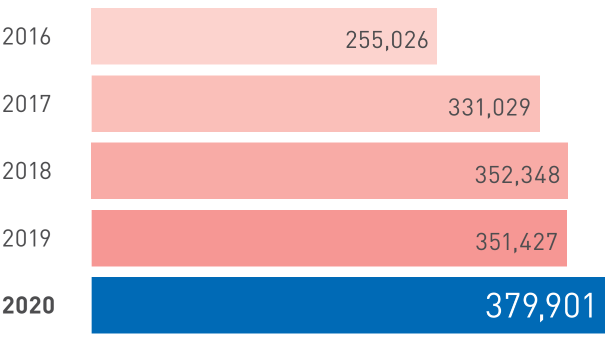
Profit After Tax (RM'000)



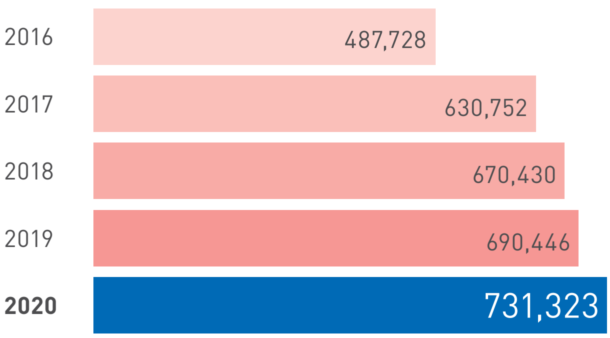
Earnings Before Interest, Tax, Depreciation & Amortisation (RM'000)



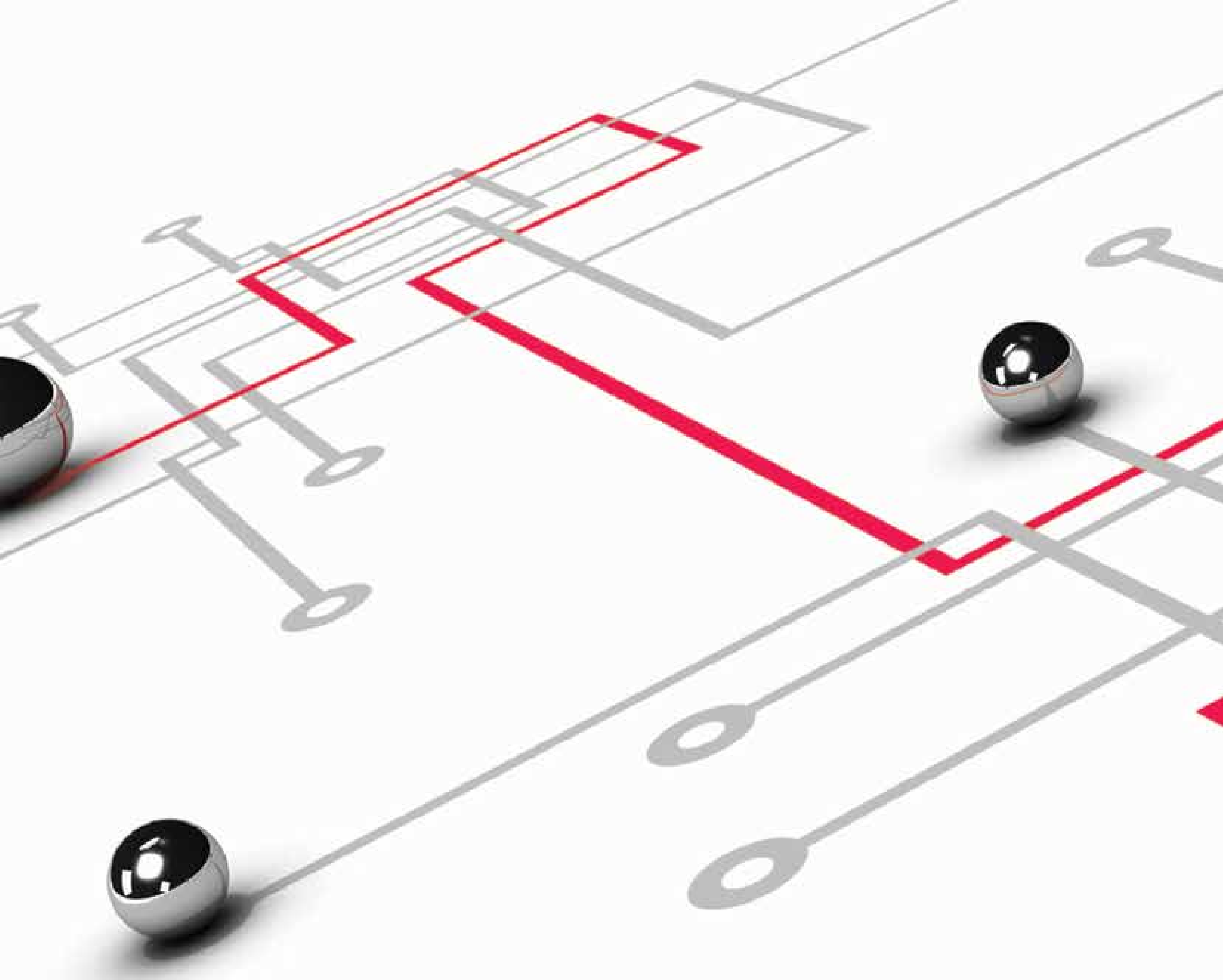
Total Equity (RM'000)



Total Assets (RM'000)



Financial Year Ended	2016 RM'000 (Restated)	2017 RM'000 (Restated)	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	498,716	577,357	597,925	607,122	**589,577**
Profit Before Tax	37,638	94,733	35,533	10,977	**33,364**
Profit After Tax	27,304	79,814	25,965	5,533	**28,474**
Earnings Before Interest, Tax, Depreciation & Amortisation	54,094	114,208	58,125	41,061	**61,638**
Total Equity	255,026	331,029	352,348	351,427	**379,901**
Total Assets	487,728	630,752	670,430	690,446	**731,323**



CONTINUOUSLY ENHANCING OPERATING CAPABILITIES AND EFFICIENCIES

CHAIRMAN'S STATEMENT

Dear Shareholders,

Without a doubt, 2020 has been an unforgettable year with the world facing both health and economic crises due to the COVID-19 pandemic. Malaysia had implemented a nationwide Movement Control Order ("MCO") from 18 March 2020 to 12 May 2020 in response to the COVID-19 pandemic in the country, followed by the Conditional MCO. From the second-half of 2020 onwards, we saw a gradual recovery in the economy as more businesses were allowed to open when lockdown measures were eased compared to the first-half of 2020 when the country came under a strict lockdown.

However, as this annual report was being compiled in early 2021, two important announcements were made. Parts of Malaysia went under the MCO from 13 January 2021 to 4 March 2021[1] while a state of emergency was also declared until 1 August 2021 or until the pandemic comes under control [2].

News of COVID-19 vaccines becoming available from late 2020 was also an encouraging sign and it is to be hoped that with more people becoming vaccinated, it will gradually help ease the hitherto rapid increase in infections and help boost confidence in an economic recovery.

2020 OVERVIEW

For the financial year ended 31 December 2020 ("FY2020"), Leon Fuat registered revenue of RM589.58 million, which was a decrease of 2.9% from the RM607.12 million registered in the preceding financial year due to the impact of MCO and Conditional MCO which hampered operations in certain periods of FY2020. However, the decrease in revenue was largely offset by higher revenue from the production of welded steel pipes, which saw its revenue gained by a significant 197.6%, leading also to a 18.5% or approximately RM60.10 million increase in revenue for the processing and/or manufacturing (collectively referred to as "processing") of steel products. The Group's processing segment and trading segment contributed to approximately two-thirds and one-third of revenue for FY2020 respectively.

On the global front, with exceptions like China and Vietnam, the Organisation for Economic Cooperation and Development's ("OECD") fourth quarter 2020 Steel Market Developments report noted a decline in steel production across all regions of the world in the first-half of the year as global economic activities wound down due to lockdown measures to curb the spread of COVID-19[3].

1 https://www.nst.com.my/news/nation/2021/02/666259/mco-20-extended-several-states-nsttv
2 https://www.malaymail.com/news/malaysia/2021/01/12/agong-assents-to-emergency-until-august-1-or-until-covid-19-comes-under-con/1939566
3 https://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf

DATO' NG AH HOCK @ NG SOON POR
Independent
Non-Executive Chairman

CHAIRMAN'S STATEMENT

However, production and demand started to gradually recover in the second-half of 2020 in tandem with a slowdown in infection rates but tampered by a number of factors including the uncertain global economic outlook, a continuation of the US-China trade war impacting sentiments as well as financial vulnerabilities and high corporate indebtedness. The Short Range Outlook ("SRO") released in October 2020 by the World Steel Association ("Worldsteel") showed that while there was drop in steel demand due to the impact of the pandemic on the global economy, the outlook has turned more positive as compared to the June 2020's update to the SRO due to strong demand from China. Worldsteel's October 2020 SRO update showed a contraction of 2.4% as compared to the June forecast of a 6.4% contraction[4].

The October 2020 SRO's update showed steel demand is expected to increase by 8% in China on strong economic recovery since February 2020, while steel demand in developed economies, already weak going into 2020, is expected to contract by 14.9%. In the developing economies, less well equipped to manage the challenges of the pandemic, steel demand is expected to contract by 12.3% with the exception of countries like Vietnam, which is expected to see positive growth in steel demand for the year[5].

The International Monetary Fund ("IMF") in its January 2021 update to the World Economic Outlook ("WEO") projects 3.5% contraction for global economic growth in 2020, an improvement of 0.9 percentage points compared to their previous update of the WEO reflecting stronger than expected momentum in the second-half of 2020. The IMF expects recovery to be uneven and varying across countries depending on the impact of the pandemic to the economy, extent of disruptions to domestic economic activities, exposure to cross-border spillovers and effectiveness of policy in mitigating negative effects of the pandemic[6]. Meanwhile, Bank Negara Malaysia ("BNM") reported that Malaysian economy for 2020 as a whole has contracted by 5.6% in their fourth quarter report on economic and financial developments for 2020[7].

As for the domestic steel industry, steel bar prices held steady at the RM2,300 to RM2,400[8] per tonne level as at end-2020 compared to between RM1,900 and RM1,950 per tonne[9] as at end-2019. Domestic prices were supported in the second-half of the year by a number of factors, among which the recovery in economic activities, especially in the construction sector, played a key role in sustaining demand[10].

The lower price of Malaysian steel has also helped boost exports, with data from the Ministry of International Trade and Industry showing total iron and steel products exports rose 7.2% to RM23.55 billion for the whole of 2020[11] compared to the RM18.64 billion[12] achieved in 2019. Exports have also eased the build-up of stockpile while lower iron ore prices coupled with steadier domestic steel prices have eased pressure on margins.

2021 OUTLOOK

The economy faces a long-drawn out recovery with a number of risks continuing to weigh on the outlook. As this annual report was being compiled, the number of COVID-19 infection rates remained high throughout most of the world while in Malaysia, cases surpassed 100,000 in late December 2020[13].

While there are tentative signs of growth returning to the Malaysian economy from the second-half of 2020, political uncertainties continued to hold back investments, with the country possibly facing a general election before the end of 2021. A cut in Malaysia's sovereign credit rating to BBB+ from A- by Fitch Ratings in early December 2020 has further dampened investor sentiments[14].

Economic activities have been recovering since the second-half of 2020 in Malaysia although the recovery is weak as the economy shrunk by 5.6% for the whole year. BNM expects the economy to improve further going into 2021 with continued government support in the form of the Budget 2021 measures, KITA PRIHATIN, PENJANA and PERMAI as well as higher production from existing and new facilities in the manufacturing and mining sectors[15].

While Leon Fuat does not rule out possible slowdown in activities in the crucial manufacturing and mining sectors to steel demand going forward due to the MCO and extensions, the momentum since the third quarter of 2020 for growth has been strong, with BNM noting in its third quarter 2020 report the 18.2% seasonally adjusted quarter-on-quarter GDP growth, which mitigated the year-on-year third quarter GDP contraction to 2.7% compared to the 17.1% year-on-year GDP contraction in the second quarter of 2020[16].

Worldsteel is projecting global steel demand to increase by 4.1% in 2021 as compared to 2020 on continuing recovery of steel demand and assumptions of there being no more lockdowns. Worldsteel expects Chinese steel demand to stay flat in 2021 due to a possible reversal of stimulus measures by Beijing for infrastructure and housing projects should there be a full economic recovery and, a limited rebound for the manufacturing sector due to the weak global recovery. Developed and emerging economies are projected to see steel demand growth of 7.9% and 10.6% respectively in 2021[17].

There are yet to have fully accurate reports on the impact of the pandemic on steel demand as other factors would have to be taken into account to those related to COVID-19 and its impact[18]. While steel-intensive industrial sectors were also severely affected by lockdowns in 2020, there are risks of renewed weakness despite recovery in demand in the second-half of the year. The risks come from macroeconomic effects of slower consumer spending and business investment that are transmitted to industrial activity over time[19].

To ensure operations continue sustainably under the new norms, the Group has adopted all the standard operating procedure guidelines to curb the spread of COVID-19 announced by the country's National Security Council. To ride out the volatility in terms of steel demand and consumption, Leon Fuat will continue to focus on the production of welded steel pipes, where the demand outlook is positive, among other initiatives, to sustain profitability.

APPRECIATION

My sincere gratitude and appreciation go to the entire Leon Fuat team for their dedication and commitment in these trying times. I would also like to thank all our valued customers, suppliers, business associates and shareholders for their support and for having stood by us this past year.

I hope that the coming year will be a better year for all of us and that Leon Fuat will continue to stay resilient while focusing on making the business more sustainable to weather the challenges thrown at the Group and the industry in the years to come.

Dato' Ng Ah Hock @ Ng Soon Por
Independent Non-Executive Chairman

4 https://www.worldsteel.org/media-centre/press-releases/2020/worldsteel-Short-Range-Outlook-October-2020.html
5 https://www.worldsteel.org/media-centre/press-releases/2020/worldsteel-Short-Range-Outlook-October-2020.html
6 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
7 https://www.bnm.gov.my/-/quarterly-developments-q4-2020
8 https://www.miti.gov.my/miti/resources/MITI%20Weekly%20Bulletin/MITI_Weekly_Bulletin_Volume_618_29_December_2020.pdf
9 https://www.miti.gov.my/miti/resources/MITI%20Weekly%20Bulletin/MITI_Weekly_Bulletin_Volume_567_31_December_2019.pdf
10 https://www.thestar.com.my/business/business-news/2020/12/05/steel-sector-in-vogue
11 https://www.miti.gov.my/miti/resources/Media%20Release/Media_Statement_-_Malaysia_External_Trade_Statistics.pdf
12 https://misif.org.my/wp-content/uploads/2020/02/TRADE-PERFORMANCE-2019-SLIDES.pdf
13 https://www.nst.com.my/news/nation/2020/12/652007/covid-19-malaysia-cases-hit-100000-mark
14 https://www.fitchratings.com/research/sovereigns/fitch-downgrades-malaysia-to-bbb-outlook-stable-04-12-2020
15 https://www.bnm.gov.my/-/quarterly-developments-q4-2020
16 https://www.bnm.gov.my/documents/20124/1067374/3Q2020_fullbook_en.pdf
17 https://www.worldsteel.org/en/dam/jcr:c2e03246-332d-4bfa-aed8-e97a12b41bfe/worldsteel%2520Short%2520Range%2520Outlook%2520October%25202020_FINAL.pdf
18 https://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf
19 https://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf

MANAGEMENT DISCUSSION AND ANALYSIS

OOI SENG KHONG
Group Managing Director

OVERVIEW OF COMPANY'S BUSINESS

Leon Fuat Group ("Leon Fuat" or "the Group") is a specialist in the processing and trading of carbon steel as well as stainless and alloy steel with a focus on both flat and long products.

The Group has a wide portfolio of steel products for trading, with flat products such as coils, plates, sheets, and welded tubes and pipes, welded rectangular and square sections, while under long products, there are bars, rods, shafts, sections, angles and channels and, seamless tubes and pipes.

To add value to the steel products and cater to customers from different industries with specific requests, the Group has in-house facilities that can undertake value-added activities such as cutting, levelling, shearing, profiling, bending, finishing, production of expanded metal and welded steel pipe under the processing and/or manufacturing (collectively referred to as "processing") segment.

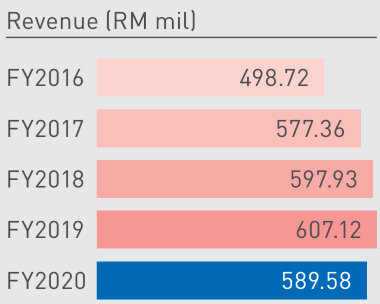
Leon Fuat has a wide customer base of over 3,000 built up over the decades, some of whom have been with the Group for over a decade. Key customers include those from the manufacturing sector such as producers of metal products and components to fabricators of machinery, equipment and metal structures. The Group's other customers include those from the construction industry's infrastructure and building segments as well as hardware wholesalers and retailers. Besides Malaysia, the Group's customers are from Thailand, Singapore, Vietnam, Philippines and Indonesia.

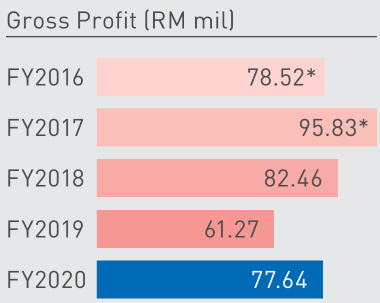
REVIEW OF FINANCIAL PERFORMANCE

The Group posted a 2.9% decrease in revenue to RM589.58 million for the financial year ended 31 December 2020 ("FY2020") as compared to RM607.12 million recorded for the preceding financial year ended 31 December 2019 ("FY2019").

The decrease in revenue was generally caused by the impact of nationwide Movement Control Order ("MCO") and Conditional MCO which were implemented from 18 March 2020 and our Group was only able to commence operation in early May 2020 upon obtaining the necessary approval from MITI and complied with the standard operating procedures set up by the federal government of Malaysia in response to the COVID-19 pandemic in the country.

However, the decrease in overall revenue due to the impact of MCO and Conditional MCO was largely offset by higher revenue from the production of welded steel pipes, which saw its revenue increased significantly by 197.6%, which also contributed to the increase in revenue for processing of steel products by 18.5% or approximately RM60.10 million, from RM325.01 million to RM385.11 million. Production of welded steel pipes commenced commercial operation at end of second quarter of 2019. The significant increase in its revenue was due to increase in demand as well as having full year's operation in 2020 as compared to only approximately half year's operation in 2019.





*Restated

18.5%

INCREASE IN REVENUE FOR PROCESSING OF STEEL PRODUCTS

For the financial year under review, the Group's Gross Profit ("GP") showed an increase of 26.7% to RM77.64 million as compared to RM61.27 million recorded for the FY2019 mainly due to higher overall GP margin of 13.2% compared to GP margin of 10.1% for the FY2019 as a result of higher gross profit margin recorded for trading and processing of steel products of approximately 2.9 percentage points and approximately 3.0 percentage points respectively as compared to the FY2019.

Other income for FY2020 was higher at RM5.61 million compared to the RM2.86 million for FY2019 mainly due to higher rental income of RM1.84 million from renting out a larger space of the Group's warehouse in the Port Klang Free Zone as well as receiving RM0.95 million from the Government under the Wage Subsidy Programme.

The decrease in interest rates following successive reductions of the benchmark overnight policy rate by Bank Negara Malaysia ("BNM") in January, March, May and July 2020 to support the economy and businesses affected by the pandemic helped to lower the Group's total finance costs in FY2020. Total finance costs decreased by RM2.20 million as compared to RM16.01 million incurred in FY2019 due to lower interest expense for bankers' acceptances, islamic financing and term loans by RM0.91 million, RM0.43 million and RM0.69 million respectively.

As a result, the Group registered a Profit Before Tax of RM33.36 million for FY2020 compared to RM10.98 million for FY2019, an increase of 203.9% while Profit After Tax for the year under review came in at RM28.47 million, an increase of 414.6% as compared to the RM5.53 million for FY2019. The Group's Earnings Per Share stood at 9.18 sen, an increase of 407.2% as compared to 1.81 sen for FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW BY BUSINESS SEGMENT

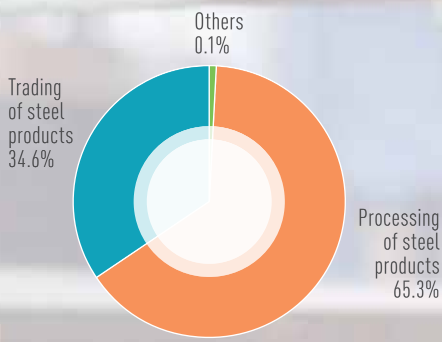
The Group's business segments are as follows:

1. **Processing of steel products**
   i. Processing of flat carbon steel products
   ii. Processing of other flat steel products
   iii. Processing of long carbon steel products
   iv. Processing of other long steel products

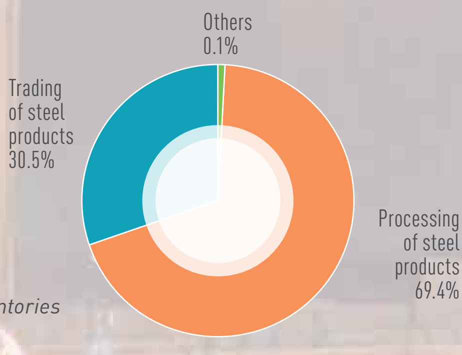
2. **Trading of steel products**
   i. Trading of flat carbon steel products
   ii. Trading of other flat steel products
   iii. Trading of long carbon steel products
   iv. Trading of other long steel products

CHARTS ON SEGMENTAL CONTRIBUTION TO FY2020 REVENUE AND GROSS PROFIT

FY2020 Segmented Revenue (%)

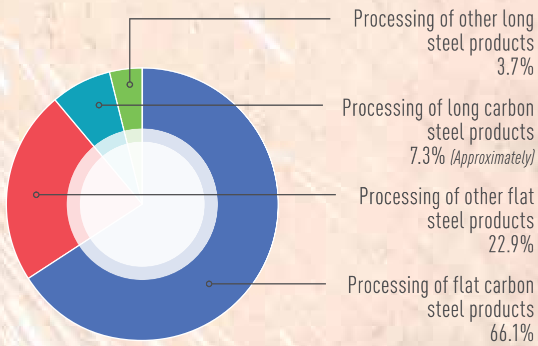


FY2020 Segmented Gross Profit* (%)

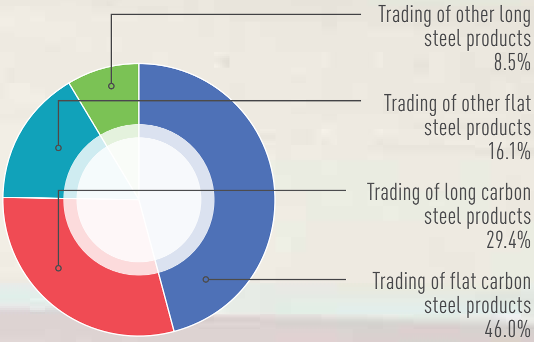


Note before inventories written down*

FY2020 Segmental Revenue: Processing of Steel Products (%)

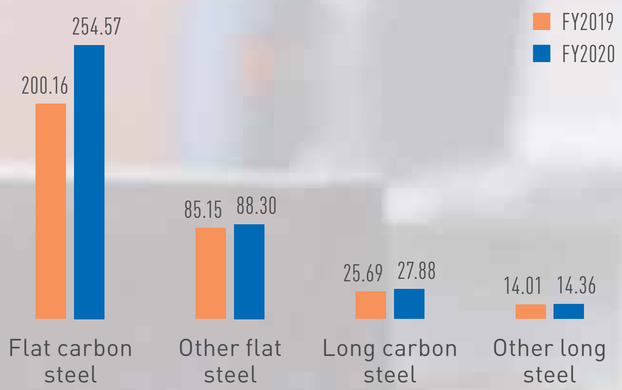


FY2020 Segmental Revenue: Trading of Steel Products (%)



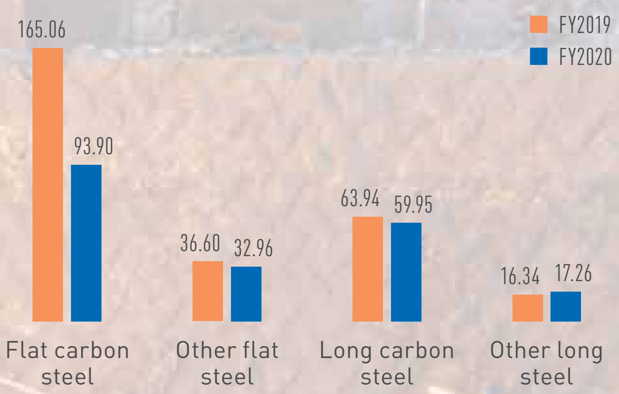
The largest contributor to the Group's revenue remains the processing of steel products segment, which delivered RM385.11 million for the financial year under review due to higher revenue from the production of welded steel pipes compared to RM325.01 million for FY2019. The performance of the processing segment is listed below:

FY2019 AND FY2020
PROCESSING OF STEEL PRODUCTS (RM mil)



Trading of RM204.07 million for FY2020 and RM281.94 million for FY2019, with the performance of the segment listed below:

FY2019 AND FY2020
TRADING OF STEEL PRODUCTS (RM mil)



DIVIDEND

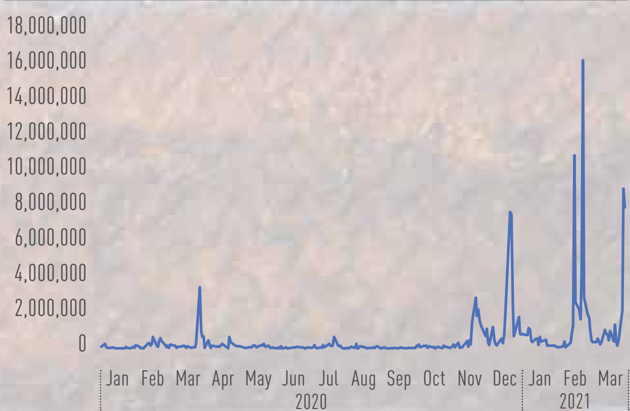
Despite the increase in profitability in FY2020 as compared to FY2019, the Board has, after much thought and careful consideration, decided not to recommend payment of a final dividend for the year under review even though we have usual practice of distributing up to 30% of our net profit as dividend. The decision did not come easy as the need to be prudent is even more important now given the uncertainties arising from the COVID-19 pandemic. With the surety of sufficient funds and an optimal capital structure, the Group will be in a better position to weather the uncertainties of the financial year ending 31 December 2021 ("FY2021") even though the main source of funds to support growth strategies and to fund capital expenditure remains bank borrowings.

SHARE PRICE PERFORMANCE & TRADING VOLUME

As at 31 March 2021, the Group's share price closed at RM0.71 with a total market capitalisation of RM220.10 million. For the 15 months period ended 31 March 2021, the share's highest and lowest closing price stood at RM0.75 and RM0.205 respectively, with average daily trading volume of approximately 495,633 units.

DAILY SHARE PRICE PERFORMANCE (CLOSING)
1 JANUARY 2020 – 31 MARCH 2021

DAILY TRADING VOLUME (CLOSING)
1 JANUARY 2020 – 31 MARCH 2021



MANAGEMENT DISCUSSION AND ANALYSIS

ANTICIPATED OR KNOWN RISKS

As the Group is in the business of processing and trading of steel products, the fluctuations in the prices of steel as well as iron ore and coking coal can potentially impact costs and therefore margins and profitability. These fluctuations in prices can be caused by a number of factors including global economic conditions, production volume of steel mills and the supply and demand inherent to the industry.

To mitigate the impact of such fluctuations to the Group's operating costs and profitability, steel prices as well as inventory levels are closely monitored throughout the year in order to counter potential risks.

Another key risk is foreign currency exchange volatility given the Group sources some of its material such as flat and long stainless steel, alloy steel and carbon steel from countries such as China, Europe, Japan and Korea among others. To safeguard the exchange-rate volatility that could increase the cost of material, the Group has several hedging facilities such as forward contracts and foreign currency accounts, which can be utilised should the need arises. For FY2020, there was a net realised gain on foreign exchange of RM0.20 million and insignificant net unrealised loss on foreign exchange.

Careful management of inventory to ensure timely delivery to customers mitigates the Group's risk of incurring high inventory holding cost due to its position as an intermediary between the steel millers and industrial end-users.

As of FY2020, the inventory turnover period was approximately 187 days, which remained fairly consistent as compared to approximately 183 days recorded for FY2019. There was no significant material impact from high inventory holding as steel products do not have a definite shelf life and therefore do not become obsolete.

Lastly, there is also credit risk exposure arising from trade receivables as the Group grants customers credit periods of between 14 to 90 days. Should there be any significant delay in debt collection, the Group will have to provide for impairment loss on trade receivables or write-off trade receivables as bad debts, which may adversely affect the financial performance.

FORWARD LOOKING STATEMENT

In the beginning of 2021, Malaysia, like much of the rest of the world, faced a resurgence of the COVID-19 pandemic. There is concern as to how the rapid rise in infections will impact economic activities and disrupt the global supply chain. Needless to say, the commodity markets will be impacted by these issues too and therefore, affect the Group's costs and profitability. As it is, Malaysia has imposed the MCO for parts of the country beginning from 13 January 2021 to 4 March 2021 and CMCO subsequently with possibility of extensions and imposed a state of emergency until 1 August 2021[1].

The availability of vaccines in Malaysia from as early as February 2021 will be an important factor on when the situation can return to normalcy[2]. However, given that vaccines may only be widely available later in the year, the Group remains cautious in terms of business risks.

Geopolitical issues continue to have an impact on global trade and there is still need for caution as risks to cross-border trade remains. On the domestic front, there is an increasing possibility that a general election will be held before the end of 2021 while political uncertainties leading to unclear policy have negatively impacted Malaysia's sovereign credit rating, which was cut by one notch and also led to poor investor sentiment[3].

Cancellations of projects such as the High-Speed Rail linking Singapore with Malaysia or delays in other large infrastructure projects will have an adverse impact on steel demand[4]. While Malaysia's economic growth will continue to be supported by household spending, this is weighed by high household debt.

While there are risks, there has also been some momentum in economic recovery that started in the second-half of 2020 and the Group expects the momentum to at least continue into the first-half of 2021 given the number of enquiries it has received. The second quarter of FY2021 will give a clearer picture of how the Group's business will fare for the year.

Given these factors, the Group will remain vigilant in its monitoring of inventory levels, steel prices and foreign currency volatility that can impact cost and profitability. The Group will also enhance operational capabilities and efficiencies to meet customers' requirements.

Leon Fuat's existing plants houses an extensive range of machinery which includes cutting, levelling, shearing, profiling, bending, polishing, expanded metal processing and pipe forming machines. The Group remains competitive as it is well-equipped on the technology front. As at 31 December 2020, the Group possesses a total of 114 major machines with total Net Book Value ("NBV") of RM43.65 million, installed across our facilities, as listed below:

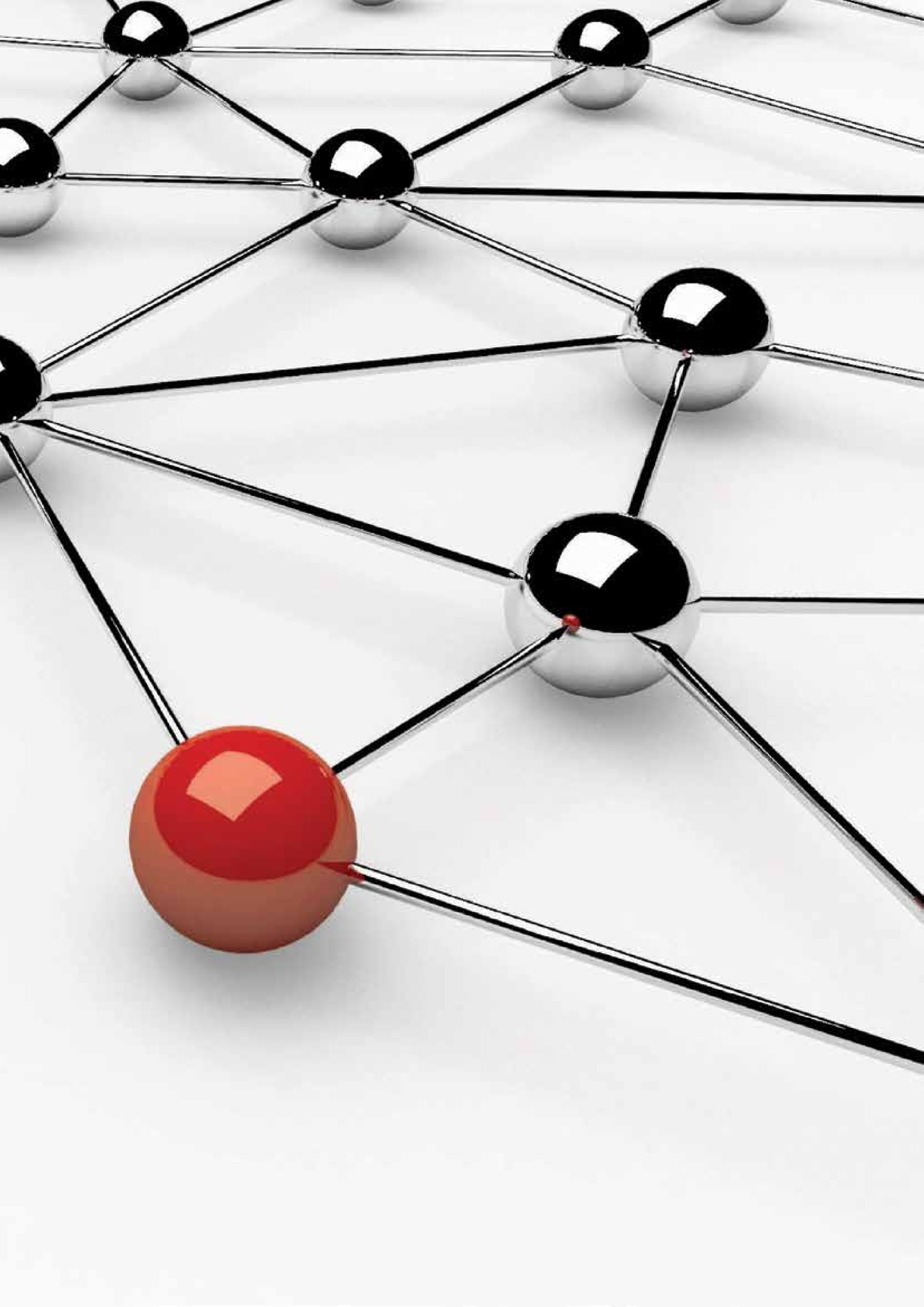
Machinery and Equipment	No. of Units
Coil levelling machine	7
Slitter line	2
Pipe forming line	2
CNC oxy-gas and plasma cutting machine	4
CNC oxy-gas cutting machine	3
CNC plasma cutting machine	5
CNC laser cutting machine	11
CNC waterjet cutting machine	4
Shearing machine	10
Portable plasma cutting machine	1
Portable oxy-gas cutting machine	14
Expanded metal machine	3
Bandsaw machine	33
High precision CNC press brake machine	7
Surface grinding machine	3
Punching machine	2
External pipe blasting machine	1
Polishing machine	1
Rolling machine	1
Total	**114**

Our Group will remain focused on the production of welded steel pipes where it expects to see increased revenue contribution after the exemplary performance in FY2020. Following the completion of the first phase of the plants for welded steel pipes, we are now continuing with the next two phases on our land in Port Klang, which we target to complete these phases in the next two years. When fully completed, the Group will have higher production capacity for future revenue growth.

Moving forward, despite the prevailing significant risks and the various uncertainties mentioned above, our Group, encouraged by the reasonably good results recorded in FY2020 as well as the improved future outlook, is optimistic that our Group will be able to achieve positive results for FY2021.

1 https://www.nst.com.my/news/nation/2021/02/666259/mco-20-extended-several-states-nsttv
2 https://www.thestar.com.my/news/nation/2021/01/11/covid-19-malaysia-expected-to-receive-vaccine-by-end-of-february-says-pm
3 https://www.fitchratings.com/research/sovereigns/fitch-downgrades-malaysia-to-bbb-outlook-stable-04-12-2020
4 https://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf

EXPANDING STRENGTHS THROUGH FOCUS AND RESOLVE



SUSTAINABILITY REPORT

SUSTAINABILITY STATEMENT (102-1, 102-2)

As a prominent player in the steel industry, Leon Fuat Berhad ("Leon Fuat" or "the Group") seeks to achieve long-term value creation without compromising on environmental and social standards. Our sustainability agenda is based on four (4) themes:

- Responsible Governance
- Economic Prosperity
- Environmental Stewardship
- Social Responsibility

This sustainability statement provides an overview of our business initiatives that contribute to our sustainability agenda. This year, we have expanded on our material matters and our key stakeholder groups. We have also conducted a materiality assessment to rank our key sustainability topics.

Scope of Reporting (102-3, 102-4, 102-50)

The reporting period for this sustainability statement is from 1 January 2020 to 31 December 2020 ("FY2020"), unless specified otherwise. This statement should be read in conjunction with the rest of the 2020 Annual Report.

This statement covers three (3) main entities in the Group located in Selangor and Kuala Lumpur, Malaysia:

1. Leon Fuat Hardware Sdn. Bhd. ("LF Hardware")
2. Leon Fuat Metal Sdn. Bhd. ("LF Metal")
3. Supreme Steelmakers Sdn. Bhd. ("Supreme Steelmakers")

Report Framework

The following guidelines and framework were referred to in the development of this statement.

Principal Framework	Additional Guidelines	
Global Reporting Initiative (GRI) Standards	Bursa Malaysia Sustainability Reporting Guide 2nd Edition	United Nations Sustainable Development Goals (SDGs)

Feedback (102-53)

For any queries or comments on this statement, please do not hesitate to contact the person-in-charge listed below:

Tan Kien Yap
Chief Financial Officer

Wisma Leon Fuat
No. 11, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7,
40000 Shah Alam, Selangor Darul Ehsan
Email: tanky@lfb.com.my

OUR COMMITMENT TO SUSTAINABILITY

Sustainability and long-term value creation are at the core of our business strategy and approach. It is crucial for us to be flexible and adapt to the challenges as sustainability drives us to minimise our impacts while maximising value. We are committed to a sustainable business model, not only as an obligation, but also to maintain the license to operate.

Our Values

"Steel is our business,
Excellence is our commitment"

Leon Fuat's shared values have always prioritised providing the highest standard of products and services to our customers, without compromising on integrity and efficiency. Our shared values are as follows:

01 Drive a performance culture of integrity and accountability

02 Commitment to products and service quality

03 Strengthen business processes to best service customers

04 Manage cash resources for operational effectiveness

SUSTAINABILITY REPORT

Leon Fuat's Sustainability Journey

Ever since our inaugural sustainability statement in FY2017, Leon Fuat has strived to make continuous improvements to our disclosures. Our statements demonstrate how our business activities align with our sustainability agenda, and reflect Leon Fuat's sustainability performance and initiatives from four (4) perspectives: Governance, Economic, Environmental and Social.

Leon Fuat's sustainability journey is outlined in the figure below:

FY2017

- Disclosure for **three (3)** main subsidiaries: LF Metal, LF Hardware and Supreme Steelmakers
- **Eleven (11)** material sustainability matters identified
- **Seven (7)** SDGs identified
- Materiality assessment of key material matters
- **Six (6)** stakeholder groups identified

FY2018

- Establishment of sustainability governance structure
- Ranking key material matters onto a Materiality Matrix
- **Thirteen (13)** material sustainability matters identified
- **Fourteen (14)** SDGs adopted in total
- Improved stakeholder engagement disclosure

FY2019

- Addition of Term of Reference (TOR) for sustainability governance structure
- Materiality matrix maintained
- **Thirteen (13)** material sustainability matters maintained
- **Seven (7)** SDGs adopted
- Inclusion of GRI indicator numbers
- Improved stakeholder engagement disclosure

FY2020

- **Fourteen (14)** material sustainability matters identified
- **Seven (7)** SDGs maintained
- Reassessment of material sustainability matters and matrix
- Expanded list of stakeholders to **seven (7)**

United Nations Sustainable Development Goals

As a member state of the United Nations ("UN"), Malaysia is committed to the UN's Sustainability Agenda 2030 and the Sustainable Development Goals ("SDGs"). The drive for sustainable development has pushed both the public and private sectors to innovate and search for solutions to reduce adverse impacts in the value creation process.

We identified seven (7) SDGs in FY2019 that our business can effectively contribute towards, which we have retained for this reporting period. In the illustration below, we have mapped our initiatives to the relevant SDGs.

SDG 3
- Noise Monitoring and Initiative Program
- COVID-19 Safety Procedures

SDG 12
- Scheduled waste management procedure
- Supplier performance assessment

SDG 13
- Using green diesel trucks to lower carbon emissions

SDG 8
- Establishment of Safety and Health Manual (Policy and Management System)
- Inclusion of training for employees in Safety and Health Manual

SDG 7
- Instalment of energy efficient LED lighting in existing and new factories

SDG 9
- Commitment to invest our factory machinery and warehouse facilities to improve production capacity

SDG 16
- Comprehensive Anti-Bribery Management System
- Anti-Bribery Policy 2020
- Whistle-Blowing Policy 2020
- Code of Ethics and Conducts
- Personal Data Protection Notice

SUSTAINABILITY REPORT

Sustainability Governance Structure (102-18, 102-20, 102-26, 102-32)

Robust leadership is at the heart of Leon Fuat's sustainability approach. Sustainability in Leon Fuat is governed across three levels: The Board of Directors ("Board"), Sustainability Committee ("SC") and Sustainability Task Force Committee ("STFC"), each with its own roles and responsibilities.

The Board leads the Group's sustainability agenda by providing support to commitments Leon Fuat have made in furthering its sustainability initiatives. The Board is supported by the SC which oversees the Group's initiatives at a managerial level. Supporting the SC, is the STFC which handles the day-to-day task of implementing the Group's sustainability programs and initiatives. The figure below outlines the sustainability governance structure of the Group.

	GOVERNANCE LEVELS	ROLES AND RESPONSIBILITIES
01	**BOARD OF DIRECTORS**	• Endorses Leon Fuat's sustainability strategy and commitment • Approves the contents of the sustainability statement
02	**SUSTAINABILITY COMMITTEE (SC)** • Executive Director • Chief Financial Officer • Managerial level from subsidiaries	• Makes recommendations for the proposed sustainability statement • Supervises Leon Fuat's progress on sustainability initiatives
03	**SUSTAINABILITY TASK FORCE COMMITTEE (STFC)** • Employee representatives from subsidiaries (LF Metal, LF Hardware, Supreme Steelmakers)	• Assists the SC in making recommendations for Leon Fuat's sustainability statement • Guides the implementation of the Group's sustainability strategy and activities in its day-to-day business practices

LEON FUAT'S STAKEHOLDER ENGAGEMENT (102-40, 102-43, 102-44)

Maintaining continuous communication with our stakeholders is essential in Leon Fuat's sustainability strategy to better understand their concerns. The table below provides a summary of our stakeholder groups mapped to their areas of interest, engagement channel and engagement frequency.

Stakeholders	Area of Interest	Engagement Channel	Engagement Frequency
Employees	• Capacity building • Work-life balance • Attractive remuneration • Safe and healthy work environment	• Face to face discussions • Learning and development • Employee performance appraisal • Staff meetings • Annual Dinner	• Ad-hoc • Ad-hoc • Annually • Ad-hoc • Annually
Management	• Company reputation • Risk management • Ensuring service requirements and profitability	• Coordination meetings • Business unit meetings • ISO management review	• Ad-hoc • Quarterly • Annually
Customers	• Confidence and trust on the Group • Quality of goods • Valuable business experience	• Face to face interaction • Satisfaction assessment • Feedback survey • Website and social media tools	• Ad-hoc • Annually • Ad-hoc • Ad-hoc
Vendors/Suppliers	• Continuous collaboration • Fair procurement • Supporting local suppliers	• Face to face interaction • Vendor performance review • Product quality feedback	• Ad-hoc • Annually • Ad-hoc
Investors/Shareholders	• Company reputation • Future competence • Investment growth of the company • Risk management	• Annual General Meetings • Bursa Malaysia announcements	• Annually • Ad-hoc
Communities	• Local community development • Philanthropy • Impact of the Group's operations on the surrounding community	• Corporate programs • Promotion and advertising on social media and websites	• Ad-hoc • Ad-hoc
Government/ Regulatory Bodies	• Corporate governance • Regulatory compliance • Transparency and accountability	• Meetings and consultations • Compliance with government legislative framework	• Ad-hoc • On-going

SUSTAINABILITY REPORT

APPROACH TO MATERIALITY ASSESSMENT (102-47, 102-49)

In FY2020, we reassessed our materiality prioritisation to accurately reflect the impact of COVID-19 on stakeholders' decisions and on the business. Although the online survey was only distributed amongst internal stakeholders, each respondent was required to answer on behalf of two (2) other stakeholders, as a means of representing all stakeholders. The materiality assessment also reviewed stakeholders' concerns with regards to the additional material matter identified in FY2020 (Diversity and Inclusiveness) and the Group's sustainability strategy. Our methodology for materiality assessment in this reporting period was as follows:

Identification

The relevant material matters and stakeholder groups for this reporting period were identified and updated.

Assessment

Online survey forms were distributed to the stakeholder groups identified to assess the importance of Leon Fuat's material matters.

Prioritisation

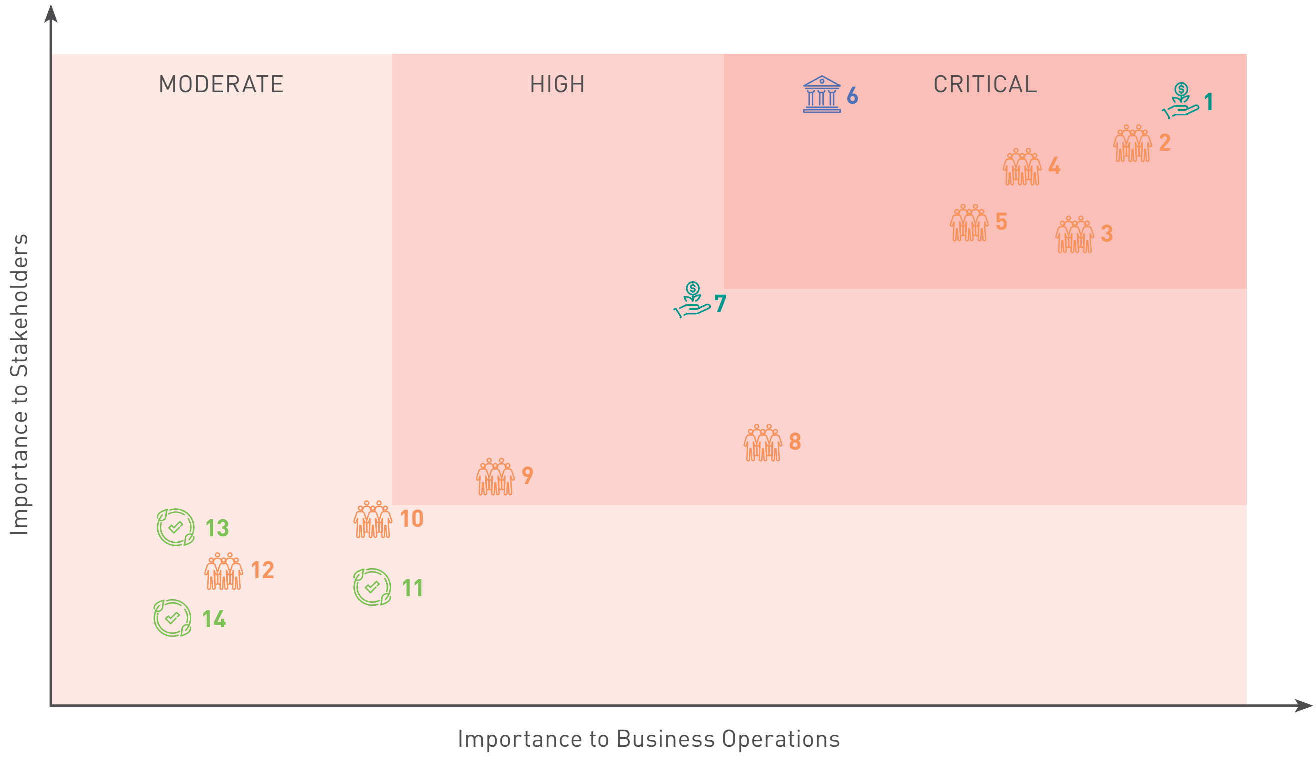
The importance of each material matter is determined and mapped accordingly on a matrix.

Validation

The materiality matrix formulated is submitted for approval.

Material Matrix

From the materiality assessment conducted, a materiality matrix was created to illustrate the prioritisation of Leon Fuat's material matters, as shown below. Each material matter reflects the concerns and interests of the Group to achieve sustainable business performance.



PRACTISING RESPONSIBLE GOVERNANCE

6. Business Ethics and Compliance

ACHIEVING ECONOMIC PROSPERITY

1. Operational Excellence
7. Responsible Procurement

INVESTING IN ENVIRONMENTAL STEWARDSHIP

11. Effluent and Waste Management
13. Noise Management
14. Energy and Water Consumption

STRENGTHENING SOCIAL RESPONSIBILITY

2. Occupational Health and Safety
3. Knowledge and Skill Development
4. Customer Satisfaction
5. Data Security
8. Employee Welfare
9. Diversity and Inclusiveness
10. Work-Life Balance
12. Corporate Social Responsibility

SUSTAINABILITY REPORT

Mapping Our Material Matters

Each material sustainability matter identified by Leon Fuat is mapped to the relating SDGs, GRI indicators and stakeholder groups to highlight its relation to our sustainability commitments, as shown in the table below.

Material Matter	Description	GRI Indicator	Stakeholder Group
Practicing Responsible Governance			
Business Ethics and Compliance	The values and standards of the Group to ensure ethical conduct in its business operations.	**102-16:** Values, principles, standards and norms of behaviour **102-17:** Mechanisms for advice and concerns about ethics **205-2:** Communication and training about Anti-Corruption Policies and Procedures	• Employees • Management • Investors • Shareholders
Achieving Economic Prosperity			
Operational Excellence	Investments by the Group to improve efficiency of its performance.	**103-2:** Management approach **203-2:** Significant indirect economic impacts	• Employees • Management • Investors • Shareholders
Responsible Procurement	The purchasing of materials and services in a manner that upholds the Group's sustainability values.	**102-9:** Supply Chain Management **204-1:** Proportion of spending on local suppliers	• Vendors/ Suppliers
Investing in Environmental Stewardship			
Effluent and Waste Management	Actions taken by the Group to ensure proper management and disposal of by-products.	**303-2:** Management of water discharge-related impacts **306-1:** Waste generation and significant waste-related impacts **306-2:** Management of significant waste-related impacts **306-3:** Waste generated	• Employees • Management • Investors • Shareholders
Noise Management	Initiative by the Group to monitor and minimise noise pollution within the work area.	**103-2:** Management approach	• Management • Employees
Energy and Water Consumption	Initiatives by the Group to track and manage its energy and water consumption through responsible saving measures.	**302-1:** Energy consumption within the organisation **302-3:** Energy intensity **303-5:** Water consumption	• Management • Employees

Material Matter	Description	GRI Indicator	Stakeholder Group
Strengthening Social Responsibility			
Occupational Health and Safety	Policies and management systems the Group have put in place to protect the health and wellbeing of its employees within the workspace.	**403-2:** Hazard identification, risk assessment and incident investigation **403-4:** Worker participation, consultation and communication on occupational health and safety **403-5:** Worker training on occupational health and safety **403-9:** Work-related injuries	• Employees • Government/ Regulatory Bodies
Knowledge and Skill Development	Providing training and skill development programmes to strengthen the workforce.	**404-1:** Average hours of training per year per employee **404-2:** Programmes for upgrading employee skills and transition assistance programmes	• Employees
Customer Satisfaction	Quality assurance and surveys to gauge the level of customer satisfaction.	**102-43:** Approach to stakeholder engagement **103-2:** Management approach	• Customers • Management
Data Security	Measures taken by the Group to protect the privacy of its data.	**103-2:** Management approach	• Employees • Customers • Management
Employee Welfare	Benefits and equitable remuneration that the Group provides its employee.	**401-1:** New employee hires and employee turnover **401-2:** Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Employees
Diversity and Inclusiveness	How the Group ensures all its employee are treated and recruited without discrimination.	**102-7:** Scale of the organisation **405-1:** Diversity of governance bodies and employees	• Management • Employees
Work-Life Balance	Group activities organised to ensure the mental health of employees and prevent work burnout.	**403-6:** Promotion of worker health	• Employees
Corporate Social Responsibility	Engagement programmes and financial assistance to support vulnerable communities.	**413-1:** Operations with local community engagement	• Management • Employees • Communities

SUSTAINABILITY REPORT

PRACTICING RESPONSIBLE GOVERNANCE

Acting with integrity and professionalism is the foundation of Leon Fuat's business dealings and operations. We expect our employees to be honest and we do not condone any form of misconduct. Policies and Management Systems are put in place to guide the behaviour of our employees.

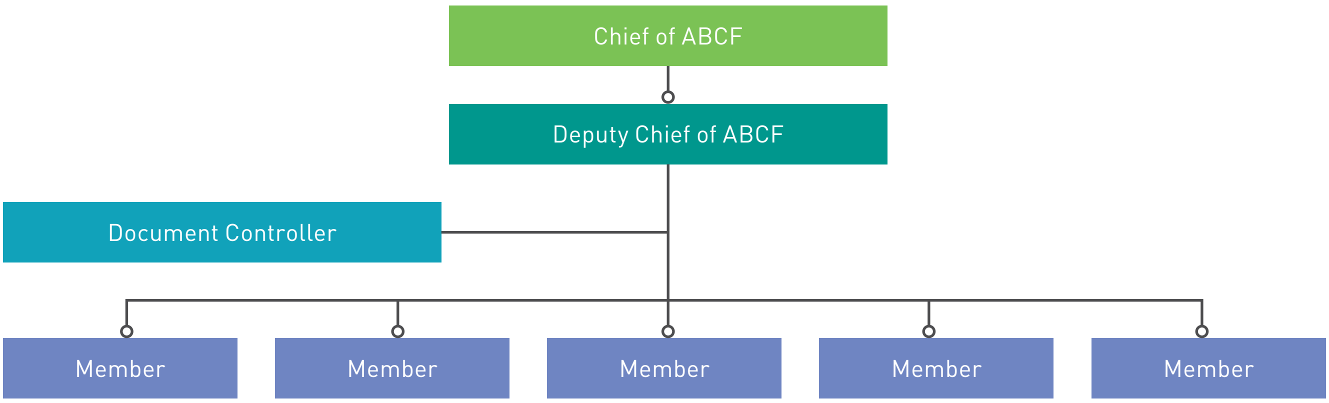
Contribution to the SDGs

Business Ethics and Compliance (102-16, 102-17, 205-2)

The Group has a Whistle-Blowing Policy, Anti-Bribery Policy and a Code of Ethics and Conduct to promote transparency and accountability in the workplace across all levels of employment.

Anti-Bribery Management System ("ABMS")

Organisational culture is built on the foundation of a shared set of values, critical in driving business performance and fostering a healthy work environment. The implementation of the ABMS and the Anti-Bribery Manual which outlines the scope of the management system, ensures that business is conducted appropriately. The ABMS lays out the roles and responsibilities of each constituent of the Anti-Bribery Compliance Function ("ABCF") as illustrated below:



Chief of ABCF

- Oversees implementation of ABMS
- Reports ABMS performance to the Board
- Plans and reviews the Bribery Risk Assessments
- Appoints investigation team for any concerns raised

Deputy Chief of ABCF

- Oversees implementation of ABMS
- Provides guidance on ABMS and bribery related issues
- Assists the Chief on ABMS related matters

Document Controller

- Manages ABMS documentation
- Attends to bribery concerns raised and reports it to the Chief
- Provides guidance to personnel on ABMS and bribery related issues
- Investigates reports assigned by the Chief

Members of ABCF

- Provides advice to personnel on ABMS and bribery related issues
- Attends to bribery concerns raised and reports it to the Chief
- Investigates reports assigned by the Chief

Communication and Training

In addition to establishing Board-approved policies, we ensure the policies are communicated to employees. The policies are included in the LF Metal employee handbook only, but are covered in detail during induction for all three (3) subsidiaries. They are also available for public reference on our corporate website. Awareness programmes are provided to all employees on an annual basis as a refresher course and the most recent one was held in October 2020.

Reporting and Investigation

Our employees can use the Grievance Procedure to report suspected breaches of law or policies; while external stakeholders can voice their concerns by sending an email to appointed individuals, which is detailed in the Whistle-Blowing Policy.

Any reports made in good faith shall be treated confidentially to the extent required for the investigation. The identity of the whistle-blower will not be disclosed without his or her prior consent and will be protected from any potential reprisals. The Reporting Investigation Procedure lists the method for investigating any concerns or violations within the Group. Designated points of contact (Audit Committee Chairman, Senior Independent Non-Executive Director or Chief of Anti-Bribery Compliance Function) handle all issues and concerns raised, with the following course of action:

The assigned official conducts a preliminary review to gather relevant evidence → The facts of the investigation are established and corrective action proposed → The results of the investigation and corrective action are reported to management → The corrective action is reviewed for its effectiveness

We recorded zero incidents of whistle-blowing cases or any potential breach of conduct in this reporting period.

Internal Assessment and Compliance

As part of the adoption of the ABMS in this reporting period, we established a bribery risk assessment procedure, in accordance to the principles of the Anti-Bribery Management System (MS ISO 37001). The risk assessment shall be conducted annually and is applicable to all internal and external associates, and decision-making processes. Any bribery risks identified shall be documented and rectified through corrective schemes or control measures.

We strictly adhere to all relevant rules and regulations through internal documentation and assessments. The list below includes the key regulations we adhere to.

- Employment Act 1955
- Factories and Machinery Act 1967
- Income Tax Act 1967
- Environmental Quality Act 1974
- Capital Markets and Services Act 2007
- Companies Act 2016
- Minimum Wages Order 2018
- Main Market Listing Requirements
- Malaysian Code on Corporate Governance

SUSTAINABILITY REPORT

ACHIEVING ECONOMIC PROSPERITY

Through the production of steel products from raw materials, we create value for our clients, business partners and communities where we operate. It is crucial for Leon Fuat to balance the inputs and outputs to maximise the benefits while minimising adverse impacts of our production methods. This is achieved by optimising machine operations and sourcing materials and services responsibly.

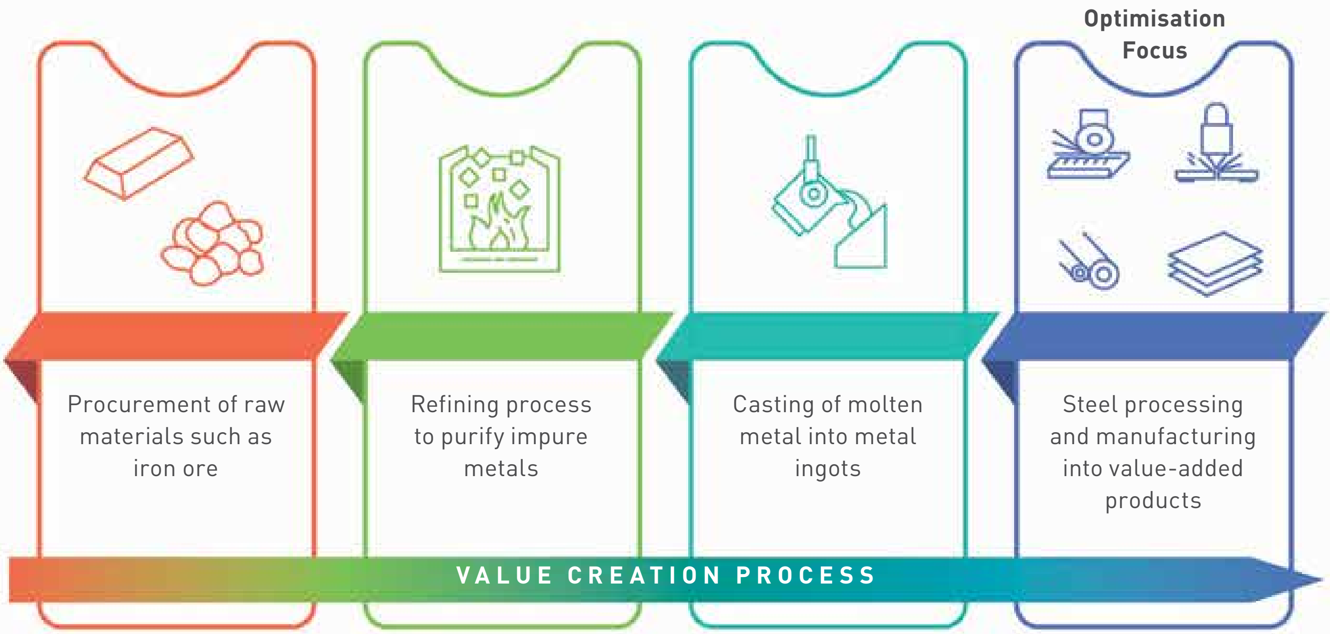
Contribution to the SDGs

Operational Excellence (103-2, 203-2)

Across our business operations, sustainability drives us to maximise our business output while optimising our material input. The main activity at Leon Fuat that generates value is steel processing and/or manufacturing (collectively referred to as "processing") with significant value generated by its trading divisions. Our primary product is carbon steel, followed by stainless steel and alloy steel.

The Group has ventured into welded steel pipe manufacturing by building a three-phase production plant in Port Klang. While the project is ongoing, we have received positive responses from the local market. In the face of the pandemic, we have seen an increase in the demand for steel pipes and other flat and long steel products from rubber glove, logistics and warehouse companies which are looking to expand their businesses. We aim to meet these demands while still holding true to our sustainability agenda.

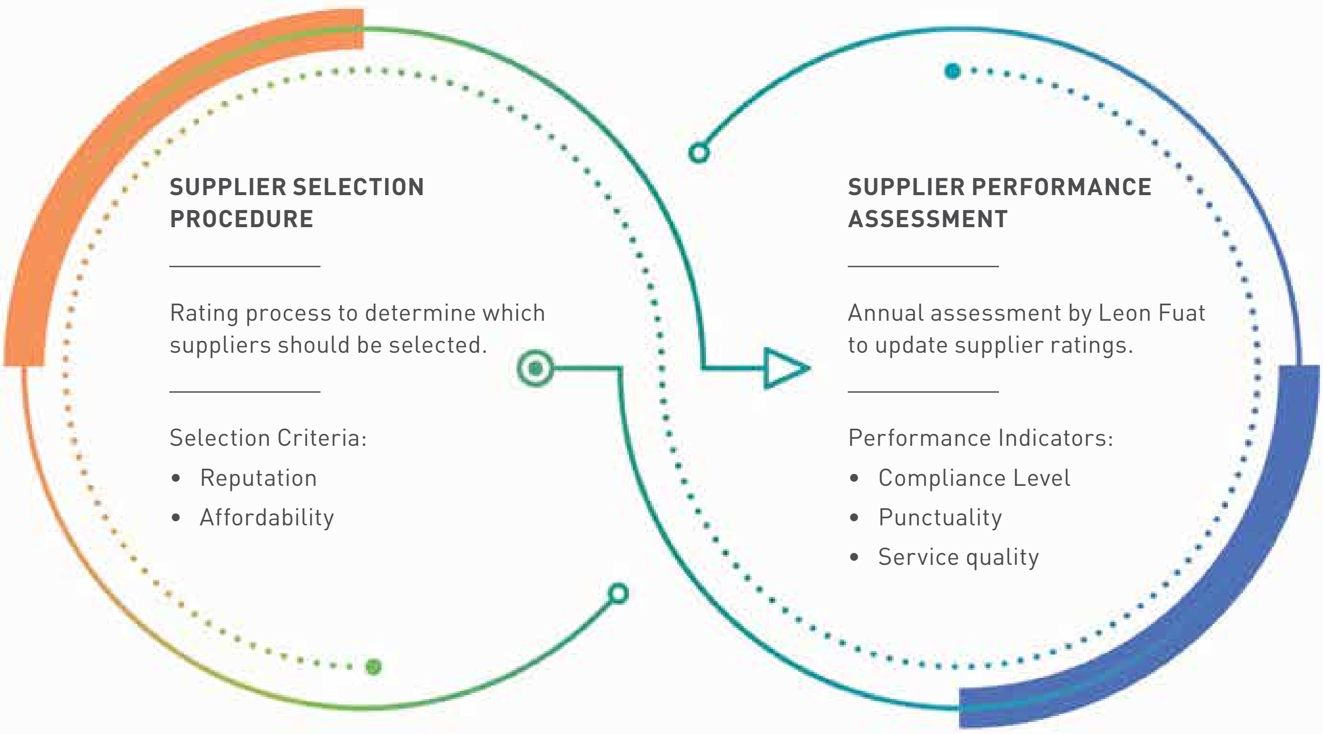
Below is a diagram of how Leon Fuat creates value for its various stakeholders. Focus is drawn to the steel processing as this is where operational improvements were made in FY2020.



As of December 2020, we have committed approximately RM29.46 million for investments in machinery and construction of factory and warehouse facilities to improve our future processing capacity. Ad-hoc night shifts were also introduced to help reduce the cutting process lead time.

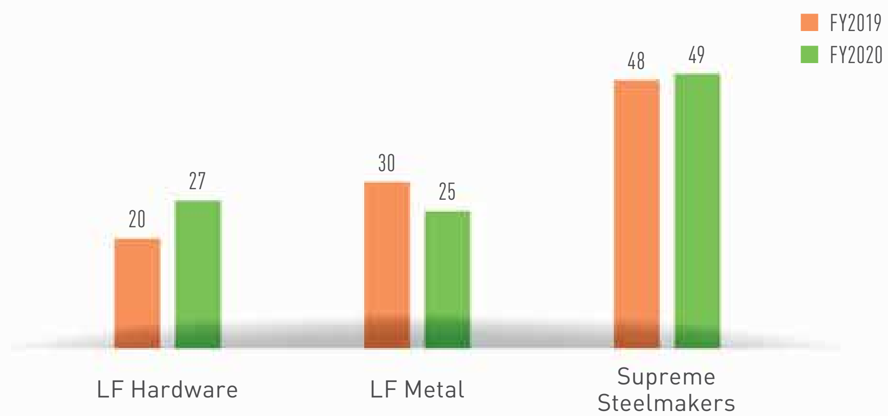
Responsible Procurement (102-9, 204-1)

Sustainability applies to the entire life cycle of the product, making it critical for our suppliers and service providers to conduct business in a responsible and ethical manner. The illustration below demonstrates the measures we have taken to build a sustainable supply chain.



In this reporting period, a higher proportion of LF Hardware's and Supreme Steelmakers' procurement spending was used on local suppliers than in FY2019, while LF Metal spent less on local suppliers than the previous year. This is due to the unavailability of certain steel products within the local market.

Proportion of Spending on Local Suppliers (%)



SUSTAINABILITY REPORT

INVESTING IN ENVIRONMENTAL STEWARDSHIP

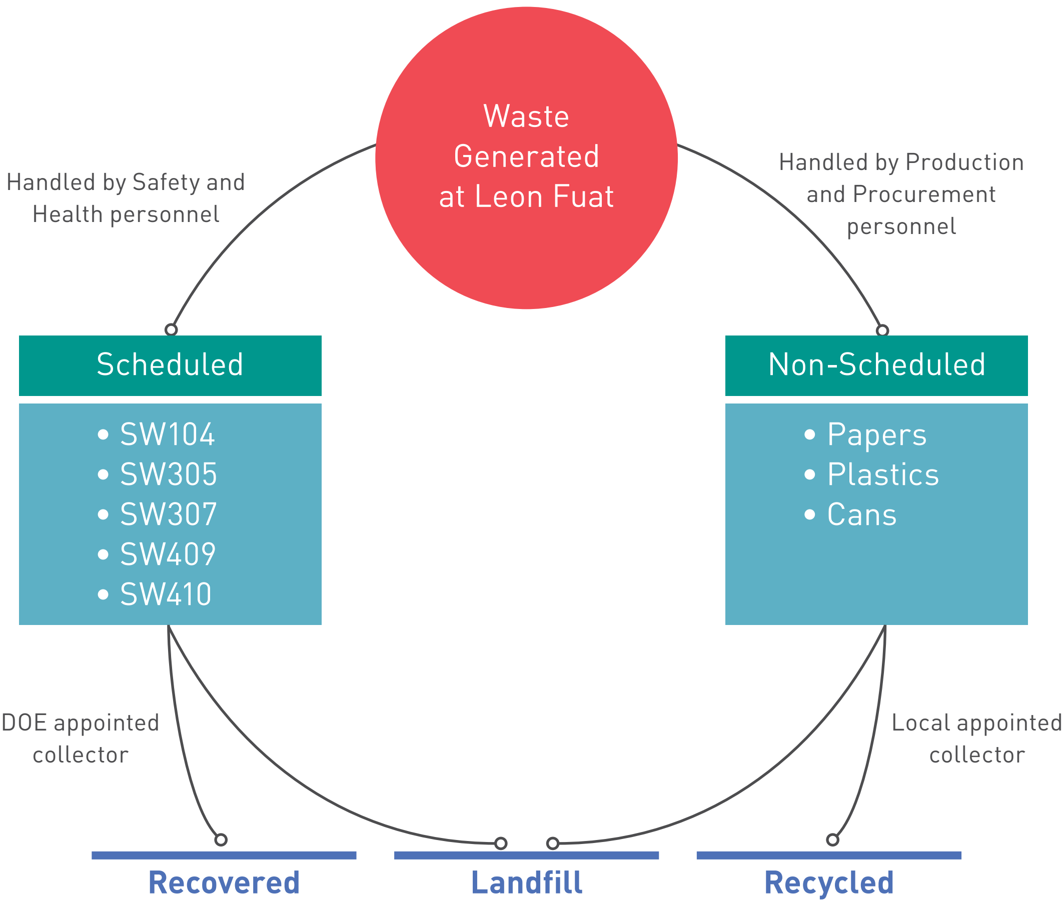
As a steel processing and trading company, we understand that our operations have an impact on the environment. As part of our commitment towards sustainability, we regularly monitor and are transparent about our waste generation, energy and water consumption, and noise pollution. We have invested in solutions to optimise and manage the use of these resources, thus minimising adverse environmental impacts.

Contribution to the SDGs

Effluent and Waste Management (303-2, 306-1, 306-2, 306-3)

Establishing and implementing an efficient waste management system aids business to comply with legal requirements and mitigate waste-related impacts such as environmental pollution. Our waste management system includes clearly defined procedures for handling and disposing scheduled and non-scheduled waste, in accordance to the Environmental Quality Act 1974 and the Local Government Act 1976. The Safety and Health Officer (SHO) assisted by production and procurement personnel, is responsible for the implementation of this system. This collaborative approach maximises the efficiency of our waste disposal.

Waste Disposal at Leon Fuat



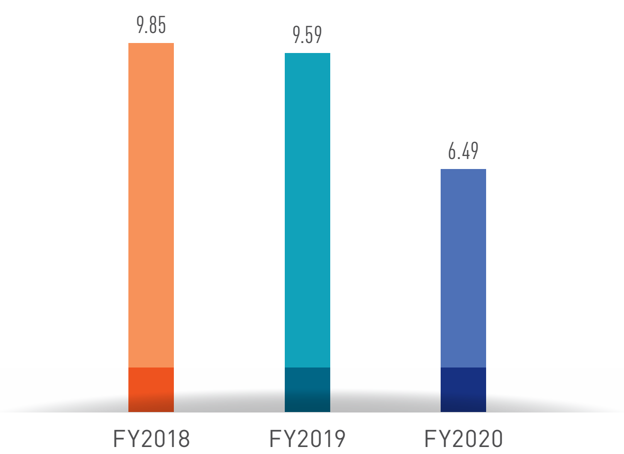
Currently, scheduled and non-scheduled waste generation is only recorded at LF Metal. Moving forward, we intend to record waste generation at LF Hardware and Supreme Steelmakers as well.

In FY2020, LF Metal recorded a 9.0% decrease in the generation of SW104, compared to FY2019, and other types of scheduled waste were not generated in FY2020. The drop in SW104 generation is due to reduced production of value-added flat products in this reporting period.

Amount of Scheduled Waste (tonnes) Generated by LF Metal				
		FY2018	FY2019	FY2020
SW104	Dust slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium or selenium excluding slag from iron and steel factory	1.72	1.45	1.32
SW305	Spent lubricating oil	0.02	–	–
SW307	Spent mineral oil-water emulsion	0.21	–	–
SW409	Disposed containers, bags or equipment contaminated with chemical, pesticides, mineral oil or scheduled wastes	0.05	–	–
SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	–	0.32	–

The amount of non-scheduled waste generated has decreased year on year. The overall decreasing trend, as seen in the graph below, can be attributed to our sustainability initiatives. These include placing recycling bins in offices and reducing the distribution of hardcopy documents, such as ISO manuals and policies, which are shared online instead.

Amount of Non-Scheduled Waste (tonnes) Generated by LF Metal



We monitor and record the effluent discharged from LF Metal to ensure it is below the permissible limits set by the Environmental Quality Act 1974 (EQA 1974). We analyse five (5) parameters: Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), Oil and Grease, and Ammoniacal Nitrogen (NH3-N). In FY2020, our effluent discharge was below both Standards A and B of the EQA 1974, as shown in the table below.

Effluent Sampling Results (mg/L)			
	FY2020	Standard A*	Standard B**
COD	13	120	200
BOD	6	20	50
TSS	1	50	100
Oil & Grease	–	20	20
NH3-N	3.15	50	50

* *Standard A refers to discharge upstream of any raw water intake*

** *Standard B refers to discharge downstream of any raw water intake*

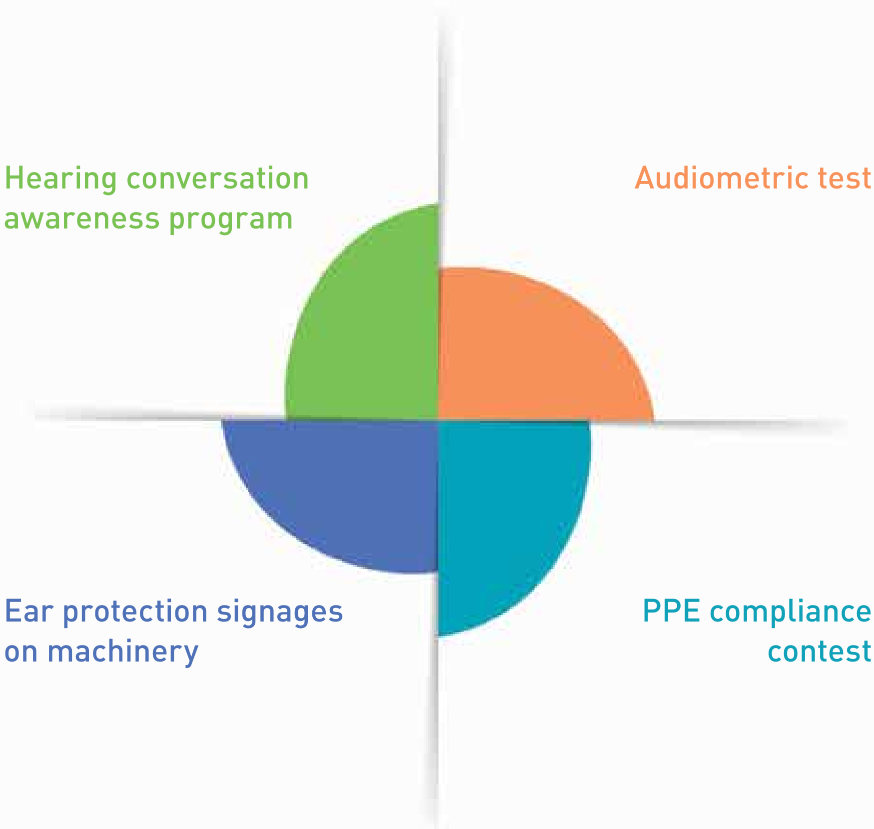
SUSTAINABILITY REPORT

Moving forward, we intend to record effluent discharge from Supreme Steelmakers, starting from FY2021, and will report on the results accordingly in our future sustainability statement.

Noise Management (103-2)

Steel processing operations create noise and vibrations from vehicles on site, movement of metal and other materials, and the operation of large machinery. Prolonged occupational noise exposure has been shown to cause a range of health problems including stress, poor concentration, productivity loss and hearing difficulties. As a precautionary and prevention measure, we provide Anti-Noise Ear Shields to our employees, which they are required to wear on site. As stipulated under the Environmental Quality Act 1974, noise limits are established to prevent adverse health effects. In tandem with legislative requirements, we have organised a 'Noise Monitoring and Initiative Program for Year 2020', at LF Metal, to educate our workforce on adopting safe work practices. The activities within this programme are conducted as and when needed.

Noise Monitoring and Initiative Program for Year 2020



Energy and Water Consumption (302-1, 302-3, 303-5)

Energy Management

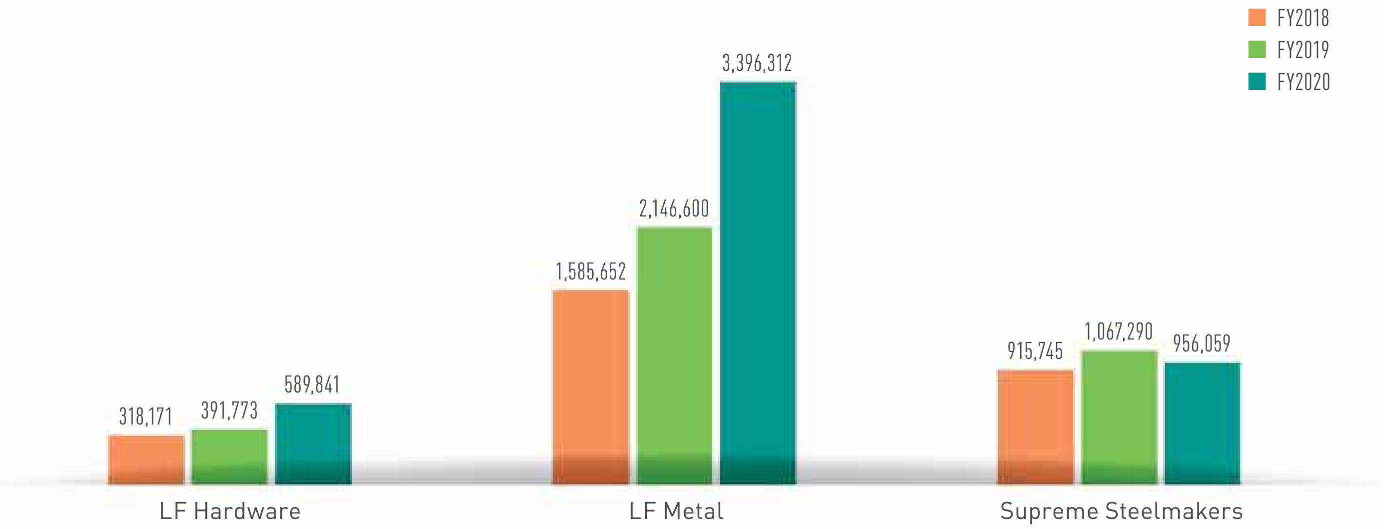
The processing of steel products is energy-intensive. Therefore, it is important to monitor energy consumption across our operations to better manage our economic and environmental impact. We monitor both electricity and fuel consumption, and began our reporting initiatives of both fuel and electricity in FY2017. For this reporting period, we disclosed electricity intensity by calculating the electricity consumed per unit measure of floor space within each subsidiary.

Electricity Consumption

We use large amounts of electricity, sourced from the national grid, for steel processing activities, and to power our warehouses and offices. Operations and machinery that consume the most electricity within our processing plants are pipe manufacturing and steel processing. In FY2020, our three (3) subsidiaries consumed a total of 4,942,212 kWh of electricity, which is a 37.1% increase from FY2019.

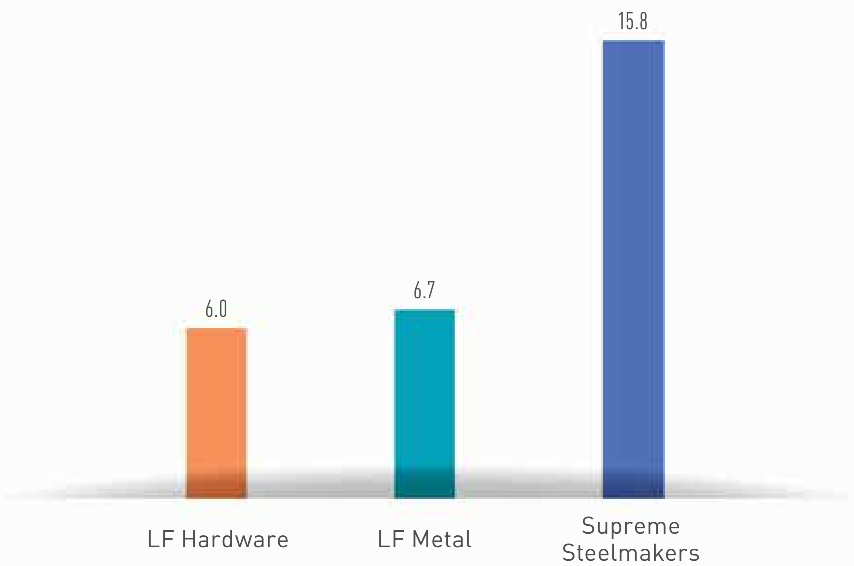
LF Metal recorded the highest electricity consumption as it is the largest of the three (3) subsidiaries, consisting of processing and manufacturing plants, warehouses and offices. LF Hardware consumes the least amount of electricity, but our records show a steady upward trend since FY2018 due to the purchase of new machines in FY2019.

Electricity Consumption (kWh) by Subsidiary



Supreme Steelmakers has the highest electricity intensity among the subsidiaries. This is due to the fact that this particular subsidiary uses a higher proportion of its factory area to house machines, as compared to the other subsidiaries. Thus, more electricity is being used per square feet.

Electricity Intensity (kWh/sq ft) by Subsidiary



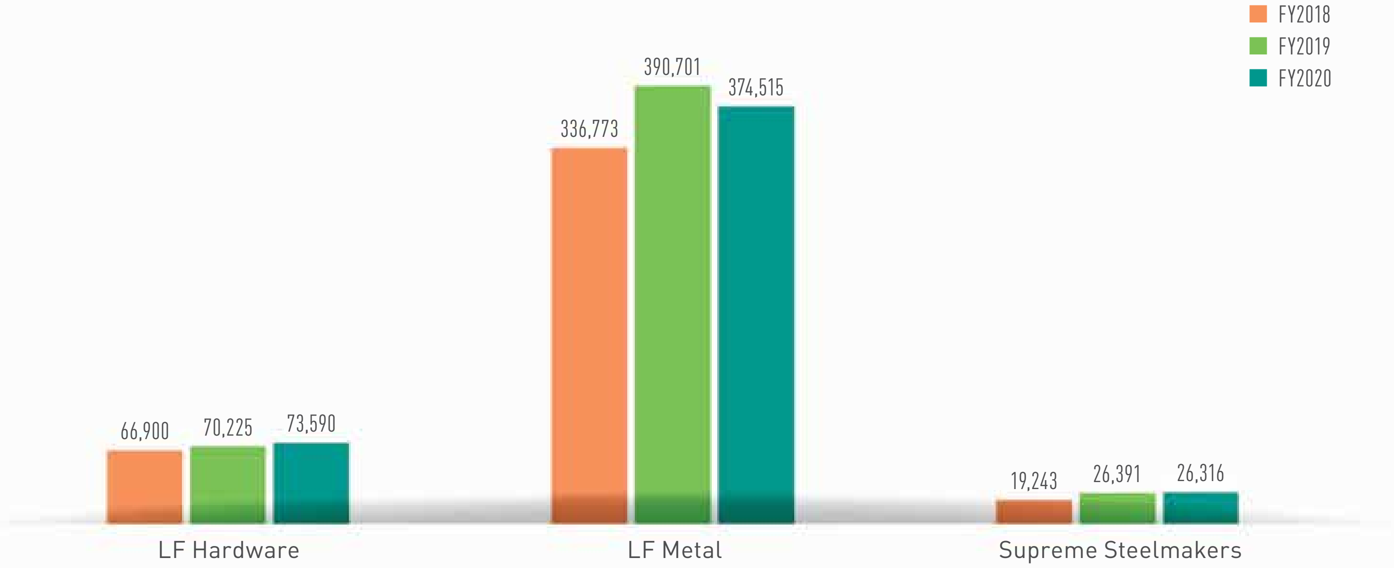
SUSTAINABILITY REPORT

Moving forward, we intend to utilise LED lights to reduce our electricity consumption. Our existing factories are transitioning to LED lighting and all factory bay lights for the phase 2 factory expansion of our new pipe manufacturing plant in Port Klang will use LED lighting.

Fuel Consumption

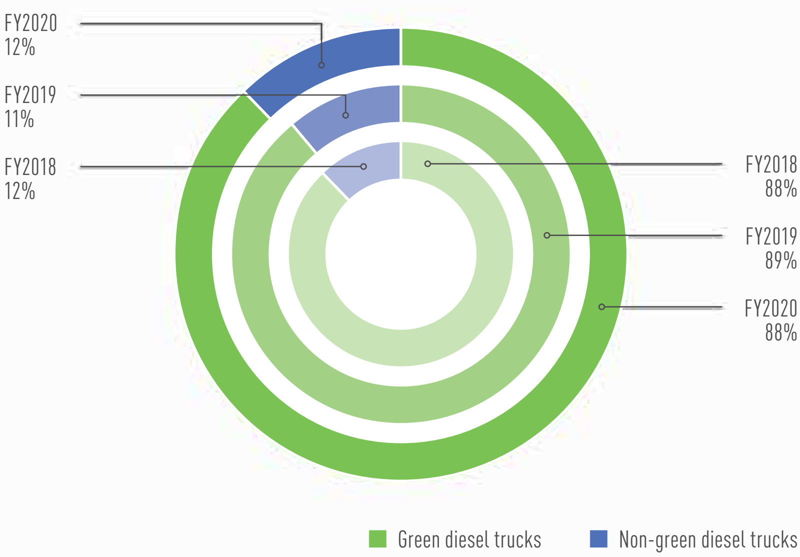
Fuel constitutes a significant part of our energy consumption used to power our delivery trucks. The fuel consumption levels of the subsidiaries correspond to the number of delivery trucks they operate. LF Metal, LF Hardware and Supreme Steelmakers operate 20, 11 and 3 delivery trucks respectively. LF Hardware observed a 4.8% increase from FY2019 as more trips outside of Kuala Lumpur and Selangor had been taken during FY2020.

Fuel Consumption (litres) by Subsidiary



We also strive to minimise greenhouse gas emissions by maximising fuel efficiency and using green diesel. Currently, we have 34 delivery trucks, of which 30 are able to use green diesel fuel.

Green Diesel and Non-Green Diesel Delivery Trucks

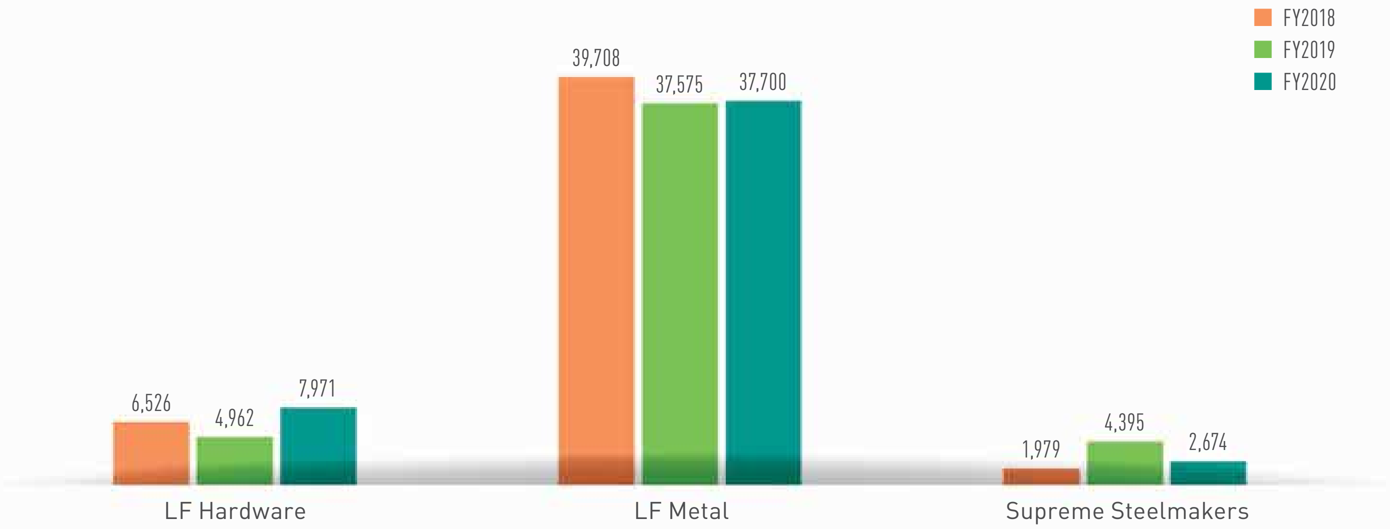


Water Consumption

Efficient water management is critical as it is required throughout the steel manufacturing process for activities such as cooling and descaling. We aim to optimise our water usage and minimise our environmental footprint through regular monitoring. We record and monitor which processes and machinery consume large amounts of water, which enables us to establish appropriate management systems.

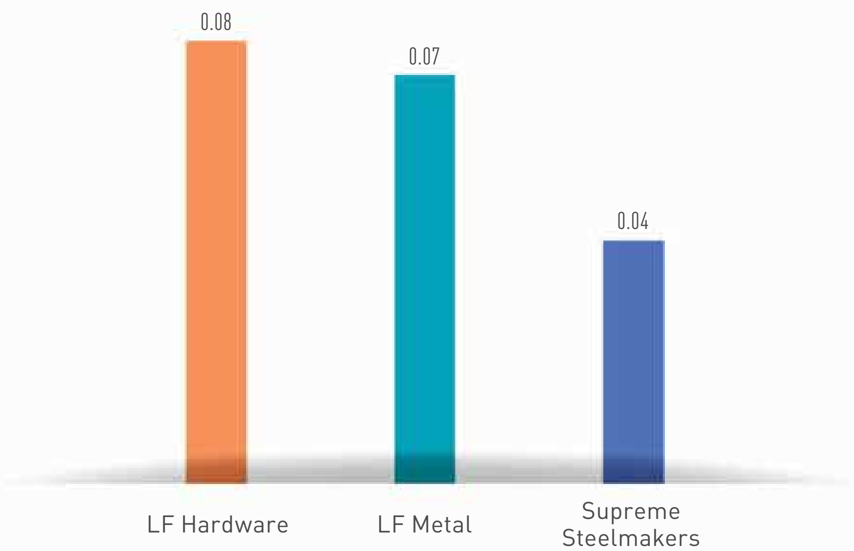
In this reporting period, LF Metal recorded the highest consumption, followed by LF Hardware and Supreme Steelmakers. This pattern reflects the relative sizes of the subsidiaries whereby LF Metal is the largest. Both LF Hardware and LF Metal show an increase in water consumption since FY2019, while Supreme Steelmakers recorded a 39.2% decrease.

Water Consumption (litres) by Subsidiary



In FY2020, we recorded water intensity, which is calculated using the total floor space of each subsidiary. LF Hardware recorded the highest water intensity, as presented in the graph below.

Water Intensity (litres/sq ft) by Subsidiary



SUSTAINABILITY REPORT

STRENGTHENING SOCIAL RESPONSIBILITY

Investing in our people is critical to our success. As such, we are cognisant of our responsibility to nurture talent, as well as support their professional growth and personal well-being. We strive to inculcate a culture of respect and dignity, while providing fair and equal opportunities to all. We are also committed to being a responsible corporate citizen, driving positive change within our communities.

Contribution to the SDGs

Occupational Health and Safety (403-2, 403-4, 403-5, 403-9)

Our first responsibility towards our employees is providing them with a healthy and safe workplace. For this reporting period, we recorded 761,934 working hours with 5 major cases and 15 minor cases across our subsidiaries. We ensure our employees, guided by our Safety and Health Policy, play an active role in creating a safe work culture. We provide training to increase safety awareness and decrease health and safety-related incidents. Below is a list of key training programmes provided in FY2020:

Occupational Health and Safety Training Programmes
• Health and Safety Induction Training
• Refresher Safety Training and COVID-19
• Safety Talk
• Basic Occupational First Aid and AED
• Empowering Nation Safety Cultures & Workers Health
• Hearing Conservation Training
• Health Talk Awareness Training

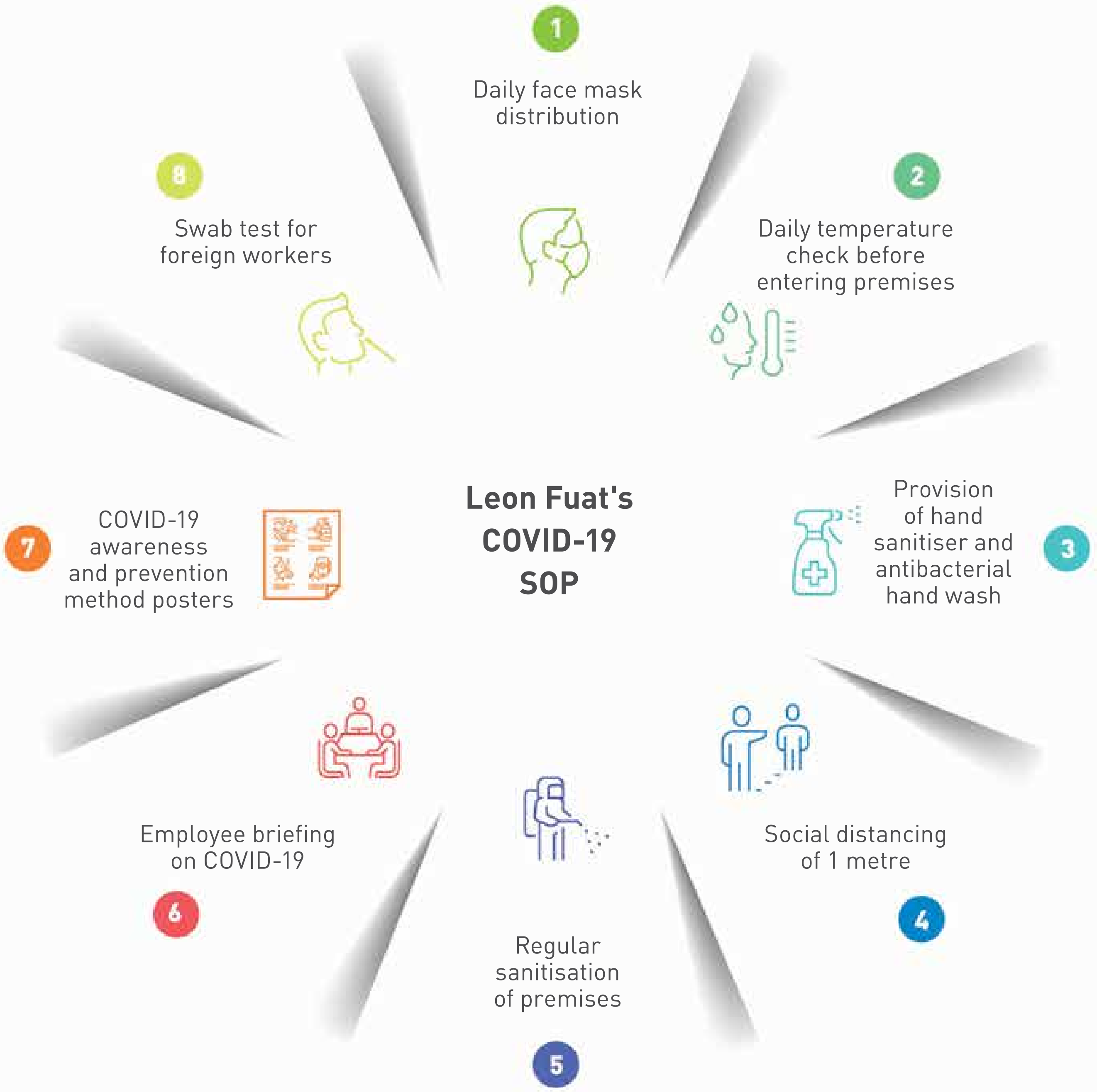
* *Training in Supreme Steelmakers has been postponed due to the COVID-19 Pandemic.*

We recognise that the steel industry inherently involves potential risks and hazards. Our Safety and Health Manual is a company-wide control system, guiding our operations, and is monitored by the Safety and Health Committee. The manual details the responsibilities of health and safety officers, and relevant safety procedures when handling machinery and in the case of fires.

To maintain a safe work environment, we established two procedures within LF Metal which are the Hazard Identification, Risk Assessment and Risk Control (HIRARC) Procedure, and the 2-Minute Hazard Report Card. The former was established in FY2017 to identify potential hazards and establish control measures. The HIRARC Procedure also includes the method to calculate risks associated with a particular activity and is based on two key factors, severity of an injury or illness resulting from a hazard and the likelihood of the injury or illness occurring. On the other hand, the 2-Minute Hazard Report Card identifies the severity of a hazard and consequently indicates whether to stop or continue an activity.

In FY2020, we implemented preventive measures to mitigate disruptions to our employees and business operations, due to COVID-19. Throughout the MCO, the well-being of our employees was a top priority. We introduced the 'COVID-19 Infection Prevention and Control (IPC) SOP' which aims to assist the management and employees of Leon Fuat to practice necessary measures to prevent the spread of the contagion.

COVID-19 SOPs



Knowledge and Skill Development (404-1, 404-2)

To achieve business objectives, employee satisfaction and professional growth, we recognise the importance of providing training and development opportunities. We invest in internal and external training to help our employees expand and upgrade their skills and work competencies, beginning with induction training for new employees. The induction programme encompasses two sessions, the first covering Leon Fuat as a whole and the second covering specific departmental standard operating procedures (SOPs) and practices.

SUSTAINABILITY REPORT

Below is a comprehensive list of training programmes provided in FY2020.

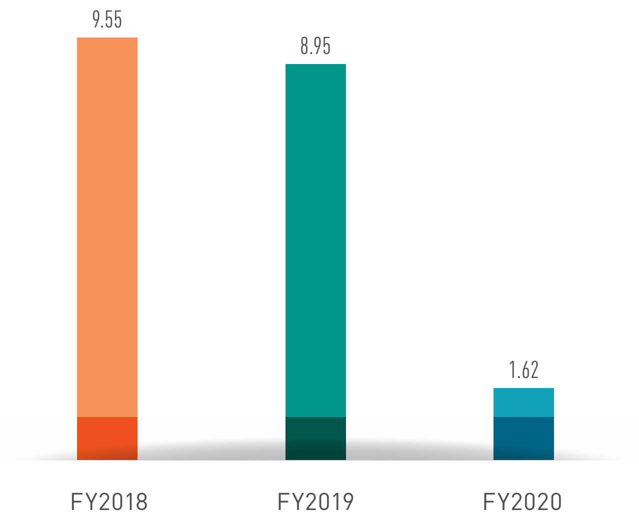
Training Programmes
• Basic Essentials of the Employment Act 1995 • Refresher Understanding ISO 9001:2015 • Payroll Training (2D) • Handling Employees' Disciplinary Issues • Debts Collection & Legal Process • VISTAGE – Key Collaborative Leadership Program • Labour Department's Permit Approval, Audit and Inspection • Laser and Plasma Machine • Stock Taking Briefing • Slitting Process and Pipe Forming • Anti-Bribery Training • Coil Shearing Machine Spec • Calculation Method – HR Related • Introduction to Machine Components • PENJANA Kerjaya Briefing • Coil Shearing Process and Quality Inspection • VISTAGE – Chief Executive Programme • Power BI Play Date • IA Essential – Risk Management Briefing & Workshop

* *This list excludes Occupational Health and Safety Training*

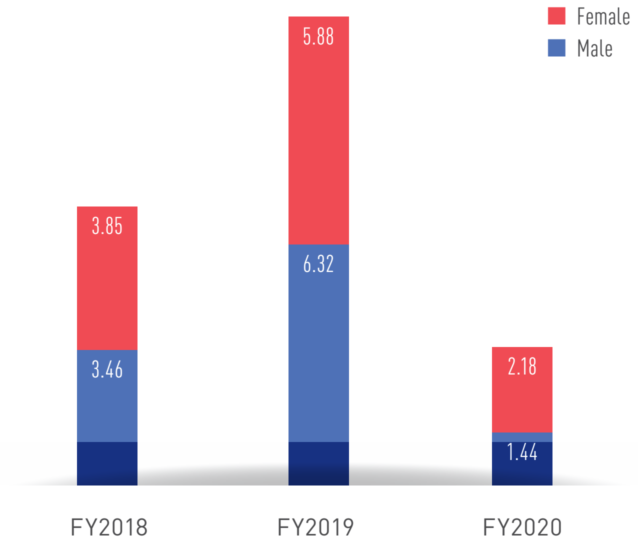
In this reporting period, we recorded 647 training hours across our workforce, with an average of 1.62 hours per employee. The decrease from last year's 3,571 training hours can be attributed to strict SOPs associated with the MCO. This year, we conducted online training which our employees participated in while maintaining social distancing, and we plan to organise more in the near future.

Below are graphs showing the average training hours per employee by gender and employment category.

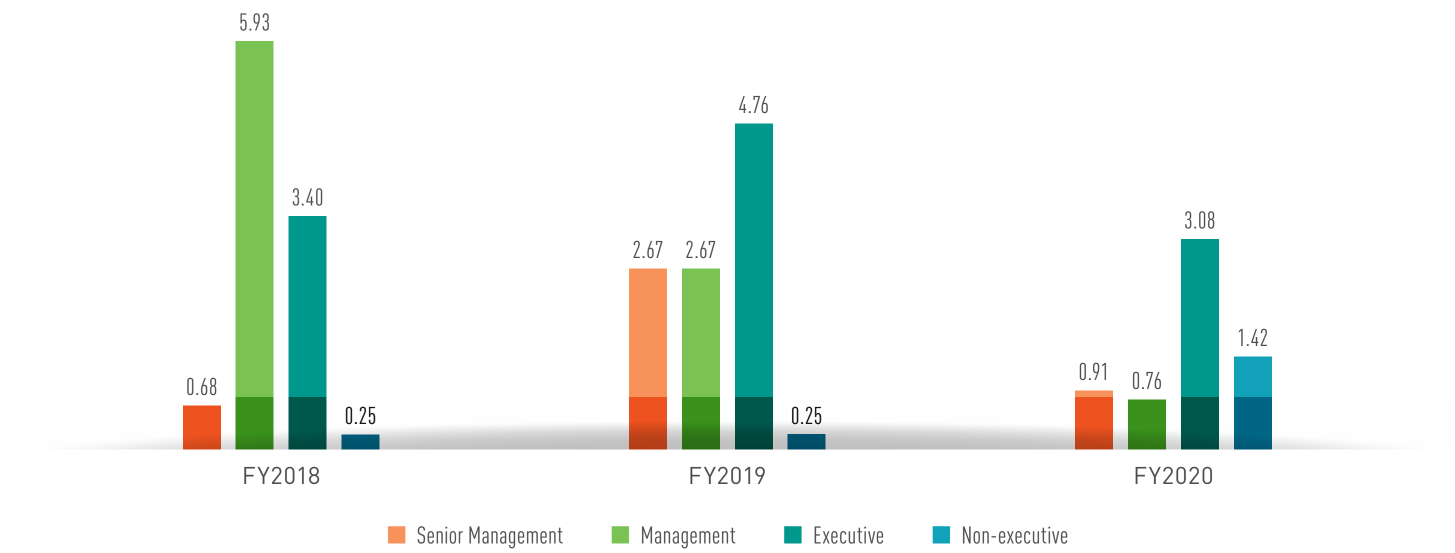
Average Training Hours per Employee



Average Training Hours by Gender



Average Training Hours by Employment Category



Apart from training programmes, we encourage LF Metal employees to enrol in educational programmes that benefit them as well as the Group. Our Department Heads provide education counselling to employees and we have established an Education Reimbursement Plan, in LF Metal, offering partial and full reimbursement of examination registration fees, tuition fees, examination fees and study materials. We also offer paid examination leave up to five (5) days for those required to sit for examinations.

Customer Satisfaction (102-43, 103-2)

We strive to deliver exceptional customer experience by focusing on the quality of our products and services, and customer care. We build and foster good relationships through regular engagement sessions and customer satisfaction surveys. Our sales team conduct these surveys at least once a year. In this reporting period, the overall customer satisfaction performance for all subsidiaries were as follows:

LF Hardware	LF Metal	Supreme Steelmakers
84.8%	80.0%	74.5%

To adapt to the current business environment and strengthen our commitment to providing excellent customer service, we developed a new customer satisfaction survey within Supreme Steelmakers. This survey focuses on three (3) categories which are Products, Services and Others (payment terms, delivery, complaints). Under this new system, Supreme Steelmakers recorded an overall performance score of 74.5%. The performance score of this subsidiary from previous years is to be disregarded due to the implementation of the new survey, which will be further monitored and improved within the following year.

At Leon Fuat, we are committed to enhancing our performance and are constantly raising the bar for customer satisfaction. Therefore, we appreciate all feedback received and have established a robust customer complaints procedure, in accordance to ISO 9001:2015. This allows us to identify potential areas for improvement and meet customer expectations.

SUSTAINABILITY REPORT

Customer Complaints Procedure

Data Security (103-2)

Personal and financial data that is created, collected and stored is a valuable asset to businesses. Safeguarding it from unauthorised access protects companies from financial loss, reputational damage and consumer confidence disintegration. We conduct our business in compliance with the Personal Data Protection Act (PDPA) 2010. This law covers rules governing the collection, use, disclosure and care of personal data. In accordance to the PDPA 2010, we issue a Personal Data Protection Notice to our employees and customers, stating the purpose for processing personal data and disclosure of said data.

We have also established several technical and organisational security measures to ensure that the protection of data is maintained. These measures include installing antivirus and firewalls, encrypting data to prevent unauthorised third-party access, establishing access control for authentication and authorisation for company-sensitive data, using secure passwords to access payrolls and the Enterprise Resource Planning (ERP) system, using a cloud-based data backup for important data at LF Metal and server backup daily or weekly at Supreme Steelmakers. External hard disks are utilised at LF Hardware and Supreme Steelmakers to create additional backup copies for data recovery in case of emergencies.

Leon Fuat's Data Security Measures

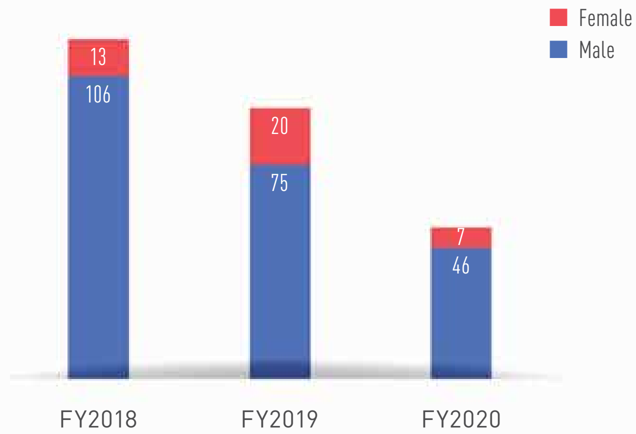
Employee Welfare (401-1, 401-2)

We believe that taking care of our employees is the cornerstone of our success. We strive for a low turnover rate by nurturing our talent through professional and personal compensations and benefits. These benefits include medical and group personal accident insurance, annual leave, maternity leave, marriage leave, compassionate leave, and study or examination leave. We have also established a 'Perfect Attendance Record', at LF Metal, which aims to reward eligible employees with cash rewards and certificates of appreciation.

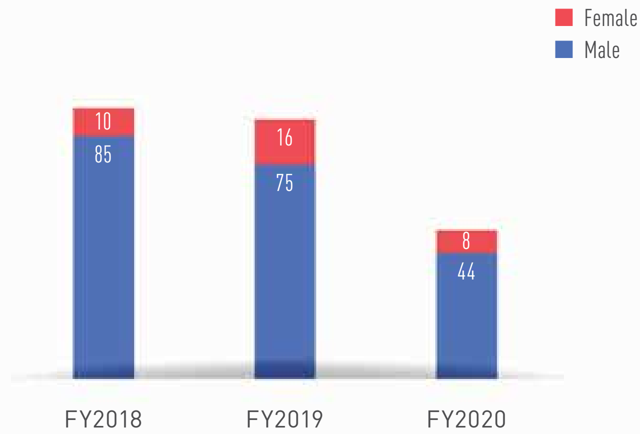
To further motivate and maximise the productivity of our employees, we place high emphasis on creating a holistic work environment that caters to the needs of our employees. We encourage our employees to maintain a healthy work-life balance, as well as offer a multitude of opportunities for them to enhance their competencies. Further information can be found under 'Knowledge and Skill Development' and 'Work-Life Balance'.

In FY2020, we hired 53 new employees and saw 52 employees resign. There was a reduction in hires and resignations from that of previous years due to the current economic instability resulting from the COVID-19 pandemic. The number of employee hires and resignations by gender can be found in the graphs below.

New Employee Hire



Employee Resignation



SUSTAINABILITY REPORT

Diversity and Inclusiveness (102-7, 405-1)

Supporting a diverse workplace is crucial towards business success. We strive to foster a culture that embraces diversity and employees of varying age, ethnicity, nationality and cultural background. Different perspectives and industry experience from the team, foster healthy business discussions.

Currently, our workforce across all three (3) subsidiaries comprises of 400 employees, of which 76.3% is male. The gender distribution at Leon Fuat is representative of the physically demanding nature of work involved in the steel industry. However, we do not discourage women from joining our workforce as we provide fair and equal opportunities to all.

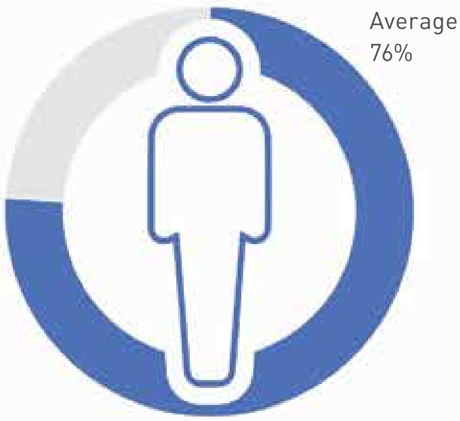
Gender Distribution

Male

FY2018
295

FY2019
303

FY2020
305

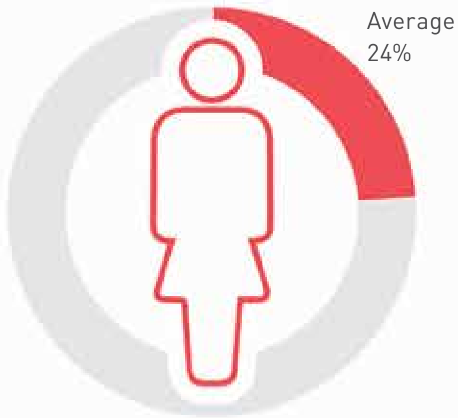


Female

FY2018
93

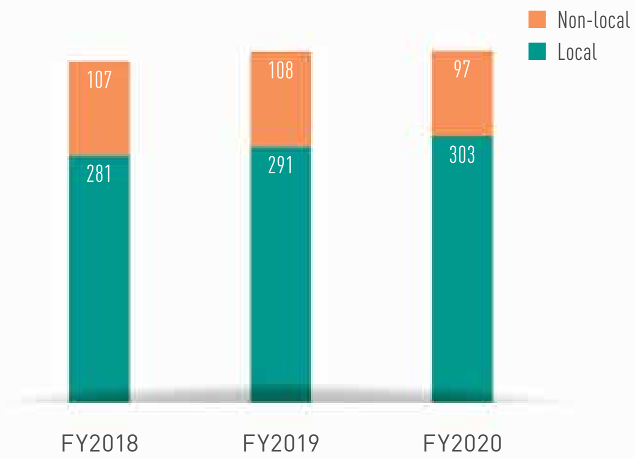
FY2019
96

FY2020
95

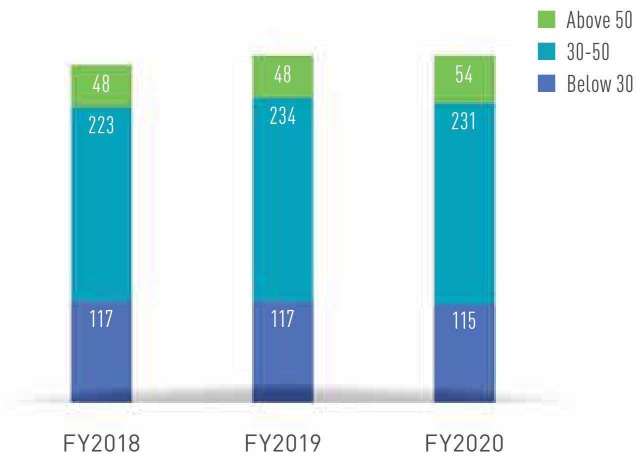


We also contribute to the local economy to support communities where we operate. In FY2020, 75.8% of our workforce was Malaysian. In terms of age distribution, 57.8% of the team lie within the 30 to 50-year age group. This age group has industry experience which is valued by the Group. The 28.8% of the team that is below 30 years embodies the aspirations and ambitions of the Group, and business knowledge of the 13.5% above 50 years strengthens the Group.

Local vs. Non-Local Distribution

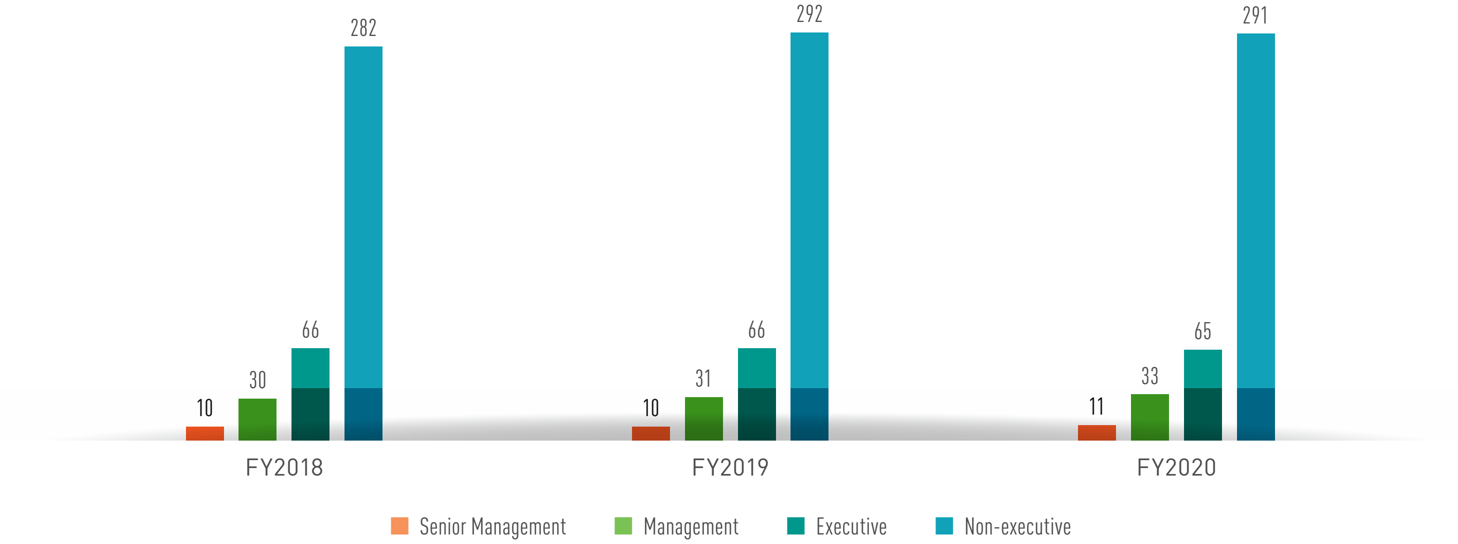


Age Distribution



Steel processing and factory management is labour-intensive. The 72.8% non-executive employees at Leon Fuat are involved in this aspect of our business.

Employee Category Distribution



Work-Life Balance (403-6)

Maintaining a healthy work-life balance benefits both the employee and the business. It promotes mental and physical well-being, increases employee productivity and enhances employee morale which, in turn, attracts and retains talent. We encourage our workforce to create and maintain this balance by organising weekly activities such as badminton sessions, dance classes, yoga classes and hiking.

In light of COVID-19 and the MCO, we were unable to conduct many of these activities in FY2020 as our employees were required to work from home. However, we conducted dance classes online for our employees to join from the comfort of their homes.

Our employees participated in hiking at Bukit Setia Alam on 1 March 2020.

SUSTAINABILITY REPORT

Annual Dinner was held at Setia City Convention Centre on 17 January 2020. The theme of this Annual Dinner was Super Hero.

Chinese New Year celebration on 5 February 2020 at Wisma Leon Fuat.

A Lucky Draw session was held for our employees on 16 January 2020.

Perfect Attendance Award session was held on 16 and 17 January 2020.

Corporate Social Responsibility (413-1)

As a socially responsible citizen, we recognise our responsibility to uplift and improve the welfare of local communities. We give back to society by providing donations to financially assist the underprivileged and in FY2020, we donated RM13,000.

Organisation	Donation Amount (RM)
UOB Share the Love (for underprivileged and specially-abled children)	10,000.00
Persatuan Kebajikan Amal Da Ai Malaysia	2,000.00
Pertubuhan Kebajikan Rumah Impian OKU	1,000.00

CONCLUSION

In the face of such unprecedented times, the global and local significance of the steel industry has grown exponentially. To contribute to this growth and build a sustainable ecosystem within our operations, we plan to leverage on innovation, business resilience and strong leadership to create long-term value for our stakeholders. We aspire to continuously embed our values throughout our business strategies while improving productivity and building the organisational capacity to adapt for a sustainable future.

SUSTAINABILITY REPORT

GRI CONTENT INDEX (102-55)

GRI Disclosure	Description	Section	Page Number
GRI 102: General Disclosure	**Organisational Profile**		
	102-1: Name of the organisation	Sustainability Statement	30
	102-2: Activities, brands, products, and services	Sustainability Statement	30
	102-3: Location of headquarters	Scope of Reporting	31
	102-4: Location of operations	Scope of Reporting	31
	102-7: Scale of the organisation	Diversity and Inclusiveness	56
	102-9: Supply chain management	Responsible Procurement	43
	Ethics and Integrity		
	102-16: Values, principles, standards and norms of behaviour	Business Ethics and Compliance	40-41
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	102-18: Governance structure	Sustainability Governance Structure	34
	102-20: Executive-level responsibility for economic, environmental and social topics	Sustainability Governance Structure	34
	102-26: Role of highest governance body in setting purpose, values and strategy	Sustainability Governance Structure	34
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	Stakeholder Engagement		
	102-40: List of stakeholder groups	Leon Fuat's Stakeholder Engagement	35
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	102-44: Key topics and concerns raised	Leon Fuat's Stakeholder Engagement	35
	Reporting Practice		
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	102-49: Changes in reporting	Approach to Materiality Assessment	36
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	102-53: Contact point for questions regarding the report	Feedback	31
	102-55: GRI content index	GRI Content Index	60-61
GRI 103: Management Approach	**103-2:** Management approach	Throughout the report	–
GRI 200: Economic	**Indirect Economic Impacts**		
	203-2: Significant indirect economic impacts	Operational Excellent	42
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	204-1: Proportion of spending on local suppliers	Responsible Procurement	43
	Anti-Corruption		
	205-2: Communication and training about anti-corruption policies and procedures	Business Ethics and Compliance	40-41

GRI Disclosure	Description	Section	Page Number
GRI 300: Environmental	**Energy**		
	302-1: Energy consumption within the organisation	Energy and Water Consumption	46-48
	302-3: Energy intensity	Energy and Water Consumption	46-48
	Water and Effluents		
	303-2: Management of water discharge-related impacts	Effluent and Waste Management	44
	303-5: Water consumption	Energy and Water Consumption	49
	Waste		
	306-1: Waste generation and significant waste-related impacts	Effluent and Waste Management	44-45
	306-2: Management of significant waste-related impacts	Effluent and Waste Management	44-45
	306-3: Waste generated	Effluent and Waste Management	44-45
GRI 400: Social	**Employment**		
	401-1: New employee hires and employee turnover	Employee Welfare	55
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Welfare	55
	Occupational Health and Safety		
	403-2: Hazard identification, risk assessment and incident investigation	Occupational Health and Safety	50-51
	403-4: Worker participation, consultation and communication on occupational health and safety	Occupational Health and Safety	50-51
	403-5: Worker training on occupational health and safety	Occupational Health and Safety	50-51
	403-6: Promotion of worker health	Work-Life Balance	57
	403-9: Work-related injuries	Occupational Health and Safety	50-51
	Training and Education		
	404-1: Average hours of training per year per employee	Knowledge and Skill Development	51-53
	404-2: Programmes for upgrading employee skills and transition assistance programmes	Knowledge and Skill Development	51-53
	Diversity and Equal Opportunity		
	405-1: Diversity of governance bodies and employees	Diversity and Inclusiveness	56-57
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	413-1: Operations with local community engagement, impact assessments and development programmes	Corporate Social Responsibility	59

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Leon Fuat Berhad (the "Board") continues to ensuring that the Company and its subsidiaries (the "Group") support the recommendations of the Malaysian Code on Corporate Governance ("MCCG") and comply with the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") ("Bursa Securities") as part of the Board's fundamental duties and responsibilities to protect and enhance shareholders' value and achieve the corporate objective.

This Statement provides an overview of the application of the principles of MCCG which should be read together with the Corporate Governance Report that sets out details of the application of the corporate governance practices by the Group in the financial year ended 31 December 2020 ("FY2020"). The Corporate Governance Report is available on the Company's website, **www.leonfuat.com.my**.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Company continues to be led and managed by the Board with a wide range of experience, broad range of skills and expertise. The Board continues to assume following key responsibilities in the discharge of the Board's fiduciary and leadership functions in pursuit of the Group's objectives:

(a) Adopting and reviewing the strategic plan of the Group;

(b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed and sustainable;

(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

(d) Succession planning, including promotion, re-designation, appointing, training, fixing the remuneration of and where appropriate, replacing director and senior management personnel of the Group;

(e) Developing and implementing an investor relations programme for the Group and proactive communication with shareholders at the general meetings of the Company; and

(f) Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board delegates specific responsibilities and oversight functions to the Board Committees to assist the Board in the execution and ensure proper discharge of its fiduciary duties and responsibilities.

The Board has adopted a Board Charter that provides, amongst others, formal schedule of matters specifically reserved to it for determination, delegation and/or approval covering issues relating to strategy and management, financial reporting, board appointment and remuneration, corporate governance, regulatory and compliance, major transactions and internal controls.

The Board Charter sets out amongst others, the roles, functions, responsibilities, structure and procedures of the Board including:

- Board responsibilities;
- Board membership guidelines;
- Board structures and procedures;
- Relationship of the Board with management;
- Directors' remuneration; and
- Relationship of the Board with shareholders.

The positions of the Chairman, Executive Deputy Chairman and Group Managing Director are held by different individuals, with clear and distinct divisions of responsibilities to ensure appropriate balance of roles, duties as well as responsibilities. Their respective roles and responsibilities are set out in the Board Charter.

The Board is supported by two (2) experienced Company Secretaries who are members of prescribed professional body and are the holders of practicing certificate issued by the Registrar of Companies pursuant to the requirements of the Companies Act 2016. The Company Secretaries are supported by a dedicated team of company secretarial personnel in the discharge of the secretarial functions and duties. The Company Secretary is responsible for guiding and supporting the effective functioning of the Board besides playing an advisory role and keep the Board abreast on statutory requirements under the Companies Act, changes to rules and legislation relevant to the Company, disclosure and corporate governance practices and any developments of corporate guidelines applicable to the Group. The Board have full and unrestricted access to the Company Secretaries.

The adopted Code of Ethics and Conduct outlines the ethical principles and standard of good conduct expected of the directors, management and employees of the Group. The Group has in place a Whistle-Blowing Policy which provides an appropriate platform for raising of genuine concerns on malpractice, wrongdoing or risk that may have an impact to the Group. The Whistle-Blowing Policy is published at the Company's website and the Board will regularly review and make any changes deemed necessary or desirable to remain consistent with the Board's objectives and responsibilities.

In line with the amendments to the Listing Requirements in relation to anti-corruption measures, the Board has adopted and implemented for the Group the Anti-Bribery Policy and Procedures during the financial year based on the principles of the Anti-Bribery Management System (MS ISO 37001) in its efforts and commitment to fighting against bribery in the organisation and working environment and all business dealings involving the Group. In line with the adoption of the Anti-Bribery Policy, the Group has identified at each subsidiary level the chief in the anti-bribery compliance functions as the contact point for reporting of bribery related issues or any grievances in the workplace. The Anti-Bribery Policy is published on the Company's website.

The meetings' agenda and materials are distributed to the Directors at least seven (7) days before Board and Board Committees meetings to ensure they have sufficient time to review and be prepared for discussion prior to arriving at a sound and informed decision. The information provided for review can be of financial or non-financial in nature, quantitative or qualitative and whenever required, key management and/or senior management personnel will be invited to attend these meetings to explain and clarify on the matters being discussed to facilitate effective review and deliberation by the Board.

The meeting schedule for the Board and Board Committees would be prepared in advance before the end of the preceding financial year to enable the Directors to plan and organise their schedule for the year. The Board meets regularly and holds at least five (5) meetings a year. When there are urgent matters arise between the scheduled meetings, additional meetings would be convened by the Board and/or Board Committees accordingly. For decision by the Board which is administrative in nature or matters which the Board have discussed pending confirmation or follow ups by management prior to final decision with no significant changes to the proposal tabled to the Board previously, circular resolutions of the Board and/or Board Committee will be passed for expediency. The Directors and Principal Officers of the Group would be advised and reminded every quarter of the closed periods for dealings in the securities of the Company based on the targeted date of announcements of the Group's interim financial results.

The Directors are expected to devote sufficient time to carry out their duties and responsibilities and are required to notify the Chairman of the Board before accepting any new directorship. All the members of the Board hold less than five (5) directorships in listed issuers, in compliance with Paragraph 15.06 of the Listing Requirements.

The Board held five (5) meetings during the financial year. Details of attendance are as follows:

Directors	Attendance
Dato' Ng Ah Hock @ Ng Soon Por	5 out of 5
Dato' Sri Ooi Bin Keong	5 out of 5
Ooi Seng Khong	5 out of 5
Ooi Kong Tiong	5 out of 5
Ng Kok Teong	5 out of 5
Ooi Shang How	5 out of 5
Chan Kee Loin	5 out of 5
Tan Did Heng	5 out of 5
Tan Sack Sen	4 out of 5

All the Directors continue to attend training programmes to equip themselves and enhance their skills and knowledge and keep abreast of regulatory updates, emerging trend and developments in the industry relevant to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The training programmes attended by the Directors during the financial year under review are summarised as follows:

Name	Date of Training	Subject
Dato' Ng Ah Hock @ Ng Soon Por Dato' Sri Ooi Bin Keong Ooi Seng Khong Ooi Kong Tiong Ng Kok Teong Ooi Shang How Tan Sack Sen	28 December 2020	Rethinking Corporate Risk to Manage Market Uncertainty – Ethics, Regulatory Compliance and Control Environment
Chan Kee Lion	19 May 2020 28 December 2020	Awareness Training on Corporate Liability Rethinking Corporate Risk to Manage Market Uncertainty – Ethics, Regulatory Compliance and Control Environment
Tan Did Heng	17 November 2020 3 December 2020 4 December 2020	Seminar Percukaian Kebangsaan 2020 2021 Budget Seminar COVID-19 Impact on Financial Reporting MFRS 2, 15, 102, 119, 121, 137

II. BOARD COMPOSITION

The Board comprises nine (9) members of which five (5) are Executive Directors and four (4) are Independent Non-Executive Directors and this composition complied with the requirements of Paragraph 15.02 of the Listing Requirements.

The Board seeks to ensure that its membership reflects diversity covering a combination of skills, experience, race, age, gender, educational and professional background in providing a range of perspectives and insights to enable it to discharge its duties and responsibilities effectively. The current composition of the Board is appropriate for its purpose.

The Board recognising the emerging targets for companies to move towards having female representation on the Board and will take opportunities to increase the number of female Board Members where that is consistent with other skills, diversity and requirements of the Board.

The Board via its Nomination Committee conducts annual review of its size and composition and assess the performance of the Board, Board Committees and individual Director supported by the Company Secretary. The Nomination Committee has also been tasked to carry out annual assessment of the independence of the Independent Directors annually, upon admission and when any new interest or relationship develops.

The Board was satisfied that for the financial year under review, the performance of the Board has been satisfactory and all the Directors were of the view that each of them had performed their respective roles and functions effectively and all the Board Committees were assessed to be effective as a whole in discharging their respective roles and responsibilities.

Nomination Committee

Composition of Nomination Committee

Directors	Positions
Chan Kee Loin	Chairman of Nomination Committee & Senior Independent Non-Executive Director
Tan Did Heng	Independent Non-Executive Director
Tan Sack Sen	Independent Non-Executive Director

The Terms of Reference of the Nomination Committee is available on the Company's website.

The Nomination Committee held two (2) meetings during the financial year. Details of attendance are as follows:

Directors	Attendance
Chan Kee Loin	2 out of 2
Tan Did Heng	2 out of 2
Tan Sack Sen	1 out of 2

Activities of the Nomination Committee

During the FY2020, the Nomination Committee carried out the following annual activities in the discharge of its duties:

1. Reviewed the existing Board's structure, size and composition, as well as the effectiveness of the Board and Board Committees. The evaluation of the Board and Board Committee was conducted through the adopted evaluation questionnaires including individual director self and peer evaluation supported by the Company Secretary.

   The Nomination Committee and the Board was satisfied with the Board size and composition and that all the Directors had performed their respective roles and functions effectively during the financial year and all the Board Committees were assessed to be effective as a whole in discharging their roles and responsibilities. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly documented.

2. Reviewed the independence of the Independent Directors of the Board and noted that they have satisfied the independence test under the Listing Requirements and free from management. The Nomination Committee and Board of Directors were satisfied that there were no issues of independence in the Board of the Company and the Independent Directors continues to demonstrate objective, independent view and judgement in board deliberations.

3. Reviewed the tenure of each Independent Director of the Company approaching the term limit of nine (9) years and considered the applicable practices recommended by the Malaysian Code on Corporate Governance governing the independent directors.

4. Reviewed and considered the proposed changes to the succession plan and proposed re-designation of Executive Directors and recommended the same to the Board for approval.

5. Reviewed the term of office and performance of the Audit Committee in accordance with the Listing Requirements with no exception noted.

6. In accordance with the Constitution of the Company, one-third (1/3) of the Directors shall retire from office and subject themselves to re-election at least once every three (3) years. For the financial year, the Board, via the Nomination Committee has reviewed and determined the Directors retiring by rotation and has recommended their re-election subject to shareholders' approval at the AGM of the Company.

7. Reviewed the training needs of the Directors and together with the Board ensures that all Directors continue to possess the required skills and knowledge and keep abreast with emerging trends and latest developments relevant to the Group and other regulatory developments to effectively discharge their duties.

III. REMUNERATION

Composition of Remuneration Committee

Directors	Positions
Tan Sack Sen	Chairman of Remuneration Committee & Independent Non-Executive Director
Dato' Ng Ah Hock @ Ng Soon Por	Independent Non-Executive Director
Chan Kee Loin	Senior Independent Non-Executive Director

The Terms of Reference of the Remuneration Committee is available on the Company's website.

The Remuneration Committee is responsible for reviewing the remuneration framework including packages of the Executive Directors of the Company and its subsidiaries and Key Management Personnel. The Board agreed that fair remuneration is important to attract, retain and motivate Directors and Key Management Personnel needed to run and manage the Company successfully to achieve its business objectives.

The Remuneration Committee held four (4) meetings during the financial year. Details of attendance are as follows:

Directors	Attendance
Tan Sack Sen	3 out of 4
Dato' Ng Ah Hock @ Ng Soon Por	4 out of 4
Chan Kee Loin	4 out of 4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In determining the remuneration packages of Directors and/or Key Management Personnel, the Remuneration Committee is guided by the following criteria provided in the adopted Remuneration Policy of the Group:

- The remuneration to Board members and Key Management Personnel involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- The level and composition of remuneration is reasonable and sufficient to reward, retain and motivate Directors and Key Management Personnel of the quality required to run the Company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks, commensurate with the position and responsibilities of the Directors and Key Management Personnel;
- Payment of performance-related remuneration to Executive Directors and/or Key Management Personnel is linked to individual and corporate performance measured against the achievement of pre-determined performance targets which are closely aligned to the Company's objectives;
- There should be appropriate procedures and framework in place for setting key performance targets whether financial or non-financial and the Company applies pre-determined benchmarks which must be met in rewarding the Executive Directors and/or Key Management Personnel accordingly; and
- Remuneration of Non-Executive Directors is determined with regards to the Company's needs to maintain suitably and experienced Board members in accordance with competitive pressures in the market place.

Activities of the Remuneration Committee

During the FY2020, the Remuneration Committee carried out the following activities to discharge its duties:

- Reviewed and determined the remuneration framework and packages of the Executive Directors of the Company, its subsidiaries and Key Management Personnel to ensure the remuneration packages offered to the Directors and Key Management Personnel is reasonable, appropriate and competitive in light of the Company's performance in order to attract, motivate and retain the individual towards the achievement of performance and business objective of the Group;
- Reviewed and determined the bonus entitlement of the Executive Directors of the Company and its subsidiaries measured against the achievement of pre-determined targets and performance of the Company and individual subsidiary companies for recommendation to the Board. In reviewing and determining the remuneration packages and compensation, the Remuneration Committee would be guided by the criteria stated in the adopted Remuneration Policy;
- Reviewed the Directors' fees and meeting allowances for Non-Executive Directors of the Company;
- Reviewed the remuneration packages of certain Executive Directors of the Company and affected subsidiary in line with their promotion and/or re-designations and proposed to the Board the change of remuneration packages of the Group Managing Director;
- Reviewed the Report of the Remuneration Committee for inclusion in the Annual Report;
- Reviewed its Terms of Reference at least once annually to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations; and
- Reviewed the Remuneration Policy of Directors and Senior Management to ensure its adequacy and in line with the changes in regulations and/or best practices applicable to the Group. The Remuneration Policy will be reviewed periodically or when necessary and made available on the Company's website.

Remuneration

Details of the remuneration paid to and/or provided for the Directors for the FY2020, categorised into appropriate component is as follows:

GROUP	Fees RM	Meeting Allowance RM	Salaries RM	Bonus RM	*Other Emoluments RM	Total RM
Non-Executive Directors:						
Dato' Ng Ah Hock @ Ng Soon Por	90,000	5,000	–	–	–	95,000
Chan Kee Loin	70,000	5,000	–	–	–	75,000
Tan Did Heng	70,000	5,000	–	–	–	75,000
Tan Sack Sen	70,000	4,000	–	–	–	74,000
Executive Directors:						
Dato' Sri Ooi Bin Keong	170,000	–	720,000	240,000	158,627	1,288,627
Ooi Seng Khong	120,000	–	612,000	240,000	123,276	1,095,276
Ooi Kong Tiong	170,000	–	576,000	192,000	129,236	1,067,236
Ng Kok Teong	120,000	–	504,000	168,000	115,561	907,561
Ooi Shang How	120,000	–	504,000	168,000	114,313	906,313
Total	**1,000,000**	**19,000**	**2,916,000**	**1,008,000**	**641,013**	**5,584,013**

COMPANY	Fees RM	Meeting Allowance RM	Salaries RM	Bonus RM	*Other Emoluments RM	Total RM
Non-Executive Directors:						
Dato' Ng Ah Hock @ Ng Soon Por	90,000	5,000	–	–	–	95,000
Chan Kee Loin	70,000	5,000	–	–	–	75,000
Tan Did Heng	70,000	5,000	–	–	–	75,000
Tan Sack Sen	70,000	4,000	–	–	–	74,000
Executive Directors:						
Dato' Sri Ooi Bin Keong	70,000	–	–	–	–	70,000
Ooi Seng Khong	70,000	–	–	–	–	70,000
Ooi Kong Tiong	70,000	–	–	–	–	70,000
Ng Kok Teong	70,000	–	–	–	–	70,000
Ooi Shang How	70,000	–	–	–	–	70,000
Total	**650,000**	**19,000**	**–**	**–**	**–**	**669,000**

Note:

* *Other emoluments comprise estimated monetary value of benefits-in-kind, employer's contribution to Employees Provident Fund, Social Security Organisation and Employment Insurance Scheme.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Total remuneration paid to and/or provided for the top five (5) Key Management Personnel including salary, bonus, directors' fees, benefits-in-kind and other emoluments for the FY2020, analysed into bands of RM50,000 is as follows:

Remuneration band	Number of Key Management Personnel
RM450,001 to RM500,000	2
RM600,001 to RM650,000	1
RM700,001 to RM750,000	1
RM900,001 to RM950,000	1

The Board has opted not to disclose the names of Key Management Personnel and the remuneration components due to confidentiality and security concerns.

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

In compliance with the Listing Requirements and the MCCG, the Audit Committee comprise exclusively of Independent Non-Executive Directors.

The Audit Committee is entrusted by the Board to oversee the financial reporting and the Group's risk management and internal control systems. The Audit Committee is supported by the Risk Management Working Group ("RMWG") comprising senior management team headed by the Executive Directors from the operating subsidiaries for effective review and governance of risk management and processes.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

As an integral component of the Group's corporate governance, the Audit Committee and RMWG, in their ongoing risk assessment and management efforts, will assume, amongst others, the following duties and responsibilities:

- Reviewing and discussing with Management the risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management;
- Reviewing and discussing with management the risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputation risk, as well as the guidelines, policies and processes for monitoring and mitigation of such risks;
- Receiving the reports from the Internal Auditors on the outcome of risk management reviews and assessments;
- Reviewing the Statement on Risk Management and Internal Control prepared for the Group for inclusion in the Annual Report;
- Reviewing the reports on identified risk topics as the Audit Committee deems appropriate from time to time;
- Having unrestricted access to the Management and accurate and complete information pertaining to the Group; and
- Discharging any other duties or responsibilities delegated to the Audit Committee by the Board.

The risk assessment approach can be summarised as follows:

- Identify relevant business objectives;
- Identify events that could affect the achievement of objectives;
- Determine risk tolerance;
- Assess inherent likelihood and impact of the risks;
- Evaluate the portfolio of risks and determine risk responses; and
- Assess residual likelihood.

The internal audit function of the Group is carried out by the outsourced Internal Auditors which performed the audit review based on the approved internal audit plan. The Internal Auditors report directly to the Audit Committee and provide the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

Further details of the Group's risk management and internal control are presented in the Statement on Risk Management and Internal Control set out on pages 73 to 74 of this Annual Report.

The Audit Committee has established policies and procedures to review and assess the performance, suitability and independence of the External and Internal Auditors. The evaluation of the performance of the External and Internal Auditors has been conducted by the Audit Committee annually based on the established guidelines and procedures having regard to the independence, competency, reliability and compliance, and relevant recommendations were made to the Board to re-appoint the External and Internal Auditors of the Company. The evaluation process and assessment result were properly documented and recorded.

The External Auditor Policy adopted by the Audit Committee provides amongst others, that key audit partners shall not be nominated for appointment as a Director of the Company or any of its related corporations within two (2) years of undertaking any role on the audit or ceasing to be the External Auditors of the Company.

Written confirmation has been obtained from the External Auditors on their independence in accordance with the independence requirements of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants as an integral part of the evaluation of the External Auditors. Confirmations have also been obtained from the External Auditors that their firm and relevant partner in-charge had duly registered with the Audit Oversight Board of the Securities Commission Malaysia.

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

I. COMMUNICATION WITH STAKEHOLDERS

- Corporate Disclosure Policies and Procedures

  The Board has formalised an Investors Relation Policy which serves as the guide for the Group when communicating with shareholders and public including investors, analysts and other stakeholders to facilitate effective communication with the Company. The Company aims to ensure that all shareholders and stakeholders have equal access to the information of the Company, including the Company's business strategies and updates, stock and financial performance in a timely manner.

  The Board ensures that the Company complies with all applicable corporate disclosure laws and regulations. The release of the Group's financial and non-financial information in any form to the public shall be made in accordance with the Group's internal policies and procedures and complies with applicable laws and regulations. The draft announcements of the Company is prepared by the Company Secretary in consultation with the Executive Director and/or the Chief Financial Officer for review before it is circulated to the Board for subsequent review and approval.

  The Investors Relation Policy is published on the Company's website and the Board will regularly review the same and make any changes it deemed necessary or desirable to remain consistent with the Board's objectives and responsibilities.

- Dissemination of Information

  The Company's website provides a platform where the public can access to the Company's information including its products and services, share prices, financial results, future plan and media releases as well as the Company's announcements made to Bursa Securities. All announcements made by the Company are uploaded to its website as soon as practicable after the same are released to Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. CONDUCT OF GENERAL MEETING

The Annual General Meeting (AGM) remains the principal forum for dialogue and interaction with the shareholders of the Company and continues to serve as a platform for shareholders to engage directly with members of the Board and senior management on the business performance and operations of the Group and provide opportunities for them to communicate their feedback to the Board and Management.

The notice convening the 13th AGM of the Company held on 30 June 2020 was issued to the shareholders on 1 June 2020, more than 28 days before the said AGM as required under the MCCG and more than the requisite 21 days prescribed by the Companies Act 2016 and the Listing Requirements.

The notice convening the 13th AGM which sets out the business to be transacted at the AGM, was advertised in the newspaper giving shareholders sufficient time to prepare and/or to appoint proxy holder(s) to attend and vote for their behalf.

In line with paragraph 8.29A of the Listing Requirements, all the resolutions tabled for shareholders' approval at the 13th AGM were voted on by poll, and the Company has appointed a scrutineer to validate the poll results. The Company will explore the suitability of electronic voting and leverage on technology for its future general meetings.

All the Directors of the Company and Key Management Personnel attended the 13th AGM of the Company held on 30 June 2020.

The Board of Directors have reviewed and approved this Statement on 7 April 2021.

DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at the financial year ended 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2020, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016.

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

Directors	Positions
Tan Did Heng	Chairman of Audit Committee & Independent Non-Executive Director
Chan Kee Loin	Senior Independent Non-Executive Director
Tan Sack Sen	Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available on the Company's website.

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year. Details of attendance are as follows:

Directors	Attendance
Tan Did Heng	5 out of 5
Chan Kee Loin	5 out of 5
Tan Sack Sen	4 out of 5

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities carried out by the Audit Committee in the discharge of its duties and functions include the following:

i. Reviewed the unaudited quarterly financial results and audited financial statements of the Group, focusing on compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities. The Audit Committee considered and enquired of and discussed with Management the scope and adequacy of the reports prepared by the Management to facilitate the review of the above documents;

ii. Reviewed and discussed with the External Auditors the following pertinent matters during the audit planning process and after the conduct of audit of the financial statements of the Group:

- Independence of the External Auditors;
- Consideration of fraud;
- Related party disclosures and procedures;
- Audit and financial reporting consideration arising from the COVID-19 outbreak;
- Risk assessment and audit approach;
- Communication of key audit matters;
- Accounting developments including implementation of new major accounting standards and adoption of amendments/improvements to the Malaysian Financial Reporting Standards; and
- Proposed audit fees of the External Auditors.

iii. Reviewed the nature and extent of non-audit services provided by the External Auditors to the Company;

iv. Conducted private sessions with the External Auditors without the presence of Management on 27 February 2020 and 18 May 2020 and noted positive response from the External Auditors on the audit matters observed during the course of audit and the assistance provided by Management to the External Auditors;

v. Conducted ongoing review and observation of the inventory reduction and rationalisation plan formulated by Management to optimise inventory levels and enhance liquidity of the Group;

vi. Reviewed the quarterly report from the Internal Auditors on the review of recurrent related party transactions ("RRPT") entered by the Group to ensure that the RRPT are within the transaction limits and the control procedures are in accordance with the shareholders' mandate. Based on the review procedures and further management evidence and representations, the Audit Committee has provided its opinion accordingly in the circular to shareholders for the proposed RRPT mandate;

vii. Reviewed and discussed with the Internal Auditors the risk assessment and adequacy of risk mitigation measures in key subsidiaries as well as the emerging risks and potential negative impact on the Group amidst the COVID-19 pandemic;

viii. Reviewed and overseen the risk management framework of the Group, with the assistance of Risk Management Working Group ("RMWG") who reports the key risk issues of the Group and matters discussed at its meeting to the Audit Committee;

REPORT OF THE AUDIT COMMITTEE

ix. Reviewed and discussed with the Internal Auditors the Internal Audit Plan to ensure the adequacy of the scope and frequency of reporting to the Audit Committee;

x. Reviewed the internal audit reports presented by the Internal Auditors on their findings and recommendations with respect to identified control weaknesses and Management responses to the recommendations, and sought clarifications from Management and/or the Internal Auditors on the issues and control weaknesses highlighted;

xi. Conducted regular private sessions with the Internal Auditors without the presence of Management to discuss the internal control matters identified during the audit and the assistance provided by Management to the Internal Auditors and noted no significant matters and deficiencies;

xii. Conducted annual assessment of the performance of External Auditors encompassing the quality of services, adequacy of resources and independence, amongst others. The External Auditors has provided annual confirmation of their independence in accordance with relevant auditing standards and requirements. The Audit Committee was satisfied with the service and performance and independence of the External Auditors and had recommended to the Board for approval the re-appointment of the External Auditors;

xiii. Conducted annual assessment of the performance, resources and competency of the Internal Auditors and satisfied with their effectiveness and function; and

xiv. Reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company.

REVIEW OF AUDIT COMMITTEE

The Nomination Committee is mandated to review the term of office and performance of the Audit Committee pursuant to the Listing Requirements of Bursa Securities. During the financial year, the Nomination Committee has undertaken an annual review on the Audit Committee against the established criteria and was satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to IA Essential Sdn. Bhd. ("IAE"), a professional independent consulting firm providing governance, risk and control services. IAE has carried out its internal audit work with reference to the principles of the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors ("IIA"). These principles include the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

Besides the provision of internal audit services, IAE is engaged to assist and guide the RMWG and facilitate the risk management functions of the Group. There is no other engagement between the Group and the Internal Auditors which may create conflict of interest or impair their objectivity and independence.

The following are the activities carried out by the Internal Auditors during the financial year in accordance with the approved internal audit plan:

- Developed an Internal Audit Plan taking into consideration the subsidiaries' financial performances, External Auditors' key audit matters, past audit history, the risks and areas of concern identified and discussed in the RMWG meetings as well as other key areas in consultation with senior management and Audit Committee;
- Conducted risk facilitation exercise for the key subsidiaries including the assessment of the emerging risks and action plans to address the business challenges arising from the COVID-19 pandemic;
- Evaluated the effectiveness of management control in material and production planning as well as machine maintenance functions of the key subsidiaries and presented to the Audit Committee the internal audit reports that set out the conclusion of control status, overview of management performances, audit findings, recommendations for improvement, management responses and targeted completion date;
- Conducted follow-up reviews to ensure that agreed action plans in respect of the control weaknesses highlighted in the internal audit reports were adequately addressed and reported to the Audit Committee; and
- Conducted quarterly reviews on the RRPT entered by the Group to ensure that the transactions were carried out within the estimated transaction limits as well as the control procedures were in accordance with the approved shareholder's mandate.

The costs incurred for the internal audit function in respect of the FY2020 was RM143,544.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Leon Fuat Berhad is pleased to present the following Statement on Risk Management and Internal Control ("this Statement") for the financial year ended 31 December 2020 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities ("MMLR"). This Statement is prepared in accordance with the disclosure requirements under the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance ("MCCG").

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard the shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage these risks. While the Board has delegated its oversight role in risk management and the system of internal controls to the Audit Committee, the Board understands the principal risks of the business that the Group is engaged in and continues to be responsible for ensuring that there is a sound framework for risk management, governance and internal control within the Group.

The Audit Committee is entrusted by the Board to overseeing the effectiveness of the Group's risk management and internal control systems and is supported by the Risk Management Working Group ("RMWG") comprising the senior management team from the operating subsidiaries of the Company. The RMWG is chaired by the Executive Director and its members comprising managerial and senior staffs from the operating subsidiaries.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management framework adopted by the Group is based on the general principles of the international risk management framework. The risk management framework consists of risk identification, impact assessment, profiling matric as well as the management action plans. The RMWG held five (5) meetings during the financial year to identify, review and discuss the risk issues affecting the Group. Besides members of senior management, the members of the Audit Committee and Internal Auditors were invited to attend the periodic RMWG meetings.

The steel industry has been experiencing weak market conditions during the financial year under review and the unfavourable market conditions were further worsened due to the outbreak of COVID-19 pandemic globally and in the country that has adversely impacted the economic activities and business outlook, causing the market condition even more challenging for the business of the Group.

The ongoing close monitoring and optimisation of the Group's inventory holding levels by the Board and Management enables the Group to maintain adequate financial liquidity to sustain in this trying time. Also, the increase of market price of steel products in the final quarter of the financial year under review enabled the Group to recover the loss of sales and profit in the first half of the financial year under review.

With the assistance of the Internal Auditors, the Group has undertaken a COVID-19 pandemic risk assessment exercise during the financial year. Under this exercise, the emerging operational and financial impacts resulted from the COVID-19 pandemic were identified, and the Group's risk appetite under the new normal environment was re-evaluated amidst the current business environment. Quarterly, the progress and status of risks identified are benchmarked against the Group's risk appetite to ensure that the Group continues to address and manage the risks effectively so as to sustain and progress in this challenging time.

Complementing the above risk management process, the Group continues to enforce its management organisation structure detailing the lines of responsibility, reporting and approval authority as well as the standard operating procedures which are reviewed and updated periodically in order to ensure its effectiveness.

BOARD REVIEW

Presently, the state of internal control and risk management in the Group are carried out through the following processes and review mechanisms:

- The Board reviews on quarterly basis the unaudited financial results and management reports setting out key financial data and significant financial and operational matters as well as the performance of the Group. Financial comparisons are tabled and variances are highlighted and explained by the Chief Financial Officer to the Board;
- The Board monitors the achievement of the Group and that of its subsidiaries in meeting the approved budget and in line with changing business environment, updates or revises the budget as appropriate for effectiveness with corrective actions proposed and taken to reduce variances;
- The Board ensures that management reviews the quarterly results, business performance and operational issues affecting the Group and action plans are designed and implemented to address the issues and are follow up closely;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The Audit Committee reviews the audit findings reported by the External and Internal Auditors and seek clarifications from and discussed with the Management on the recommended corrective or improvement actions to be taken on accounting related and/or internal control lapses identified by the External and/or Internal Auditors, including the deadline for management to implement the agreed corrective actions on the internal control issues. Follow-up status reviews are conducted by the Internal Auditors and reported to the Audit Committee;
- The Audit Committee reviews the risk assessment report for the key subsidiaries involving identification of key risks including the operational risks and the adequacy of the existing controls to address the risks;
- The Audit Committee also reviews the reports and updates on risk appetite status as well as the emerging risk status of the key subsidiaries on a quarterly basis; and
- The Audit Committee conducts private meetings with the Internal and External Auditors to review and discuss significant issues observed by the Auditors and ensure that the issues brought to their attention are communicated to the Management for necessary corrective actions and improvements. Four (4) private sessions were conducted with the Internal Auditors on 27 February 2020, 12 June 2020, 27 August 2020 and 26 November 2020 and with the External Auditors twice on 27 February 2020 and 18 May 2020 respectively during the financial year.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the MMLR, the Management is responsible for identifying risks relevant to the Group's business objectives, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objective and performance.

When reviewing this Statement, the Board has received assurance from the Group Managing Director and Chief Financial Officer on 7 April 2021 that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group for the financial year ended 31 December 2020 and up to 7 April 2021, being the date of this Statement.

BOARD ASSURANCE AND LIMITATION

The Board recognises that the system of risk management and internal control should be continuously improved, consistent with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are adequate and effective under the present business and cash flow positions of the Group. There were no material control deficiencies, losses, contingencies and uncertainties arising from weaknesses in the internal control system that would require disclosure in this Annual Report.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3, ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in this Annual Report and reported to the Board that nothing had come to their attention that causes them to believe that this Statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy.

The Audit Committee and Board of Directors have reviewed, deliberated and approved this Statement on 7 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal during the financial year ended 31 December 2020.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the External Auditors for services rendered for the financial year ended 31 December 2020 are as follows:

	Group RM	Company RM
Audit fees	232,330	34,000
Non-audit fees	12,000	12,000
Total	**244,330**	**46,000**

3. MATERIAL CONTRACT INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Save for the proposed acquisition by Supreme Steelmakers Sdn. Bhd. of a parcel of freehold land measuring approximately 9,946 square meters known as Lot 60240, Pekan Kajang, Daerah Hulu Langat, Negeri Selangor Darul Ehsan held under GM6958 together with the factory, warehouse and office erected thereon including weighing system, overhead cranes and fittings from Leon Fuat Holdings Sdn. Bhd., a related party for a total cash consideration of RM28.00 million which was announced by the Company on 24 February 2021, there were no material contracts of the Company and its subsidiaries involving the interests of the Directors or major shareholders entered into by the Company.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

Details of the RRPT conducted pursuant to the shareholders' mandate obtained at the last AGM held on 30 June 2020 are set out in Section 2.5 of the Circular to Shareholders dated 30 April 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	28,474,084	(748,680)
Attributable to:		
Owners of the Company	28,457,923	(748,680)
Non-controlling interests	16,161	-
	28,474,084	(748,680)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

DIRECTORS' REPORT (cont'd)

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

Dato' Ng Ah Hock @ Ng Soon Por
Dato' Sri Ooi Bin Keong*
Ooi Kong Tiong*
Ooi Seng Khong*
Ng Kok Teong*
Ooi Shang How*
Chan Kee Loin
Tan Did Heng
Tan Sack Sen

** Directors of the Company and certain subsidiaries*

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

Ng Kok Wee
Ng Lam Keong
Ooi Pek Kuan
Ooi Shang Yao
Otake Seiji
Teo Chee Hiong

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1 January 2020	Bought	Sold	At 31 December 2020
Shareholdings in the ultimate holding company - Leon Fuat Holdings Sdn. Bhd.				
Direct interests				
Dato' Sri Ooi Bin Keong	1,900,000	-	-	1,900,000
Ooi Kong Tiong	1,000,000	-	-	1,000,000
Ooi Seng Khong	670,000	-	-	670,000
Ng Kok Teong	1,000,000	-	-	1,000,000
Ooi Shang How	600,000	-	-	600,000
Indirect interests				
Ng Kok Teong [1]	2,300,000	-	-	2,300,000
Shareholdings in the Company				
Direct interests				
Dato' Ng Ah Hock @ Ng Soon Por	100,000	-	-	100,000
Dato' Sri Ooi Bin Keong	200,000	-	-	200,000
Ooi Kong Tiong	200,000	-	-	200,000
Ooi Seng Khong	1,105,900	-	-	1,105,900
Ng Kok Teong	221,000	-	-	221,000
Ooi Shang How	200,000	-	-	200,000
Chan Kee Loin	100,000	-	-	100,000
Tan Did Heng	100,000	-	-	100,000
Tan Sack Sen	10,000	91,800	(101,600)	200
Indirect interests				
Dato' Sri Ooi Bin Keong [2][3]	219,715,000	-	-	219,715,000
Ng Kok Teong [2]	219,690,000	-	-	219,690,000

[1] *Shares held through a corporation in which the director has substantial financial interests.*

[2] *219,690,000 shares held through the ultimate holding company, Leon Fuat Holdings Sdn. Bhd..*

[3] *Disclosure of 25,000 shares held by children of the director who themselves are not directors of the Company pursuant to Section 59(11)(c) of the Companies Act 2016.*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Sri Ooi Bin Keong and Ng Kok Teong are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 6(a) to the financial statements) 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 any deemed benefit which may arise from transactions disclosed in Note 27 to the financial statements.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for the directors and officers of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

The Company does not have any interests in shares in the holding company and its other related corporations during the financial year.

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

Details of the significant events during the financial year and subsequent to the end of the financial year are disclosed in Note 30 to the financial statements.

ULTIMATE HOLDING COMPANY

The directors regard Leon Fuat Holdings Sdn. Bhd., a private limited liability company incorporated in Malaysia, as the ultimate holding company of the Company.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 6 to the financial statements.

The indemnity to auditors of the Company is provided pursuant to Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify the auditors during the financial year.

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

DATO' SRI OOI BIN KEONG
Director

OOI SENG KHONG
Director

Date: 7 April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	4	589,577,037	607,122,214	1,285,348	4,697,490
Cost of sales	5	(511,938,194)	(545,852,550)	-	-
Gross profit		77,638,843	61,269,664	1,285,348	4,697,490
Other income		5,612,627	2,861,645	28,140	508,632
Distribution costs		(10,283,106)	(9,928,734)	-	-
Administrative costs		(22,470,407)	(24,829,792)	(1,942,827)	(1,934,641)
Net addition of impairment losses on financial instruments		(1,365,642)	(958,700)	-	-
Other costs		(1,962,131)	(1,428,761)	(114,273)	(61,708)
Profit/(Loss) from operations		47,170,184	26,985,322	(743,612)	3,209,773
Finance costs		(13,805,745)	(16,008,289)	-	-
Profit/(Loss) before tax	6	33,364,439	10,977,033	(743,612)	3,209,773
Income tax expense	7	(4,890,355)	(5,444,174)	(5,068)	(447,143)
Profit/(Loss) for the financial year		28,474,084	5,532,859	(748,680)	2,762,630
Other comprehensive (loss)/income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of a foreign operation		(410)	1,864	-	-
Total comprehensive income/(loss) for the financial year		28,473,674	5,534,723	(748,680)	2,762,630
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		28,457,923	5,598,378	(748,680)	2,762,630
Non-controlling interests		16,161	(65,519)	-	-
		28,474,084	5,532,859	(748,680)	2,762,630
Total comprehensive income/(loss) attributable to:					
Owners of the Company		28,457,513	5,600,242	(748,680)	2,762,630
Non-controlling interests		16,161	(65,519)	-	-
		28,473,674	5,534,723	(748,680)	2,762,630
Earnings per share (sen):					
Basic/Diluted	8	9.18	1.81		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	203,685,784	209,275,084	13,271	8,945
Capital work-in-progress	10	13,835,985	5,971,755	-	-
Investment in subsidiaries	11	-	-	159,112,008	159,408,034
Total non-current assets		217,521,769	215,246,839	159,125,279	159,416,979
Current assets					
Inventories	12	250,378,659	261,542,516	-	-
Trade and other receivables	13	207,373,762	165,990,555	4,500	48,886
Amount due from subsidiaries	14	-	-	950,115	2,696,054
Dividend receivables		-	-	-	1,500,000
Tax assets		4,813,238	4,869,403	320,000	10,000
Deposits with licensed banks	15	27,877,772	33,817,075	-	1,067,889
Cash and bank balances	16	23,358,230	8,979,199	4,320,183	663,551
Total current assets		513,801,661	475,198,748	5,594,798	5,986,380
TOTAL ASSETS		731,323,430	690,445,587	164,720,077	165,403,359

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	160,094,360	160,094,360	160,094,360	160,094,360
Reserves	18	219,190,554	190,733,041	3,743,878	4,492,558
		379,284,914	350,827,401	163,838,238	164,586,918
Non-controlling interests		616,026	599,865	-	-
TOTAL EQUITY		379,900,940	351,427,266	163,838,238	164,586,918
Non-current liabilities					
Loans and borrowings	19	61,557,979	64,885,239	-	-
Deferred tax liabilities	20	6,587,230	5,517,517	-	-
Total non-current liabilities		68,145,209	70,402,756	-	-
Current liabilities					
Trade and other payables	21	49,811,198	46,451,308	881,839	816,441
Tax liabilities		125,131	1,899,621	-	-
Loans and borrowings	19	230,311,430	217,486,664	-	-
Contract liabilities	22	3,029,522	2,640,972	-	-
Amount due to ultimate holding company		-	137,000	-	-
Total current liabilities		283,277,281	268,615,565	881,839	816,441
TOTAL LIABILITIES		351,422,490	339,018,321	881,839	816,441
TOTAL EQUITY AND LIABILITIES		731,323,430	690,445,587	164,720,077	165,403,359

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company							
Group	Share capital RM	Merger deficit RM	Capital reserve RM	Translation reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2020	160,094,360	(109,544,997)	923	(14,431)	300,291,546	350,827,401	599,865	351,427,266
Total comprehensive income								
Profit for the financial year	-	-	-	-	28,457,923	28,457,923	16,161	28,474,084
Other comprehensive loss for the financial year	-	-	-	(410)	-	(410)	-	(410)
Total comprehensive income	-	-	-	(410)	28,457,923	28,457,513	16,161	28,473,674
At 31 December 2020	160,094,360	(109,544,997)	923	(14,841)	328,749,469	379,284,914	616,026	379,900,940

	Attributable to owners of the Company							
Group	Share capital RM	Merger deficit RM	Capital reserve RM	Translation reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 31 December 2018								
As previously reported	160,094,360	(109,544,997)	923	(16,295)	301,148,693	351,682,684	665,396	352,348,080
Effect of adoption of MFRS 16	-	-	-	-	(1,805,525)	(1,805,525)	(12)	(1,805,537)
Restated balance at 1 January 2019	160,094,360	(109,544,997)	923	(16,295)	299,343,168	349,877,159	665,384	350,542,543
Total comprehensive income								
Profit for the financial year	-	-	-	-	5,598,378	5,598,378	(65,519)	5,532,859
Other comprehensive income for the financial year	-	-	-	1,864	-	1,864	-	1,864
Total comprehensive income	-	-	-	1,864	5,598,378	5,600,242	(65,519)	5,534,723
Transaction with owners								
Dividends (Note 23)	-	-	-	-	(4,650,000)	(4,650,000)	-	(4,650,000)
Total transaction with owners	-	-	-	-	(4,650,000)	(4,650,000)	-	(4,650,000)
At 31 December 2019	160,094,360	(109,544,997)	923	(14,431)	300,291,546	350,827,401	599,865	351,427,266

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

Company	Share capital RM	Retained earnings RM	Total equity RM
At 1 January 2019	160,094,360	6,379,928	166,474,288
Profit for the financial year, representing total comprehensive income for the financial year	-	2,762,630	2,762,630
Transaction with owners			
Dividends (Note 23)	-	(4,650,000)	(4,650,000)
At 31 December 2019/1 January 2020	160,094,360	4,492,558	164,586,918
Loss for the financial year, representing total comprehensive loss for the financial year	-	(748,680)	(748,680)
At 31 December 2020	160,094,360	3,743,878	163,838,238

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit/(Loss) before tax		33,364,439	10,977,033	(743,612)	3,209,773
Adjustments for:					
Bad debts written off		3,619	116,759	-	-
Capital work-in-progress written off		-	367,790	-	-
Depreciation of property, plant and equipment		15,322,893	14,991,404	2,944	1,626
Derecognition of a right-of-use asset		11,129	-	-	-
Dividend income		-	-	-	(1,500,000)
Gain on disposal of plant and equipment		(36,000)	(13,999)	-	-
Impairment losses on:					
- trade receivables		1,366,642	1,017,623	-	-
- investment in subsidiaries		-	-	96,026	5,369
Interest income		(835,119)	(1,269,206)	(22,740)	(61,583)
Interest expense		12,950,504	15,092,510	-	-
Inventories written down		905,618	-	-	-
Net unrealised loss/(gain) on foreign exchange		2,595	(64,733)	-	-
Rent concession income		(85,500)	-	-	-
Reversal of impairment losses on:					
- trade receivables		(1,000)	(58,923)	-	-
- investment in a subsidiary		-	-	-	(452,418)
Reversal of a lease liability		(11,341)	-	-	-
Operating profit/(loss) before changes in working capital		62,958,479	41,156,258	(667,382)	1,202,767
Inventories		9,779,244	(14,342,132)	-	-
Trade and other receivables		(39,256,377)	(3,446,267)	1,789,469	(834,846)
Trade and other payables		(973,276)	15,856,441	65,398	(21,811)
Contract liabilities		388,550	(642,269)	-	-
Net cash generated from operations		32,896,620	38,582,031	1,187,485	346,110
Interest received		677,080	1,110,218	23,596	63,102
Interest paid		(12,750,193)	(14,537,734)	-	-
Income tax paid		(5,538,967)	(9,217,180)	(315,068)	(504,943)
Net cash from/(used in) operating activities		15,284,540	15,937,335	896,013	(95,731)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from investing activities					
Addition to deposits pledged with licensed banks		(193,303)	(846,176)	-	-
Capital work-in-progress paid	(a)	(8,706,088)	(3,222,135)	-	-
Deposits paid for acquisition of plant and equipment		(3,735,937)	(58,052)	-	-
Dividend received		-	-	1,500,000	3,500,000
Purchase of property, plant and equipment	(b)	(1,370,743)	(5,337,066)	(7,270)	(6,495)
Proceeds from disposal of plant and equipment		36,001	14,000	-	-
Capital distribution from a subsidiary		-	-	200,000	5,000,000
Additional investment in an existing subsidiary		-	-	-	(4,000,000)
Net cash (used in)/from investing activities		(13,970,070)	(9,449,429)	1,692,730	4,493,505
Cash flows from financing activities	(d)				
Dividend paid		-	(4,650,000)	-	(4,650,000)
Drawdown of term loan		2,370,000	-	-	-
Payment of lease liabilities		(4,609,189)	(4,602,087)	-	-
Repayment of term loans		(1,819,750)	(1,800,000)	-	-
Repayment to ultimate holding company		(137,000)	(5,000,000)	-	-
Net drawndown/(repayment) of islamic financing		10,661,648	(8,316,124)	-	-
Net drawndown/(repayment) of bankers' acceptances		11,985,618	(3,663,494)	-	-
Net cash from/(used in) financing activities		18,451,327	(28,031,705)	-	(4,650,000)
Net increase/(decrease) in cash and cash equivalents		19,765,797	(21,543,799)	2,588,743	(252,226)
Cash and cash equivalents at the beginning of the financial year		(6,079,097)	15,471,445	1,731,440	1,983,666
Effect of exchange rate changes on cash and cash equivalents		(6,097)	(6,743)	-	-
Cash and cash equivalents at the end of the financial year	24	13,680,603	(6,079,097)	4,320,183	1,731,440

(a) Additions in capital work-in-progress:

Group	2020 RM	2019 RM
Additions in capital work-in-progress	13,614,468	3,871,344
Less: Transferred from inventories	(478,995)	-
Less: Financed by term loan	-	(229,371)
Less: Contra against trade receivables	(9,391)	(184,361)
Less: Owing to other payables	(4,419,994)	(235,477)
Cash payments on capital work-in-progress	8,706,088	3,222,135

(b) Purchase of property, plant and equipment:

Group	2020 RM	2019 RM
Purchase of property, plant and equipment	3,994,458	8,731,475
Less: Transferred from deposits paid in prior year	(58,052)	(148,830)
Less: Financed by lease liabilities	(2,519,295)	(3,245,579)
Less: Contra against trade receivables	(39,269)	-
Less: Owing to other payables	(7,099)	-
Cash payments on purchase of property, plant and equipment	1,370,743	5,337,066
Company		
Cash payments on purchase of office equipment	7,270	6,495

(c) Total cash outflows for leases

The Group had total cash outflows for leases amounting to RM5,665,664 (2019: RM5,812,007).

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

(d) Reconciliation of liabilities arising from financing activities:

Group	1 January 2020 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Others RM	31 December 2020 RM
Bankers' acceptances	137,772,382	11,985,618	-	-	149,758,000
Lease liabilities	19,989,806	(4,609,189)	2,519,295	(96,841)	17,803,071
Islamic financing	33,212,317	10,661,648	-	-	43,873,965
Term loans	50,415,465	550,250	-	-	50,965,715
	241,389,970	18,588,327	2,519,295	(96,841)	262,400,751

	1 January 2019 RM	Cash flows RM	Non-cash acquisition RM	31 December 2019 RM
Bankers' acceptances	141,435,876	(3,663,494)	-	137,772,382
Lease liabilities	21,346,314	(4,602,087)	3,245,579	19,989,806
Islamic financing	41,528,441	(8,316,124)	-	33,212,317
Term loans	47,460,676	(1,800,000)	4,754,789	50,415,465
	251,771,307	(18,381,705)	8,000,368	241,389,970

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Leon Fuat 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 Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business of the Company is located at No.11, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities during the financial year.

The ultimate holding company is Leon Fuat Holdings Sdn. Bhd., a private limited liability company incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2021.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

** Early adopted the amendment to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020.*

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (continued)

Amendment to MFRS 16 Leases

The Group and the Company have early adopted the amendment to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 6 to the financial statements as rent concession income.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs		
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ The Annual Improvements to MFRS Standards 2018-2020
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 101 Presentation of Financial Statements

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

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

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

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for those as disclosed in Note 3.

2.6 Significant accounting judgements, estimates and assumptions

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

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

Write-down of obsolete or slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling price or cost, or any inventories on hand that may not be realised, as a result of events occurring after the end of the reporting period to the extent such events confirm conditions existing at the end of the reporting period. Possible changes in these estimates could result in revisions to the valuation of inventories. The economic uncertainties resulting from COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories is disclosed in Note 12.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiaries which are disclosed in Note 11 made up to the end of the financial year.

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements;
- the nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

(i) Merger accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(ii) Business combinations under acquisition method

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transaction between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

3.3 Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiaries is taken to profit or loss.

3.4 Income tax expense

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Income tax expense (continued)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.5 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of goods or services at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

Financing components

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

i. Sale of goods

Revenue from sale of goods is recognised when at a point in time when control of goods is transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Sales are made with a credit term ranging from 14 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Where advance billing and consideration is collected from customer in advance for sale of good, a contract liability is recognised. Contract liability would be recognised as revenue upon delivery of goods to the customer.

ii. Dividend income

Dividend income is recognised when the rights to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Revenue and other income (continued)

Financing components (continued)

iii. **Interest income**

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

iv. **Rental income**

Rental income is recognised in profit or loss on time-proportion basis over the term of the lease.

v. **Management and corporate guarantee fees**

Management and corporate guarantee fees are recognised when services are rendered.

3.6 Employee benefits

i. **Short-term employee benefits**

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

3.7 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(b) Depreciation

Short-term leasehold land is depreciated over the lease term of 43 years. Long-term leasehold land is depreciated over the lease term of 95 years. Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

The principal annual rates used for this purpose are:

Buildings	1.30% - 6%
Furniture, fittings and electrical fittings	10%
Office equipment	10% - 20%
Forklifts, plant and machinery	10% - 20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. These are adjusted prospectively, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (continued)

(c) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3.8 Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing costs incurred during the period of construction. Capital work-in-progress is not depreciated and upon completion of construction, the cost will be transferred to property, plant and equipment.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost includes materials purchase cost and incidentals in bringing the inventories into store.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Financial instruments

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

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group and the Company classify their debt instruments as follows:

Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at fair value through other comprehensive income ("FVOCI"). The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classified their financial liabilities at amortised cost.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire; or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either

- the Group and the Company have transferred substantially all the risks and rewards of the asset; or
- the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments (continued)

(b) Derecognition (continued)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.11 Leases

(a) Definition of leases

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Leases (continued)

(b) Lessee accounting (continued)

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Lease liability

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

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of profit or loss and other comprehensive income.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Leases (continued)

(b) Lessee accounting (continued)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.11(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.12 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 60 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and demand deposits, which are subject to an insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits pledged with licensed banks.

3.14 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Borrowing costs

Borrowing costs are capitalised as part of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.17 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Executive Directors and Chief Financial Officer of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 25, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to owners and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

3.19 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract customers				
Sale of goods	589,577,037	607,122,214	-	-
Revenue from other sources				
Management fees	-	-	444,100	418,649
Dividend income from subsidiaries	-	-	-	1,500,000
Corporate guarantee fees charged to subsidiaries	-	-	841,248	2,778,841
	589,577,037	607,122,214	1,285,348	4,697,490
Timing of revenue recognition				
At a point in time	589,577,037	607,122,214	1,285,348	4,697,490

Disaggregation of revenue

The Group and the Company report the following major segments: trading, processing and/or manufacturing and others in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets and major goods or services.

The information on disaggregation of revenue and gross profit into the major segments are disclosed in Note 25.

5. COST OF SALES

	Group	
	2020 RM	2019 RM
Direct costs	488,444,426	520,433,749
Other operating costs	23,493,768	25,418,801
	511,938,194	545,852,550

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration					
- statutory audit services					
- current year		232,330	232,266	34,000	34,000
- other services		12,000	12,000	12,000	12,000
Bad debts written off		3,619	116,759	-	-
Capital work-in-progress written off	10	-	367,790	-	-
Depreciation of property, plant and equipment	9	15,322,893	14,991,404	2,944	1,626
Derecognition of a right-of-use asset		11,129	-	-	-
Expense relating to short-term lease		102,600	108,000	-	-
Impairment losses on:					
- trade receivables	28(b)(i)	1,366,642	1,017,623	-	-
- investment in subsidiaries	11	-	-	96,026	5,369
Interest expense in respect of:					
- bank overdrafts		2,402,540	2,359,611	-	-
- bankers' acceptances		6,020,492	6,931,741	-	-
- islamic financing		1,259,266	1,694,103	-	-
- lease liabilities		953,875	1,101,920	-	-
- term loans		2,314,331	3,005,135	-	-
Inventories written down		905,618	-	-	-
Employee benefits expense	(a)	30,766,305	30,219,315	1,507,306	1,407,299
Net realised foreign exchange gain		(204,939)	(42,328)	-	-
Net unrealised foreign exchange loss/(gain)		2,595	(64,733)	-	-
Gain on disposal of plant and equipment		(36,000)	(13,999)	-	-
Interest income from:					
- cash at banks		(42,976)	(74,922)	(6,880)	(17,248)
- deposits with licensed banks		(792,143)	(1,194,284)	(15,860)	(44,335)
Rental income		(2,524,961)	(689,200)	-	-
Rent concession income		(85,500)	-	-	-
Reversal of a lease liability		(11,341)	-	-	-
Reversal of impairment losses on:					
- trade receivables	28(b)(i)	(1,000)	(58,923)	-	-
- investment in a subsidiary	11	-	-	-	(452,418)

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

(a) Employee benefits expense

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Salaries and allowances	27,139,682	26,601,732	1,413,135	1,325,684
Defined contribution plan	2,748,724	2,673,902	88,698	77,330
Social security contributions	255,549	237,541	3,685	3,179
Staff welfare	622,350	706,140	1,788	1,106
	30,766,305	30,219,315	1,507,306	1,407,299
Recognised in:				
Cost of sales	10,479,827	10,298,531	-	-
Administrative and other expenses	20,286,478	19,920,784	1,507,306	1,407,299
	30,766,305	30,219,315	1,507,306	1,407,299

Directors' remuneration

Included in employee benefits expense is the aggregate amount of remuneration received and receivable by the directors of the Company and its subsidiaries during the financial years ended 31 December 2020 and 31 December 2019 as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Directors of the Company				
Executive directors				
Fees	700,000	700,000	350,000	350,000
Other emoluments				
- current year	3,927,956	3,543,957	-	-
- prior year	(60,000)	-	-	-
Defined contribution plan				
- current year	470,880	424,800	-	-
- prior year	(7,200)	-	-	-
Estimated monetary value of benefits-in-kind	166,177	187,598	-	-
	5,197,813	4,856,355	350,000	350,000
Non-executive directors				
Fees	300,000	300,000	300,000	300,000
Other emoluments	19,000	23,000	19,000	23,000
	319,000	323,000	319,000	323,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

(a) Employee benefits expense (continued)

Directors' remuneration (continued)

Included in employee benefits expense is the aggregate amount of remuneration received and receivable by the directors of the Company and its subsidiaries during the financial years ended 31 December 2020 and 31 December 2019 as follows: (continued)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of subsidiaries				
Executive directors				
Fees	150,000	150,000	-	-
Other emoluments				
- current year	2,342,377	2,181,888	-	-
- prior year	(24,000)	-	-	-
Defined contribution plan				
- current year	276,586	256,313	-	-
- prior year	(2,880)	-	-	-
Estimated monetary value of benefits-in-kind	79,875	87,667	-	-
	2,821,958	2,675,868	-	-
Total directors' remuneration	8,338,771	7,855,223	669,000	673,000

7. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2020 and 31 December 2019 are as follows:

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Current income tax					
- current year		4,740,884	2,018,477	-	478,000
- prior years		(920,242)	1,512,367	5,068	(30,857)
		3,820,642	3,530,844	5,068	447,143
Deferred tax	20				
- current year		751,234	1,700,276	-	-
- prior years		318,479	213,054	-	-
		1,069,713	1,913,330	-	-
Income tax expense		4,890,355	5,444,174	5,068	447,143

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

7. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	33,364,439	10,977,033	(743,612)	3,209,773
Tax at Malaysian statutory income tax rate of 24% (2019: 24%)	8,007,500	2,634,500	(178,500)	770,300
Effect of different tax rate in foreign jurisdiction	6,162	(31,539)	-	-
Tax effects of:				
- non-deductible expenses	1,898,965	1,462,318	162,600	186,800
- non-taxable income	(196,532)	(26,784)	(1,300)	(467,300)
- double deduction expenses	(54,195)	-	-	-
Reinvestment allowance claimed during the year	(3,948,189)	(241,750)	-	-
Utilisation of deferred tax assets previously not recognised:				
- business losses	-	(77,982)	-	-
- other temporary differences	(253,757)	(11,800)	-	(11,800)
Deferred tax assets not recognised on business losses and temporary differences	32,164	11,790	17,200	-
(Over)/Under provision in prior year:				
- current income tax	(920,242)	1,512,367	5,068	(30,857)
- deferred tax	318,479	213,054	-	-
Income tax expense	4,890,355	5,444,174	5,068	447,143

8. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the Group's profit for the financial year attributable to owners of the Company of RM28,457,923 (2019: RM5,598,378) by the weighted average number of ordinary shares in issue during the financial year of 310,000,000 (2019: 310,000,000) ordinary shares.

(b) Diluted earnings per share

Diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9 PROPERTY, PLANT AND EQUIPMENT

Group 2020	Freehold industrial land RM	Buildings RM	Furniture, fittings and electrical fittings RM	Office equipment and renovation RM	Forklift, plant and machinery RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Cost								
At 1 January 2020	25,107,881	83,406,584	3,685,212	7,747,313	111,694,755	12,544,519	70,365,931	314,552,195
Additions	-	185,948	141,500	117,027	874,548	155,194	2,520,241	3,994,458
Reclassification	-	-	-	-	-	1,108,295	(1,108,295)	-
Transfer from capital work-in-progress (Note 10)	-	5,750,238	-	-	-	-	-	5,750,238
Disposals	-	-	-	-	(107,884)	(53,440)	-	(161,324)
Derecognition upon expiration	-	-	-	-	-	-	(8,544,702)	(8,544,702)
Exchange differences	-	-	(2)	(10)	-	-	-	(12)
At 31 December 2020	25,107,881	89,342,770	3,826,710	7,864,330	112,461,419	13,754,568	63,233,175	315,590,853
Accumulated depreciation								
At 1 January 2020	-	11,560,035	2,156,557	5,067,643	61,577,667	10,869,383	14,045,826	105,277,111
Depreciation charge for the financial year	-	2,079,070	249,191	603,844	7,130,787	1,381,038	3,878,963	15,322,893
Reclassification	-	-	-	-	-	683,448	(683,448)	-
Disposals	-	-	-	-	(107,884)	(53,439)	-	(161,323)
Derecognition upon expiration	-	-	-	-	-	-	(8,533,573)	(8,533,573)
Exchange differences	-	-	(3)	(36)	-	-	-	(39)
At 31 December 2020	-	13,639,105	2,405,745	5,671,451	68,600,570	12,880,430	8,707,768	111,905,069
Carrying amount								
At 1 January 2020	25,107,881	71,846,549	1,528,655	2,679,670	50,117,088	1,675,136	56,320,105	209,275,084
At 31 December 2020	25,107,881	75,703,665	1,420,965	2,192,879	43,860,849	874,138	54,525,407	203,685,784

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2019	Freehold industrial land RM	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Furniture, fittings and electrical fittings RM	Office equipment and renovation RM	Forklift, plant and machinery RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Cost										
At 31 December 2018										
- As previously reported	25,107,881	30,969,669	527,198	58,522,718	3,351,940	7,257,992	87,713,449	13,707,179	-	227,158,026
- Effect of adoption of MFRS 16	-	(30,969,669)	(527,198)	-	-	-	(12,662,539)	(3,289,226)	69,218,613	21,769,981
Adjusted balance at 1 January 2019	25,107,881	-	-	58,522,718	3,351,940	7,257,992	75,050,910	10,417,953	69,218,613	248,928,007
Additions	-	-	-	-	346,065	244,797	1,309,078	-	6,831,535	8,731,475
Reclassification	-	-	-	-	-	-	5,520,665	2,180,932	(7,701,597)	-
Transfer from capital work-in-progress (Note 10)	-	-	-	24,883,866	-	272,439	30,041,568	-	2,115,144	57,313,017
Disposals	-	-	-	-	-	-	(187,300)	-	-	(187,300)
Written off	-	-	-	-	(12,800)	(28,049)	(40,166)	(54,366)	(97,764)	(233,145)
Exchange differences	-	-	-	-	7	134	-	-	-	141
At 31 December 2019	25,107,881	-	-	83,406,584	3,685,212	7,747,313	111,694,755	12,544,519	70,365,931	314,552,195

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2019	Freehold industrial land RM	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Furniture, fittings and electrical fittings RM	Office equipment and renovation RM	Forklift, plant and machinery RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Accumulated depreciation										
At 31 December 2018										
- As previously reported	-	977,990	147,121	9,538,922	1,847,108	4,198,942	55,393,269	9,952,952	-	82,056,304
- Effect of adoption of MFRS 16	-	(977,990)	(147,121)	-	-	-	(1,949,059)	(1,558,696)	13,282,611	8,649,745
Adjusted balance at 1 January 2019	-	-	-	9,538,922	1,847,108	4,198,942	53,444,210	8,394,256	13,282,611	90,706,049
Depreciation charge for the financial year	-	-	-	2,021,113	322,246	896,651	6,627,004	1,194,931	3,929,459	14,991,404
Reclassification	-	-	-	-	-	-	1,733,918	1,334,562	(3,068,480)	-
Disposals	-	-	-	-	-	-	(187,299)	-	-	(187,299)
Written off	-	-	-	-	(12,800)	(28,049)	(40,166)	(54,366)	(97,764)	(233,145)
Exchange differences	-	-	-	-	3	99	-	-	-	102
At 31 December 2019	-	-	-	11,560,035	2,156,557	5,067,643	61,577,667	10,869,383	14,045,826	105,277,111
Carrying amount										
At 1 January 2019 (Restated)	25,107,881	-	-	48,983,796	1,504,832	3,059,050	21,606,700	2,023,697	55,936,002	158,221,958
At 31 December 2019	25,107,881	-	-	71,846,549	1,528,655	2,679,670	50,117,088	1,675,136	56,320,105	209,275,084

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment RM	Total RM
Company		
2020		
Cost		
At 1 January 2020	10,862	10,862
Additions	7,270	7,270
At 31 December 2020	18,132	18,132
Accumulated depreciation		
At 1 January 2020	1,917	1,917
Charge for the financial year	2,944	2,944
At 31 December 2020	4,861	4,861
Carrying amount		
At 31 December 2020	13,271	13,271
2019		
Cost		
At 1 January 2019	4,367	4,367
Additions	6,495	6,495
At 31 December 2019	10,862	10,862
Accumulated depreciation		
At 1 January 2019	291	291
Charge for the financial year	1,626	1,626
At 31 December 2019	1,917	1,917
Carrying amount		
At 31 December 2019	8,945	8,945

(a) Assets pledged as security

The carrying amount of assets pledged as security for banking facilities granted to the subsidiaries as mentioned in Note 19 are as follows:

	Group 2020 RM	Group 2019 RM
Freehold land	9,426,281	9,426,281
Buildings	48,058,511	45,643,136
Plant and machinery	23,468,788	26,292,584
	80,953,580	81,362,001

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Asset subject to operating leases

The Group leases warehouse to a third party. Each lease contains an initial non-cancellable period of 2 years with option to renew for subsequent 2 years. Subsequent renewals are subject to negotiation with the lessee.

Information about leases for which the Group is lessor is presented below:

	Note	Buildings (own use) RM	Buildings (operating lease) RM	Total RM
Group				
Cost				
At 1 January 2019		58,522,718	-	58,522,718
Transfer from capital work-in-progress		24,883,866	-	24,883,866
Reclassification		(11,548,068)	11,548,068	-
At 31 December 2019		71,858,516	11,548,068	83,406,584
Additions		185,948	-	185,948
Transfer from capital work-in-progress	10	-	5,750,238	5,750,238
At 31 December 2020		72,044,464	17,298,306	89,342,770
Accumulated depreciation				
At 1 January 2019		9,538,922	-	9,538,922
Depreciation charge for the financial year		2,021,113	-	2,021,113
Reclassification		(1,545,940)	1,545,940	-
At 31 December 2019		10,014,095	1,545,940	11,560,035
Depreciation charge for the financial year		1,462,800	616,270	2,079,070
At 31 December 2020		11,476,895	2,162,210	13,639,105
Carrying amount				
At 31 December 2019		61,844,421	10,002,128	71,846,549
At 31 December 2020		60,567,569	15,136,096	75,703,665

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets

The Group leases several assets and the information about leases of the Group as a lessee is presented below:

	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group					
Carrying amount					
At 1 January 2019	40,620,205	2,867,725	10,713,480	1,734,592	55,936,002
Additions	3,093,192	159,520	3,014,196	564,627	6,831,535
Transfer from capital work-in-progress	2,115,144	-	-	-	2,115,144
Reclassification	-	-	(3,786,747)	(846,370)	(4,633,117)
Depreciation	(848,620)	(1,652,238)	(920,197)	(508,404)	(3,929,459)
At 31 December 2019	44,979,921	1,375,007	9,020,732	944,445	56,320,105
Additions	-	1,734,861	-	785,380	2,520,241
Reclassification	-	-	-	(424,847)	(424,847)
Derecognition upon expiration	-	(11,129)	-	-	(11,129)
Depreciation	(834,094)	(1,864,917)	(1,015,607)	(164,345)	(3,878,963)
At 31 December 2020	44,145,827	1,233,822	8,005,125	1,140,633	54,525,407

(i) Lease term

The Group leases land and buildings for their office space, operation site and staff accommodation. The leases generally have lease term between 1 to 95 years (2019: 2 to 95 years).

Plant and machinery and motor vehicles have lease term between 2 to 5 years (2019: 3 to 5 years).

(ii) Asset pledged as security

The leasehold land with carrying amounts of RM35,543,893 (2019: RM32,135,170) have been pledged as security for banking facilities granted to the subsidiaries as disclosed in Note 19.

(iii) Extension and termination options

Included in the lease contracts is a lease for an industrial land of a subsidiary which has a 30 years extension period upon the expiry of the current lease in 2044. As at the reporting date, the subsidiary is still in the midst of assessing if the subsidiary will extend the said lease upon expiry of the current lease tenure. As the rental payments for the extension period are subject to discussion with the lessor upon the lease being renewed, the subsidiary is unable to reliably estimate the future cash outflow pertaining to the extension period.

10. CAPITAL WORK-IN-PROGRESS

	Note	Group 2020 RM	Group 2019 RM
At 1 January		5,971,755	59,781,218
Additions		13,614,468	3,871,344
Transfer to property, plant and equipment	9	(5,750,238)	(57,313,017)
Written off	6	-	(367,790)
At 31 December		13,835,985	5,971,755

Capital work-in-progress is in respect of construction of buildings, plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. INVESTMENT IN SUBSIDIARIES

	Note	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost			
At 1 January		162,456,997	163,456,997
Addition		-	4,000,000
Capital distribution from a subsidiary		(200,000)	(5,000,000)
At 31 December		162,256,997	162,456,997
Accumulated impairment losses			
At 1 January		3,048,963	3,496,012
Additions	6	96,026	5,369
Reversal	6	-	(452,418)
At 31 December		3,144,989	3,048,963
Carrying amount		159,112,008	159,408,034

The details of subsidiaries are as follows:

Name of company	Principal place of business/country of incorporation	Principal activities	Effective ownership interest/voting rights 2020	Effective ownership interest/voting rights 2019
Direct subsidiaries				
Leon Fuat Hardware Sdn. Bhd.	Malaysia	Trading and processing of steel products	100%	100%
Leon Fuat Metal Sdn. Bhd.	Malaysia	Trading, processing and/or manufacturing of steel and other related products	100%	100%
Supreme Steelmakers Sdn. Bhd.	Malaysia	Trading and processing of stainless steel and other steel products	100%	100%
ASA Steel (M) Sdn. Bhd. #	Malaysia	Ceased operation of trading and processing of alloy steel and other steel products	100%	100%
Overum Wear Parts (Far East) Pte. Ltd. *	Republic of Singapore	Trading and processing of steel products	100%	100%
Indirect subsidiaries through Leon Fuat Metal Sdn. Bhd.				
Leon Fuat Industrial Products Sdn. Bhd.	Malaysia	Manufacturing, trading and processing of steel products	100%	100%
PCM Steel Processing Sdn. Bhd.	Malaysia	Slitting and processing metal coil and sheets	87% (Approximately)	87% (Approximately)

 # On 2 January 2019, ASA Steel (M) Sdn. Bhd. has filed for voluntary winding up process.

** Audited by an independent member firm of Baker Tilly International.*

The Group's subsidiary which has non-controlling interests is not material to the financial position, financial performance and cash flows of the Group and therefore its details are not presented in the financial statements.

There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

12. INVENTORIES

	Group 2020 RM	Group 2019 RM
At cost		
Trading inventories	233,580,351	243,459,378
Goods-in-transit	15,519,750	17,594,044
Spare parts	249,613	267,380
	249,349,714	261,320,802
At net realisable value		
Trading inventories	1,028,945	221,714
	250,378,659	261,542,516

(a) During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM488,444,426 (2019: RM520,433,749).

(b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value is RM905,618 (2019: RM Nil).

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade receivables					
External parties	(a)	198,439,320	162,942,003	-	-
Related parties	(b)	184,183	357,338	-	-
Fellow subsidiary	(b)	7,263	-	-	-
		198,630,766	163,299,341	-	-
Less: Impairment losses on external parties	28(b)(i)	(2,206,711)	(1,923,073)	-	-
Total trade receivables		196,424,055	161,376,268	-	-
Other receivables					
Other receivables		130,490	283,183	-	856
Advance payment made to suppliers		4,122,810	662,613	-	-
Goods and services tax ("GST") refundable		20,246	475,118	-	-
Deposits	(c)	4,633,775	995,698	4,500	4,500
Prepayments		2,042,386	2,197,675	-	43,530
Total other receivables		10,949,707	4,614,287	4,500	48,886
Total trade and other receivables		207,373,762	165,990,555	4,500	48,886

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The Group's trade receivables normal credit term range from 14 to 90 days (2019: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case by case basis.

(b) The amounts due from related parties and a fellow subsidiary are subject to normal trade term.

Further information on related parties and a fellow subsidiary are disclosed in Note 27.

The information about the credit exposures are disclosed in Note 28(b)(i).

(c) Included in deposits of the Group are:

(i) an amount of RM60,000 (2019: RM60,000) represents rental and utilities deposits paid to a fellow subsidiary;

(ii) an amount of RM142,000 (2019: RM142,000) represents rental deposits paid to ultimate holding company; and

(iii) an amount of RM3,736,922 (2019: RM105,272) being down payments for purchase of machinery part, plant and equipment.

(d) The foreign currency exposure profile of trade receivables of the Group is as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	1,688,531	1,391,384
Singapore Dollar	186,190	453,232

14. AMOUNT DUE FROM SUBSIDIARIES

This amount is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

15. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deposits with licensed banks				
- pledged	8,086,741	7,893,438	-	-
- not pledged	19,791,031	25,923,637	-	1,067,889
	27,877,772	33,817,075	-	1,067,889

15. DEPOSITS WITH LICENSED BANKS (CONTINUED)

The interest rates as at the reporting date and the maturities of the deposits placed with licensed banks are as follows:

	Group		Company	
	2020	2019	2020	2019
Interest rate (%) (per annum)	1.60 - 3.10	2.90 - 3.45	-	3.25 - 3.50
Maturity (days)	30 - 366	15 - 365	-	30

Deposits amounting to RM8,086,741 (2019: RM7,893,438) are pledged with licensed banks as securities for banking facilities granted to subsidiaries as disclosed in Note 19(c).

16. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash at banks	23,327,246	8,942,593	4,320,180	663,548
Cash in hand	30,984	36,606	3	3
	23,358,230	8,979,199	4,320,183	663,551

The foreign currency profile of cash and bank balances of the Group is as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	443,781	746,375
Singapore Dollar	1,002,256	1,316,152

17. SHARE CAPITAL

	Group/Company			
	2020		2019	
	Number of ordinary shares Unit	Amount RM	Number of ordinary shares Unit	Amount RM
Issued and fully paid up:				
At 1 January/31 December	310,000,000	160,094,360	310,000,000	160,094,360

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. RESERVES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Capital reserve	(a)	923	923	-	-
Merger deficit	(b)	(109,544,997)	(109,544,997)	-	-
Retained earnings		328,749,469	300,291,546	3,743,878	4,492,558
Translation reserve	(c)	(14,841)	(14,431)	-	-
		219,190,554	190,733,041	3,743,878	4,492,558

(a) Capital reserve

This is arising from the takeover of the unincorporated business of Leong Huat Trading & Co.

(b) Merger deficit

The merger deficit resulted from the difference between the carrying value of the investments in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

(c) Translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

19. LOANS AND BORROWINGS

		Group	
	Note	2020 RM	2019 RM
Non-current			
Secured			
Lease liabilities	(a)	2,934,715	5,123,423
Term loans	(b)	47,869,441	48,615,465
		50,804,156	53,738,888
Unsecured			
Lease liabilities	(a)	10,753,823	11,146,351
Total non-current		61,557,979	64,885,239

19. LOANS AND BORROWINGS (CONTINUED)

		Group	
		2020	2019
	Note	RM	RM
Current			
Secured			
Bankers' acceptances	(c)	98,833,000	80,600,382
Bank overdrafts	(c)	18,691,998	25,842,541
Lease liabilities	(a)	2,871,771	2,490,036
Term loans	(b)	3,096,274	1,800,000
		123,493,043	110,732,959
Unsecured			
Bankers' acceptances	(c)	50,925,000	57,172,000
Bank overdrafts	(c)	10,776,660	15,139,392
Islamic financing	(d)	43,873,965	33,212,317
Lease liabilities	(a)	1,242,762	1,229,996
		106,818,387	106,753,705
Total current		230,311,430	217,486,664
Total loans and borrowings			
Bankers' acceptances	(c)	149,758,000	137,772,382
Bank overdrafts	(c)	29,468,658	40,981,933
Lease liabilities	(a)	17,803,071	19,989,806
Term loans	(b)	50,965,715	50,415,465
Islamic financing	(d)	43,873,965	33,212,317
		291,869,409	282,371,903

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. LOANS AND BORROWINGS (CONTINUED)

(a) Lease liabilities

The lease liabilities bear interest at rates ranging from 2.40% to 5.70% (2019: 2.48% to 6.20%) per annum.

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

	Group 2020 RM	2019 RM
Minimum lease payments:		
Not later than 1 year	4,928,935	4,664,882
Later than 1 year and not later than 5 years	5,690,039	8,295,246
Later than 5 years	16,275,230	16,963,880
	26,894,204	29,924,008
Less: Future finance charges	(9,091,133)	(9,934,202)
Present value of minimum lease payments	17,803,071	19,989,806
Present value of minimum lease payments:		
Not later than 1 year	4,114,533	3,720,032
Later than 1 year and not later than 5 years	3,521,876	5,916,591
Later than 5 years	10,166,662	10,353,183
	17,803,071	19,989,806
Less: Amount due within 12 months	(4,114,533)	(3,720,032)
Amount due after 12 months	13,688,538	16,269,774

(b) Term loans – Secured

Details of the repayment terms are as follows:

Term Loan 1

Term loan 1 of a subsidiary of RM9,300,000 (2019: RM11,100,000) bears interest at a rate of 3.35% (2019: 4.60%) per annum and is repayable by monthly instalments of RM150,000 over ten years commencing from the day of first drawdown and is secured and supported as follows:

(i) a corporate guarantee given by the Company; and

(ii) legal charges over the leasehold land of a subsidiary (Note 9).

Term Loan 2

Term loan 2 of a subsidiary of RM15,074,505 (2019: RM15,074,505) bears interest at a rate of 4.95% (2019: 6.20%) per annum and is repayable by monthly instalments over 10 years commencing on the first day of the 25th month from the date of full drawdown or upon the expiry of the availability period, whichever is earlier and is secured and supported as follows:

(i) a corporate guarantee given by the Company; and

(ii) legal charge over the leasehold land of a subsidiary (Note 9).

19. LOANS AND BORROWINGS (CONTINUED)

(b) Term loans – Secured (continued)

Details of the repayment terms are as follows: (continued)

Term Loan 3

Term loan 3 of a subsidiary of RM24,240,960 (2019: RM24,240,960) bears interest at a rate of 4.08% (2019: 5.43%) per annum and is repayable by monthly instalments over 5 years commencing on the first day of the 25th month from the date of full drawdown or upon the expiry of the availability period, whichever is earlier and is secured and supported as follows:

(i) a corporate guarantee given by the Company; and

(ii) legal charge over the certain machinery of a subsidiary (Note 9).

Term Loan 4

Term loan 4 of a subsidiary of RM2,350,250 (2019: RM Nil) bears interest at a rate of 4.27% (2019: Nil) per annum and is repayable by monthly instalments of RM19,750 over 10 years commencing on the first day of the following month after full drawdown or upon the expiry of the availability period, whichever is earlier and is secured and supported as follows:

(i) a corporate guarantee given by the Company; and

(ii) legal charge over the leasehold land of a subsidiary (Note 9).

(c) Bankers' acceptances and bank overdrafts – Secured

The secured bankers' acceptances and bank overdrafts as at the end of the financial year bear interest at rates ranging from 2.50% to 2.96% (2019: 3.69% to 4.42%) per annum and 6.39% to 6.45% (2019: 7.64% to 7.70%) per annum respectively. The secured bankers' acceptances and bank overdrafts are secured and supported by:

(i) legal charge over the properties of subsidiaries (Note 9) and ultimate holding company;

(ii) deposits placed with licensed banks of a subsidiary (Note 15); and

(iii) corporate guarantees given by the Company.

Bankers' acceptances and bank overdrafts - Unsecured

The unsecured bankers' acceptances and bank overdrafts as at the end of the financial year bear interest at rates ranging from 2.78% to 4.21% (2019: 4.00% to 4.47%) per annum and 6.39% to 6.57% (2019: 7.64% to 7.82%) per annum respectively. The unsecured bankers' acceptances are supported by corporate guarantees given by the Company.

(d) Islamic financing

Islamic financing represents the Structured Commodity Financing-i facilities. This amount as at the end of the financial year is unsecured and bears interest at rates ranging from 2.85% to 3.56% (2019: 4.34% to 5.04%) per annum. The unsecured facility is supported by a corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. DEFERRED TAX LIABILITIES

	Note	Group 2020 RM	2019 RM
At 1 January		5,517,517	3,604,187
Recognised in profit or loss	7	1,069,713	1,913,330
At 31 December		6,587,230	5,517,517

Presented after appropriate offsetting as follows:

	Group 2020 RM	2019 RM
Deferred tax liabilities	11,008,588	10,587,088
Deferred tax assets	(4,421,358)	(5,069,571)
	6,587,230	5,517,517

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	At 1 January 2019 RM	Recognised in profit or loss RM	At 31 December 2019 RM	Recognised in profit or loss RM	At 31 December 2020 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	5,646,073	4,821,936	10,468,009	478,458	10,946,467
Others	502	118,577	119,079	(56,958)	62,121
Total deferred tax liabilities	5,646,575	4,940,513	10,587,088	421,500	11,008,588
Deferred tax assets:					
Impairment losses on trade receivables	(240,660)	(143,380)	(384,040)	30,579	(353,461)
Accrual of bonus	(979,672)	86,081	(893,591)	(138,160)	(1,031,751)
Contract liabilities	(767,361)	767,361	-	-	-
Lease liabilities	-	(2,945,368)	(2,945,368)	80,440	(2,864,928)
Unutilised business losses	-	(30,302)	(30,302)	(94,889)	(125,191)
Unabsorbed capital allowances	-	(785,494)	(785,494)	785,494	-
Unrealised profits on inventories	(52,459)	21,920	(30,539)	(15,488)	(46,027)
Others	(2,236)	1,999	(237)	237	-
Total deferred tax assets	(2,042,388)	(3,027,183)	(5,069,571)	648,213	(4,421,358)
	3,604,187	1,913,330	5,517,517	1,069,713	6,587,230

20. DEFERRED TAX LIABILITIES (CONTINUED)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2020 RM	2019 RM
Unutilised business losses	6,477,947	6,391,552
Unabsorbed capital allowances	2,391,480	3,344,829
	8,869,427	9,736,381

The unutilised business losses are available for offset against future taxable profits for the Group which will expire in the following financial years:

	Group	
	2020 RM	2019 RM
Year of assessments		
2025	5,837,937	5,837,937
2026	521,630	537,974

21. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables					
External parties	(a)	32,143,551	35,086,464	-	-
Fellow subsidiary	(b)	9,610	45,829	-	-
Total trade payables		32,153,161	35,132,293	-	-
Other payables					
Other payables	(c)	7,346,559	3,524,682	-	127
Sales and service tax ("SST") payable		101,764	68,174	-	-
Withholding tax payable		-	970	-	-
Rental deposits received		430,766	77,596	-	-
Advances from customers		1,587,593	297,141	-	-
Accruals	(d)	8,191,355	7,350,452	881,839	816,314
Total other payables		17,658,037	11,319,015	881,839	816,441
Total trade and other payables		49,811,198	46,451,308	881,839	816,441

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

The Group's trade payables normal trade credit term range from 14 to 120 days (2019: 14 to 120 days).

(b) Amount due to a fellow subsidiary is subject to normal trade term.

Further information on fellow subsidiary is disclosed in Note 27.

(c) Included in other payables of the Group are RM4,164,494 (2019: RM235,477) and RM255,500 (2019: RM Nil) due to external parties and a fellow subsidiary respectively in relation to the construction of factory.

(d) Included in accruals of the Group and of the Company are directors' fees amounting to RM1,150,000 (2019: RM1,150,000) and RM650,000 (2019: RM650,000) respectively.

(e) The foreign currency exposure profile of trade and other payables of the Group is as follows:

	Group	
	2020 RM	**2019 RM**
Trade payables		
Australian Dollar	302,205	-
Euro	-	64,258
Singapore Dollar	-	264,649
United States Dollar	7,614,040	16,129,466
Other payables		
Euro	26,199	70,247
Singapore Dollar	111,284	1,248
United States Dollar	-	9,778

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 28(b)(iii).

22. CONTRACT LIABILITIES

	Group	
	2020 RM	**2019 RM**
At 1 January	2,640,972	3,283,241
Recognised in profit or loss during the year	(2,319,263)	(3,283,241)
Additions	2,707,813	2,640,972
At 31 December	3,029,522	2,640,972

Contract liabilities relates to advance billings for which consideration may or may not be received for goods yet to be delivered.

23. DIVIDENDS

	Group/Company 2020 RM	2019 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend of 1.5 sen per share in respect of financial year ended 31 December 2018, paid on 25 July 2019	-	4,650,000

24. CASH AND CASH EQUIVALENTS

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	16	23,358,230	8,979,199	4,320,183	663,551
Deposits with licensed banks	15	27,877,772	33,817,075	-	1,067,889
		51,236,002	42,796,274	4,320,183	1,731,440
Less: Bank overdrafts	19	(29,468,658)	(40,981,933)	-	-
Less: Deposits pledged with licensed banks	15	(8,086,741)	(7,893,438)	-	-
		13,680,603	(6,079,097)	4,320,183	1,731,440

25. SEGMENT INFORMATION

General information

The Group is principally engaged in trading, processing and/or manufacturing of steel related products.

The Group has arrived at three (3) reportable segments that are based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

(i) Trading of steel products;

(ii) Processing and/or manufacturing of steel products; and

(iii) Others

The accounting policies of the segments are the same as the Group's accounting policies described in Note 3.

The Group evaluates performance based on segment operating revenue and gross profit. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment results, assets and liabilities. All results, assets and liabilities are managed on a group basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. SEGMENT INFORMATION (CONTINUED)

Measurement of reportable segment

2020	Trading of steel products RM	Processing/ Manufacturing of steel products RM	Others RM	Total RM
Revenue				
External revenue	204,070,496	385,114,629	391,912	589,577,037
Cost of sales	(180,138,744)	(330,597,846)	(295,986)	(511,032,576)
Gross profit before inventories written down	23,931,752	54,516,783	95,926	78,544,461
Inventories written down				(905,618)
Gross profit				77,638,843
Add/(Less):				
Other income				5,612,627
Operating expenses				(34,715,644)
Net addition of impairment losses on financial instruments				(1,365,642)
Finance costs				(13,805,745)
Profit before tax				33,364,439
Income tax expense				(4,890,355)
Profit for the financial year				28,474,084

2019	Trading of steel products RM	Processing/ Manufacturing of steel products RM	Others RM	Total RM
Revenue				
External revenue	281,936,261	325,008,040	177,913	607,122,214
Cost of sales	(257,219,254)	(288,544,255)	(89,041)	(545,852,550)
Gross profit	24,717,007	36,463,785	88,872	61,269,664
Add/(Less):				
Other income				2,861,645
Operating expenses				(36,187,287)
Net addition of impairment losses on financial instruments				(958,700)
Finance costs				(16,008,289)
Profit before tax				10,977,033
Income tax expense				(5,444,174)
Profit for the financial year				5,532,859

25. SEGMENT INFORMATION (CONTINUED)

Geographical segment

Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside Malaysia is insignificant. Non-current assets information is presented based on the segment's country of domicile. Non-current assets do not include financial instruments and deferred tax assets.

	Non-current assets	
	2020	**2019**
	RM	**RM**
Malaysia	217,510,984	215,237,308
Republic of Singapore	10,785	9,531
	217,521,769	215,246,839

Information about major customers

There is no single customer with revenue equal or more than 10% of the Group's total revenue.

26. COMMITMENTS

(a) Commitments

The Group has made commitments for the following capital expenditures:

	Group	
	2020	**2019**
	RM	**RM**
Approved and contracted for:		
Acquisition of plant and equipment	10,107,319	190,701
Construction of factory and warehouse buildings	19,355,249	810,573
	29,462,568	1,001,274
Approved and not contracted for:		
Acquisition of properties	3,301,556	-
	32,764,124	1,001,274

(b) Operating lease commitments – as lessor

The Group leases its warehouse with non-cancellable period of 2 years to a third party. The leases may be renewed for subsequent 2 years and the subsequent renewals are subject to negotiation with the lessee.

The maturity analysis of the undiscounted lease payments to be received after the reporting date is as follows:

	Group	
	2020	**2019**
	RM	**RM**
Not later than 1 year	2,524,598	871,152
1 to 2 years	348,170	435,576
	2,872,768	1,306,728

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries;

(ii) Fellow subsidiaries;

(iii) Ultimate holding company;

(iv) Entities in which directors or a person connected to the directors have substantial financial interests; and

(v) Key management personnel of the Group, comprising persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

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

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Transactions with ultimate holding company				
- Rental paid and payable	1,664,400	1,752,000	-	-
- Interest charged and paid	-	133,935	-	-
Transactions with subsidiaries				
- Management fees received and receivables	-	-	(444,100)	(418,649)
- Dividend income received and receivables	-	-	-	(1,500,000)
- Corporate guarantee fees received and receivables	-	-	(841,248)	(2,778,841)
Transactions with fellow subsidiaries				
- Sales	(7,210)	(1,337)	-	-
- Purchases	325,524	113,331	-	-
- Rental paid and payable	300,000	300,000	-	-
Transactions with entities in which directors or a person connected to the directors have substantial financial interests				
- Sales	(3,816,954)	(4,515,485)	-	-
- Purchases	1,102	10,295	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 13, 14, and 21.

27. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short-term employee benefits				
- current year	6,984,280	6,419,792	427,923	407,923
- prior year	(84,000)	-	-	-
Fees	1,150,000	1,150,000	650,000	650,000
Benefits-in-kind	252,783	284,930	1,669	1,777
	8,303,063	7,854,722	1,079,592	1,059,700
Post employment benefits				
- current year	830,638	761,405	48,960	46,080
- prior year	(10,080)	-	-	-
	9,123,621	8,616,127	1,128,552	1,105,780

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Carrying amount RM	Amortised cost RM
At 31 December 2020		
Financial assets		
Group		
Trade and other receivables (i)	197,451,398	197,451,398
Deposits with licensed banks	27,877,772	27,877,772
Cash and bank balances	23,358,230	23,358,230
	248,687,400	248,687,400
Company		
Other receivables (i)	4,500	4,500
Amount due from subsidiaries	950,115	950,115
Cash and bank balances	4,320,183	4,320,183
	5,274,798	5,274,798
Financial liabilities		
Group		
Trade and other payables (ii)	48,121,841	48,121,841
Loans and borrowings	291,869,409	291,869,409
	339,991,250	339,991,250
Company		
Other payables	881,839	881,839

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	Carrying amount RM	Amortised cost RM
At 31 December 2019		
Financial assets		
Group		
Trade and other receivables (i)	162,535,598	162,535,598
Deposits with licensed banks	33,817,075	33,817,075
Cash and bank balances	8,979,199	8,979,199
	205,331,872	205,331,872
Company		
Other receivables (i)	5,356	5,356
Amount due from subsidiaries	2,696,054	2,696,054
Dividend receivables	1,500,000	1,500,000
Deposits with a licensed bank	1,067,889	1,067,889
Cash and bank balances	663,551	663,551
	5,932,850	5,932,850
Financial liabilities		
Group		
Trade and other payables (ii)	46,085,023	46,085,023
Amount due to ultimate holding company	137,000	137,000
Loans and borrowings	282,371,903	282,371,903
	328,593,926	328,593,926
Company		
Other payables	816,441	816,441

(i) Excluding advance payment made to suppliers, GST refundable, prepayments and down payments for purchase of machinery part, plant and equipment.

(ii) Excluding withholding tax payables, sales tax payables and advances from customers.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk, and foreign currency risk. The Group's and the Company's overall financial risk management objective is to minimise potential effects on the financial performance of the Group and the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

To measure the expected credit losses, trade receivables have been grouped based on the number of days past due. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the calculation of impairment of receivables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables using provision matrix is as follows:

	Gross carrying amount RM	Individual impairment RM	Expected loss rate %	Collective impairment RM	Net balance RM
2020					
Group					
Current	109,941,144	-	0.01% - 0.85%	(181,112)	109,760,032
Past due 1 - 30 days	48,052,667	(488,284)	0.02% - 1.80%	(163,554)	47,400,829
Past due 31 - 60 days	26,263,660	-	0.04% - 2.26%	(134,028)	26,129,632
Past due > 60 days	14,373,295	(791,841)	0.45% - 5.00%	(447,892)	13,133,562
Total	198,630,766	(1,280,125)		(926,586)	196,424,055
2019					
Group					
Current	81,378,366	-	0.04% - 0.14%	(5,286)	81,373,080
Past due 1 - 30 days	36,731,603	-	0.12% - 0.34%	(55,047)	36,676,556
Past due 31 - 60 days	25,063,208	-	0.16% - 0.46%	(45,390)	25,017,818
Past due > 60 days	20,126,164	(1,129,759)	0.93% - 5.00%	(687,591)	18,308,814
Total	163,299,341	(1,129,759)		(793,314)	161,376,268

The movement in the allowance for impairment losses on trade receivables during the financial years ended 31 December 2020 and 31 December 2019 were:

	Note	Individual impairment RM	Collective impairment RM	Total RM
2020				
Group				
At 1 January 2020		1,129,759	793,314	1,923,073
Additions	6	1,233,370	133,272	1,366,642
Reversal	6	(1,000)	-	(1,000)
Written off		(1,082,004)	-	(1,082,004)
At 31 December 2020		1,280,125	926,586	2,206,711

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The movement in the allowance for impairment losses on trade receivables during the financial years ended 31 December 2020 and 31 December 2019 were: (continued)

	Note	Individual impairment RM	Collective impairment RM	Total RM
2019				
Group				
At 1 January 2019		390,700	591,038	981,738
Additions	6	778,918	238,705	1,017,623
Reversal	6	(22,494)	(36,429)	(58,923)
Written off		(17,365)	-	(17,365)
At 31 December 2019		1,129,759	793,314	1,923,073

Trade receivables that are individually determined to be credit-impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents and refundable deposits), the Group and the Company minimise credit risk by dealing exclusively with counterparties with high credit rating.

At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon the initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group and the Company provide advances to subsidiaries. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary does not have sufficient liquid reserves when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired amount due from subsidiaries, the Group and the Company consider these financial assets to be of low credit risk, for which no material loss allowance is required.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM274,066,338 (2019: RM262,382,097) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 19. As at the reporting date, there was no indication that the subsidiaries would default on repayment and hence no loss allowance for impairment as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily relates to deposits with licensed banks and interest bearing financial liabilities which include lease liabilities, term loans, bankers' acceptances and bank overdrafts.

Borrowings at floating rate amounting to RM274,066,338 (2019: RM262,382,097) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM17,803,071 (2019: RM19,989,806) expose the Group's to fair value interest rate risk.

The Group manages its interest rate risk exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

<u>Sensitivity analysis for interest rate risk</u>

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit for the financial year ended 31 December 2020 would decrease/increase by RM1,041,452 (2019: RM997,052) as a result of exposure to floating rate borrowings.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual Cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2020						
Group						
Financial liabilities						
Trade and other payables	48,121,841	48,121,841	48,121,841	-	-	-
Term loans	50,965,715	60,178,758	5,215,724	10,295,052	28,827,313	15,840,669
Bankers' acceptances	149,758,000	149,758,000	149,758,000	-	-	-
Bank overdrafts	29,468,658	29,468,658	29,468,658	-	-	-
Islamic financing	43,873,965	44,538,851	44,538,851	-	-	-
Lease liabilities	17,803,071	26,894,204	4,928,935	2,801,880	2,888,159	16,275,230
	339,991,250	358,960,312	282,032,009	13,096,932	31,715,472	32,115,899
Company						
Financial liabilities						
Other payables	881,839	881,839	881,839	-	-	-
Financial guarantee *	-	274,066,338	274,066,338	-	-	-
	881,839	274,948,177	274,948,177	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (continued)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2019						
Group						
Financial liabilities						
Trade and other payables	46,085,023	46,085,023	46,085,023	-	-	-
Amount due to ultimate holding company	137,000	137,000	137,000	-	-	-
Term loans	50,415,465	63,896,345	4,497,591	5,996,379	30,012,929	23,389,446
Bankers' acceptances	137,772,382	137,772,382	137,772,382	-	-	-
Bank overdrafts	40,981,933	40,981,933	40,981,933	-	-	-
Islamic financing	33,212,317	33,539,687	33,539,687	-	-	-
Lease liabilities	19,989,806	29,924,008	4,664,882	3,716,540	4,578,706	16,963,880
	328,593,926	352,336,378	267,678,498	9,712,919	34,591,635	40,353,326
Company						
Financial liabilities						
Other payables	816,441	816,441	816,441	-	-	-
Financial guarantee *	-	262,382,097	262,382,097	-	-	-
	816,441	263,198,538	263,198,538	-	-	-

* The Company has given corporate guarantees of RM678,760,000 (2019: RM584,760,000) to banks of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries. As at 31 December 2020, approximately RM274,066,338 (2019: RM262,382,097) of the banking facilities were utilised by the said subsidiaries.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has foreign currency exposure primarily arising from its trade receivables, cash at banks and trade payables which is denominated in Australian Dollar ("AUD"), Euro Dollar ("EURO"), United States Dollar ("USD") and Singapore Dollar ("SGD") as disclosed in Notes 13, 16 and 21.

The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, SGD, EURO and AUD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, EURO and AUD, with all other variables held constant on the Group's total equity and profit for the financial year.

		Group	
		2020 RM	2019 RM
USD/RM	- Strengthened 5%	(208,306)	(532,056)
	- Weakened 5%	208,306	532,056
SGD/RM	- Strengthened 5%	40,932	57,133
	- Weakened 5%	(40,932)	(57,133)
EURO/RM	- Strengthened 5%	(996)	(5,111)
	- Weakened 5%	996	5,111
AUD/RM	- Strengthened 5%	(11,484)	-
	- Weakened 5%	11,484	-

(c) Fair value of financial instruments

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts are reasonable approximation of fair values due to short-term nature of these financial instruments.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long-term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of long-term lease liabilities is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements

Analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the financial year ended 31 December 2020, there have been no transfers between Level 1 and Level 2 fair value measurements (2019: no transfer in either directions).

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. There were no changes in the Group approach to capital management since the financial year ended 31 December 2019. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise bankers' acceptances, bank overdrafts, term loans and lease liabilities less deposits with licensed banks, cash and bank balances whilst total capital is total equity of the Group.

	Group	
	2020 RM	**2019 RM**
Total interest-bearing borrowings	291,869,409	282,371,903
Less: Deposits with licensed banks, cash and bank balances	(51,236,002)	(42,796,274)
Total net debts	240,633,407	239,575,629
Total equity	379,900,940	351,427,266
Total net debts plus equity	620,534,347	591,002,895
Gearing ratio	39%	41%

Certain subsidiaries of the Company are required to comply with gearing ratios in respect of their borrowings.

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

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have accounted for the possible impacts of COVID-19 pandemic in their application of significant judgements and estimates for the financial year ended 31 December 2020 in determining the amounts recognised in the financial statements for the financial year ended 31 December 2020 as disclosed in Note 2.6 to the financial statements.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(b) Proposed acquisition of freehold land together with factory, warehouse and office

On 24 February 2021, Supreme Steelmakers Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Leon Fuat Holdings Sdn. Bhd., its ultimate holding company for the proposed acquisition of a parcel of freehold land measuring approximately 9,946 square meters known as Lot 60240, Pekan Kajang, Daerah Hulu Langat, Negeri Selangor Darul Ehsan held under GM6958 together with the factory, warehouse and office erected thereon including weighing system, overhead cranes and fittings, for a total cash consideration of RM28,000,000. The proposed acquisition is expected to be completed by the third quarter of 2021, subject to the approval of the Company's shareholders at its extraordinary general meeting to be convened.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATO' SRI OOI BIN KEONG** and **OOI SENG KHONG**, being two of the directors of LEON FUAT BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 81 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

DATO' SRI OOI BIN KEONG
Director

OOI SENG KHONG
Director

Kuala Lumpur
Date: 7 April 2021

STATUTORY DECLARATION
(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **TAN KIEN YAP**, being the officer primarily responsible for the financial management of LEON FUAT BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 81 to 145 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN KIEN YAP
(MIA 15963)

Subscribed and solemnly declared by the abovenamed at the Federal Territory of Kuala Lumpur on 7 April 2021.

Before me,

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON FUAT BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leon Fuat Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit and 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 significant accounting policies, as set out on pages 81 to 145.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Group

Inventories (Note 12 to the financial statements)

As at 31 December 2020, the Group's inventories amounted to RM250.38 million. The Group's inventories are measured at the lower of cost and net realisable value. During the financial year, the Group recognised write-down of inventories as an expense amounting to RM0.91 million. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our audit response:

Our audit procedures included, among others:

- understand the design and implementation of controls associated with monitoring, detection and write-down of slow-moving inventories;
- attending year end physical inventory count to observe physical existence and condition of the inventories and reviews the design and implementation of controls during the count;
- reviewing subsequent sales and Group's assessment on estimated net realisable value on selected inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON FUAT BERHAD (cont'd)

(INCORPORATED IN MALAYSIA)

Key Audit Matters (continued)

Company

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON FUAT BERHAD (cont'd)

(INCORPORATED IN MALAYSIA)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

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

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

Andrew Choong Tuck Kuan
No. 03264/04/2021 J
Chartered Accountant

Kuala Lumpur
Date: 7 April 2021

LIST OF PROPERTIES
HELD AS AT 31 DECEMBER 2020

Registered/ Beneficial Owner	Address/Title	Description/Existing Use	Tenure	Approximate Land/Built-up Areas (sq. ft.*)	Approximate Age of Buildings (No. of Years)	Net Carrying Amount At Group Level as at 31 December 2020 (RM)	Year of Acquisition/ Revaluation
LF Metal	11, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan held under GRN 290613, Lot 26102, (formerly H.S. (D) 30968, Lot No. PT 17395), Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of single storey detached factory cum warehouse building with an annexed 4 storey office and a unit of single storey factory cum warehouse building with annexed single storey office and 2 storey store/Used as a steel processing plant, warehouse and office	Freehold	179,736/19,754 (office built-up area) & 102,882 (factory built-up area)	13	Office and factory: 17,424,371 & land: 6,890,000	2004
LF Metal	6, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan held under GRN 290612, Lot 26104, (formerly H.S. (D) 30970, Lot No. PT 17397), Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of 4½ storey office with an annexed 2 units of single storey warehouse cum factory/Used as a steel processing plant, warehouse and office	Freehold	116,928/29,600 (office built-up area) & 51,200 (factory built-up area)	24	Office and factory: 2,756,784 & land: 2,536,281	1991
LF Metal	No. 16, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan held under H.S. (D) 30972, Lot No. PT 17399, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of single-storey detached factory building with annexed double-storey office building/ Used as a steel processing plant, warehouse and office	Freehold	130,680/16,402 (office built-up area) & 60,838 (factory built-up area)	#	Office and factory: 11,714,755 & land: 15,681,600	2012
LF Metal	No. 17, Persiaran Sultan Alauddin KU 17, Kawasan Prindustrian Bandar Sultan Suleiman Fasa 4, Perlabuhan Klang, 42000 Selangor Darul Ehsan held under H.S.(M) 42036, PT 65615, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	A unit of single-storey detached factory cum warehouse building/ Used as steel pipe manufacturing plant, warehouse and office	Leasehold expiring on 07.12.2110	700,864/128,371 (factory/ warehouse built-up area)	2	Factory/Warehouse: 24,279,858 & land: 31,418,260	2016

LIST OF PROPERTIES
HELD AS AT 31 DECEMBER 2020

Registered/ Beneficial Owner	Address/Title	Description/Existing Use	Tenure	Approximate Land/Built-up Areas (sq. ft.*)	Approximate Age of Buildings (No. of Years)	Net Carrying Amount At Group Level as at 31 December 2020 (RM)	Year of Acquisition/ Revaluation
LF Metal	P136 - P138 and part of P139, Jalan Persiaran Port Klang FZ6, Precinct 1, Port Klang Free Zone (PKFZ), K/S12, 42920 Pulau Indah, Selangor Darul Ehsan	Two units of single storey detached warehouse with a double-storey office building/ Currently approximately 142,087 sq. ft. of the warehouse space is rented by a third party and the remaining warehouse space and office are for own use	Lease Agreement expiring on 31.08.2044	1,862 (office built-up area) & 192,276 (warehouse built-up area)	5	Office and warehouse: 15,136,096	2016
LF Hardware	No. 6A, Jalan Tiga, Off Jalan Sungai Besi, Kawasan Perusahaan Sungai Besi, Kuala Lumpur held under PN 37429, Lot No. 443 (formerly H.S. (D) 66962, Lot No. P.T. 413), Seksyen 92, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	A unit of single storey detached factory/Used as a steel processing plant	Leasehold expiring on 09.07.2050	25,957/11,900 (factory built-up area)**	23	Factory: 304,779 & Land: 355,557	1991
PSP	Lot Plo 122, Jalan Firma 1/3, Tebrau Industrial Estate (1), 81100 Johor Bahru, Johor Darul Takzim held under Lot 44900, Title No. GRN 190371, Mukim Tebrau, District of Johor Bahru, State of Johor	A unit of single storey detached factory with an annexed 3 storey office building/Used as a steel processing plant, warehouse and office	Lease Agreement expiring on 25.06.2055	92,602/2,325 (office built-up area) & 54,250 (factory built-up area)	21	Office and factory: 3,292,719 & Land: 3,770,076	2017
Supreme Steelmakers	B09-F2-1, Pangsapuri Mutiara, Taman Balakong Jaya, 43300 Balakong, Selangor Darul Ehsan Strata Tittle No. PM204/M1/3/64, No. Bangunan M1, No. Tingkat 3, No. Petak 64, Lot No. 41233, Pekan of Kajang, District of Hulu Langat, State of Selangor	A unit of residential apartment/ Used as workers' hostel	Lease Agreement expiring on 29.07.2095	741 (apartment built-up area)	20	Apartment: 158,455	2018

Registered/ Beneficial Owner	Address/Title	Description/Existing Use	Tenure	Approximate Land/Built-up Areas (sq. ft.*)	Approximate Age of Buildings (No. of Years)	Net Carrying Amount At Group Level as at 31 December 2020 (RM)	Year of Acquisition/ Revaluation
Supreme Steelmakers	B10-F1-2, Pangsapuri Mutiara, Jalan Balakong Jaya, Taman Balakong Jaya, 43300 Balakong, Selangor Darul Ehsan Strata Tittle No. PM204/M1/2/51, No. Bangunan M1, No. Tingkat 2, No. Petak 51, Lot No. 41233, Pekan of Kajang, District of Hulu Langat, State of Selangor	A unit of residential apartment/ Used as workers' hostel	Lease Agreement expiring on 29.07.2095	741 (apartment built-up area)	20	Apartment: 173,237	2018
Supreme Steelmakers	No 3, Jalan Balakong Jaya 5, Taman Balakong Jaya, 43300 Balakong, Selangor Darul Ehsan H.S.(M) 20117, No PT 34509, Tempat BT 12, Jalan Balakong Mukim Kajang, Daerah Hulu Langat, State of Selangor	A unit of double storey link house/ Used as workers' hostel	Lease Agreement expiring on 29.07.2095	1,076/1,350 (double storey link house built-up area)	11	Double storey link house: 462,611	2018

Notes:

* *Conversion of original measurements for properties in square meters (sq. m.) to square feet (sq.ft.) at 1 sq.m. = 10.7639 sq.ft.*

** *Estimated remaining land and factory built-up area after compulsory acquisition pursuant to the Land Acquisition Act, 1960 for the purpose of "Projek Mass Rapid Transit (MRT) Lembah Klang – Jajaran Sungai Buloh-Serdang-Putrajaya (SSP)".*

\# *This land with existing double-story detached building with annexed double-storey office building was acquired on 2 July 2012. The strengthening of floor foundation as well as major renovation on its existing building was completed during the financial year ended 31 December 2016. The Certificate of Completion and Compliance for this property had been obtained on 4 November 2016.*

STATISTICS OF SHAREHOLDINGS
AS AT 31 MARCH 2021

SHARE CAPITAL

Total number of Issued Shares	:	310,000,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	3	0.14	87	0.00
100 – 1,000	187	8.43	107,913	0.03
1,001 – 10,000	1,081	48.72	6,610,400	2.13
10,001 – 100,000	787	35.47	25,116,600	8.10
100,001 – 15,499,999	160	7.21	58,475,000	18.86
15,500,000 and above	1	0.05	219,690,000	70.87
Total	**2,219**	**100.00**	**310,000,000**	**100.00**

DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

	Direct		Indirect	
Name of Directors	No. of Shares held	%	No. of Shares held	%
Dato' Ng Ah Hock @ Ng Soon Por	100,000	0.03	–	–
Dato' Sri Ooi Bin Keong	200,000	0.06	219,690,000[1]	70.87
Ooi Kong Tiong	200,000	0.06	–	–
Ooi Seng Khong	1,105,900	0.36	–	–
Ng Kok Teong	221,000	0.07	219,690,000[2]	70.87
Ooi Shang How	200,000	0.06	–	–
Chan Kee Loin	100,000	0.03	–	–
Tan Did Heng	100,000	0.03	–	–
Tan Sack Sen	200[3]	0.00	–	–
Others[4]				
Ooi Shang Yao	20,000	0.006	–	–
Ooi Shang Chieh	5,000	0.002	–	–

Notes:

1 *Deemed interest by virtue of his interest in Leon Fuat Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("Act").*

2 *Deemed interest by virtue of his interest in NCT & Sons Sdn. Bhd., a substantial shareholder of Leon Fuat Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.*

3 *Held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd..*

4 *Disclosure of interests pursuant to Section 59(11)(c) of the Act. Ooi Shang Yao and Ooi Shang Chieh are the sons of Dato' Sri Ooi Bin Keong.*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per Register of Substantial Shareholders' Shareholdings)

Name of Substantial Shareholders	Direct No. of Shares held	%	Indirect No. of Shares held	%
Leon Fuat Holdings Sdn. Bhd.	219,690,000	70.87	–	–
Dato' Sri Ooi Bin Keong	200,000	0.06	219,690,000[1]	70.87
NCT & Sons Sdn. Bhd.	–	–	219,690,000[1]	70.87
Ng Kok Teong	221,000	0.07	219,690,000[2]	70.87
Ng Kok Wee	200,000	0.06	219,690,000[2]	70.87
Ong Mung Hsia	–	–	219,690,000[2]	70.87
Ng Bee Fong	–	–	219,690,000[2]	70.87

Notes:

1 *Deemed interest by virtue of their interest in Leon Fuat Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.*

2 *Deemed interest by virtue of his/her interest in NCT & Sons Sdn. Bhd., a substantial shareholder of Leon Fuat Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.*

STATISTICS OF SHAREHOLDINGS
AS AT 31 MARCH 2021

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	LEON FUAT HOLDINGS SDN. BHD.	219,690,000	70.87
2	TAN TIAN SOON	6,927,600	2.23
3	CHOO WING SING	2,359,600	0.76
4	JEFFREY NG POW KONG	2,000,700	0.65
5	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LIM HONG CHOON (030)*	1,451,400	0.47
6	LIM JIT HAI	1,368,700	0.44
7	HLB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LEE KOING @ LEE KIM SIN*	1,315,700	0.42
8	DO HOCK KWONG	1,220,000	0.39
9	OOI SENG KHONG	1,105,900	0.36
10	SIN HOCK	1,003,000	0.32
11	LIM CHOON	834,300	0.27
12	LAU SAU MOOI	822,200	0.27
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR NEOH KIM WAH (8061957)*	751,000	0.24
14	TEE HENG SENG	707,300	0.23
15	LOH TIANG EAM	692,600	0.22
16	LEE KOING @ LEE KIM SIN	668,500	0.22
17	LIM BENG GEOK	664,900	0.21
18	KWAN YEW KOK	650,000	0.21
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)*	630,000	0.20
20	NG TECK LIN	622,900	0.20
21	QUEK SEE KUI	591,000	0.19
22	SIANG HAI YONG	588,900	0.19
23	LOO SUO LI	581,200	0.19
24	BINTANG BARAT SDN. BHD.	547,000	0.18
25	CHAN LEE SAM	532,000	0.17
26	LIAU YUAN HIN	520,000	0.17
27	TAN CHONG LEONG	495,400	0.16
28	SUI POOI NGAN	463,600	0.15
29	LIM FOOK CHEE & SONS SDN. BHD.	456,700	0.15
30	NG SIEW MUN	452,800	0.15
	TOTAL	**250,714,900**	**80.88**

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 14th Annual General Meeting ("AGM") of Leon Fuat Berhad ("LFB" or "the Company") will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 18 June 2021 at 1.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. **Please refer to Note (vii)**

2. To approve the payment of Directors' fees and allowances up to RM1,200,000 from 19 June 2021 until the next AGM of the Company. **Resolution 1**

3. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Constitution:

   (i) Ng Kok Teong; **Resolution 2**

   (ii) Ooi Shang How; and **Resolution 3**

   (iii) Chan Kee Loin. **Resolution 4**

4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:

5. **ORDINARY RESOLUTION**
   RETENTION OF DATO' NG AH HOCK @ NG SOON POR AS INDEPENDENT DIRECTOR **Resolution 6**

   "THAT in accordance with the Malaysian Code on Corporate Governance ("MCCG"), Dato' Ng Ah Hock @ Ng Soon Por be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

6. **ORDINARY RESOLUTION**
   RETENTION OF CHAN KEE LOIN AS INDEPENDENT DIRECTOR **Resolution 7**

   "THAT in accordance with the MCCG, subject to the passing of Resolution No. 4, Chan Kee Loin be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

7. **ORDINARY RESOLUTION**
   RETENTION OF TAN DID HENG AS INDEPENDENT DIRECTOR **Resolution 8**

   "THAT in accordance with the MCCG, Tan Did Heng be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

NOTICE OF 14TH ANNUAL GENERAL MEETING

8. **ORDINARY RESOLUTION**
RETENTION OF TAN SACK SEN AS INDEPENDENT DIRECTOR **Resolution 9**

"THAT in accordance with the MCCG, Tan Sack Sen be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

9. **ORDINARY RESOLUTION**
AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES **Resolution 10**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act"), and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons at such price, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

10. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE") **Resolution 11**

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, details as set out in Section 2.5(a) of the Circular to Shareholders dated 30 April 2021 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Renewal of RRPT Mandate."

11. **ORDINARY RESOLUTION**
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW RRPT MANDATE") **Resolution 12**

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, details as set out in Section 2.5(b) of the Circular to Shareholders dated 30 April 2021 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed New RRPT Mandate."

12. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

YEOH CHONG KEAT
SSM PC NO. 201908004096
MIA 2736

LIM FEI CHIA
SSM PC NO. 202008000515
MAICSA 7036158

Company Secretaries
Kuala Lumpur

30 April 2021

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTES:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 June 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

(ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at this meeting. A proxy may but need not be a member of the Company.

(iii) Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.

(iv) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) To be valid, the original Proxy Form, duly completed must be deposited at the registered office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

(vi) If the appointor is a corporation the Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

(vii) Audited Financial Statements for the financial year ended 31 December 2020

The Audited Financial Statements for the financial year ended 31 December 2020 are laid in accordance with Section 340(1)(a) of the Act for discussion only and do not require shareholders' approval. As such, this item will not be put for voting.

(viii) Retention of Independent Non-Executive Directors (Resolutions 6, 7, 8 and 9)

The proposed resolutions are to seek shareholders' approval to retain Dato' Ng Ah Hock @ Ng Soon Por, Chan Kee Loin, Tan Did Heng and Tan Sack Sen who will reach the term limit of nine (9) years prescribed by the Malaysian Code on Corporate Governance as Independent Non-Executive Directors of the Company. Following the assessment conducted and recommendation by the Nomination Committee, the Board recommended that the said Directors be retained as Independent Non-Executive Directors of the Company based on the following justifications:

(a) They fulfilled the independence criteria prescribed under the Listing Requirements of Bursa Securities;

(b) They have demonstrated and will continue to demonstrate and exercise independent view and judgement in Board deliberations; and

(c) They have devoted sufficient time in discharging their responsibilities and their experiences and knowledge enable them to provide constructive views and contribute effectively to Board deliberations and decision making.

(ix) Authority for the Directors to issue shares (Resolution 10)

This proposed resolution, if passed, will renew the authority given to and empower the Directors of the Company to issue and allot new shares in the Company at any time to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to the General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. The renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate procured and approved in the preceding year 2020 which was not exercised by the Company during the year, will expire at the forthcoming 14th AGM of the Company.

With the renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or corporate proposals without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

(x) Proposed Renewal of RRPT Mandate and Proposed New RRPT Mandate (Resolutions 11 and 12)

These proposed resolutions, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in Sections 2.5(a) and (b) of the Circular to Shareholders dated 30 April 2021. These authorities, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

(xi) Personal Data Privacy

The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company and/or its agents the personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/or processed in connection with the foregoing.

STATEMENT ACCOMPANYING NOTICE OF THE 14TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

No individual is standing for election as Director at the 14th Annual General Meeting of the Company.

PROXY FORM

No. of Shares held	
CDS Account No.	
Contact No.	

LEON FUAT BERHAD
Registration No. 200601036648 (756407-D)
(Incorporated in Malaysia)

*I/We, ______________________________ NRIC/Passport/Registration No. ______________
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

being a member/members of LEON FUAT BERHAD do hereby appoint ______________________________
(FULL NAME IN BLOCK LETTERS AND NRIC/PASSPORT NO.)

of ______________________________
(FULL ADDRESS)

or failing him/her, ______________________________
(FULL NAME IN BLOCK LETTERS AND NRIC/PASSPORT NO.)

of ______________________________
(FULL ADDRESS)

#or failing him/her, the Chairman of the meeting as *my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the Company to be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 18 June 2021 at 1.00 p.m. and at any adjournment thereof on the following resolutions referred to in the Notice of Annual General Meeting.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:

First Proxy:	%	Second Proxy:	%

My/Our proxy(ies) is/are to vote as indicated hereunder:

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and allowances up to RM1,200,000 from 19 June 2021 until the next AGM of the Company		
2.	To re-elect Ng Kok Teong who retires in accordance with Article 92 of the Company's Constitution		
3.	To re-elect Ooi Shang How who retires in accordance with Article 92 of the Company's Constitution		
4.	To re-elect Chan Kee Loin who retires in accordance with Article 92 of the Company's Constitution		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Directors to fix their remuneration		
6.	To retain Dato' Ng Ah Hock @ Ng Soon Por as Independent Director		
7.	To retain Chan Kee Loin as Independent Director		
8.	To retain Tan Did Heng as Independent Director		
9.	To retain Tan Sack Sen as Independent Director		
10.	Authority for the Directors to issue shares		
11.	Proposed Renewal of RRPT Mandate		
12.	Proposed New RRPT Mandate		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

* *Delete if not applicable.*

Delete if you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies.

Dated this ____________ day of ______________ 2021

____
Signature or Common Seal of Shareholder(s)

Fold this flap for sealing

Notes:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 June 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

(ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at this meeting. A proxy may but need not be a member of the Company.

(iii) Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.

(iv) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) To be valid, the original Proxy Form, duly completed must be deposited at the registered office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

(vi) If the appointor is a corporation the Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

(vii) By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents collecting, processing, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this meeting and at any adjournment thereof.

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AFFIX
STAMP

The Company Secretaries

LEON FUAT BERHAD
Registration No. 200601036648 (756407-D)

C/o Archer Corporate Services Sdn. Bhd.
Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

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www.leonfuat.com.my

LEON FUAT BERHAD
Registration No. 200601036648 (756407-D)

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