

ANNUAL REPORT
LAPORAN TAHUNAN **2023**



PRESTAR RESOURCES BERHAD

198401010527 (123066-A)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting (“**39th AGM**” or “**Meeting**”) of Prestar Resources Berhad (“**Company**”) will be held on a virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 12 June 2024 at 10:00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees amounting to RM275,667.00 for the financial year ended 31 December 2023. *(Resolution 1)*
3. To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 13 June 2024 to the next Annual General Meeting of the Company to be held in year 2025. *(Resolution 2)*
4. To re-elect Mr. Andy Toh Jin Hong who retires pursuant to Clause 103 of the Company’s Constitution, and being eligible, has offered himself for re-election. *(Resolution 3)*
5. To re-elect the following Directors who retire by rotation pursuant to Clause 118 of the Company’s Constitution, and being eligible, have offered themselves for re-election:
 - (a) Dato’ Toh Yew Peng; *(Resolution 4)*
 - (b) Encik Shamsudin @ Samad Bin Kassim; and *(Resolution 5)*
 - (c) Mr. Kenny Toh Jin Tat. *(Resolution 6)*
6. To re-appoint BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. *(Resolution 7)*
7. As Special Businesses:

To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary resolutions:

- (a) **ORDINARY RESOLUTION NO. 1** *(Resolution 8)*
 - **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

“**THAT** subject to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities;

AND THAT pursuant to Section 85 of the Act to be read together with Clause 9 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF
ANNUAL GENERAL MEETING (cont'd)

(b) **ORDINARY RESOLUTION NO. 2**

(Resolution 9)

- **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

“**THAT** subject to the Companies Act 2016 (“**the Act**”), provisions of the Company’s Constitution, Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interests of the Company (“**Share Buy-Back Mandate**”) provided that:

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;
- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company’s retained profits at the time of purchase(s);
- (iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,
 whichever is the earlier;
- (iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees’ share scheme or as purchase consideration and/or be dealt with by the Directors of the Company in the manners allowed by the Act;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to implement, finalise and give full effect to the aforesaid with full powers to assent to any condition, modification, variation and/or amendment, if any, as may be imposed by the relevant authorities and to do all such acts and things as the Directors of the Company may deem fit and expedient in the interests of the Company.”

(c) **ORDINARY RESOLUTION NO. 3**

(Resolution 10)

- **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“**THAT** subject to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company’s subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature (“**Recurrent Related Party Transactions**”) with the related parties, as described in Part B, Section 2.3 of the circular to shareholders dated 26 April 2024 subject further to the following:

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(c) ORDINARY RESOLUTION NO. 3

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (cont'd)

- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:
- (a) the conclusion of the first Annual General Meeting (“**AGM**”) of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company after that date 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
 - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”

8. To transact any other ordinary business for which due notice shall have been given.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC No. 201908002648)

CHIN MUN YEE (MAICSA 7019243) (SSM PC No. 201908002785)

Secretaries

Kuala Lumpur

Dated: 26 April 2024

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
2. A proxy may but does not need to be a member of the Company and a member may appoint any person to be his/her proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders, proxies and/or corporate representatives shall communicate with the main venue of the Meeting via real-time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders, proxies and/or corporate representatives may email their questions to eservices@sshbsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders, proxies and/or corporate representatives will be broadcast and responded to by the Chairman/Board of Directors/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting via email.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
4. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via the Securities Services e-Portal at <https://sshbsb.net.my/>. The lodging of the proxy form will not preclude you from attending and voting at the Meeting should you subsequently wish to do so provided a notice of termination of authority to act as a proxy is given to the Company and deposited at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. All resolutions set out in this Notice of Meeting are to be voted by poll.

Should you wish to personally participate in the Meeting remotely, please register electronically via the Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting ("**Administrative Guide**") for further details.

The Administrative Guide is available for download at <https://www.prestar.com.my/investor-relations>.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes:

1. Resolution 3 – Re-election of Director who retires pursuant to Clause 103 of the Constitution of the Company

Pursuant to Clause 103 of the Company's Constitution, Mr. Andy Toh Jin Hong is due to retire at the forthcoming 39th AGM of the Company. Mr. Andy Toh Jin Hong has indicated his willingness to seek re-election.

For the purpose of determining the eligibility of the Director to stand for re-election at the 39th AGM of the Company, the Board of Directors through its Nomination Committee had reviewed and assessed the retiring Director from the fit and proper assessment, annual assessment and evaluation of the Board of Directors for the financial year ended 31 December 2023. Based on the recommendation of the Nomination Committee, the Board of Directors is satisfied with the performance and contributions of the retiring Director namely, Mr. Andy Toh Jin Hong, and supports the re-election based on the following considerations:

- (i) able to meet the Board of Directors' expectations in terms of character, experience, integrity, competency and time commitment in discharging his role as Director of the Company; and
- (ii) exercised due care and carried out professional duties proficiently.

2. Resolutions 4, 5 and 6 – Re-election of Directors who retire by rotation pursuant to Clause 118 of the Constitution of the Company

Pursuant to Clause 118 of the Company's Constitution, Dato' Toh Yew Peng, Encik Shamsudin @ Samad Bin Kassim and Mr. Kenny Toh Jin Tat are due to retire by rotation at the forthcoming 39th AGM of the Company. Dato' Toh Yew Peng, Encik Shamsudin @ Samad Bin Kassim and Mr. Kenny Toh Jin Tat have indicated their willingness to seek re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 39th AGM of the Company, the Board of Directors through its Nomination Committee had reviewed and assessed each of the retiring Directors from the fit and proper assessment, annual assessment and evaluation of the Board of Directors for the financial year ended 31 December 2023. Based on the recommendation of the Nomination Committee, the Board of Directors is satisfied with the performance and contributions of the retiring Directors namely, Dato' Toh Yew Peng, Encik Shamsudin @ Samad Bin Kassim and Mr. Kenny Toh Jin Tat, and supports the re-election based on the following considerations:

- (i) able to meet the Board of Directors' expectations in terms of character, experience, integrity, competency and time commitment in discharging their roles as Directors of the Company;
- (ii) exercised due care and carried out professional duties proficiently; and
- (iii) level of independence demonstrated by the Independent Non-Executive Chairman.

3. Resolution 8 - Authority to issue shares pursuant to the Companies Act 2016 ("the Act") and waiver of pre-emptive rights

The proposed adoption of Ordinary Resolution No. 1 is for the purpose of granting a renewed general mandate on the authority to issue shares pursuant to the Act ("**Renewed Mandate**").

The Company had been granted a general mandate on the authority to issue shares pursuant to the Act by its shareholders at the Thirty-Eighth Annual General Meeting of the Company held on 15 June 2023 ("**Previous Mandate**").

The Renewed Mandate will provide flexibility to the Company for the allotment of shares for any possible fundraising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of the Notice of Meeting, no new shares in the Company were issued pursuant to the Previous Mandate which will lapse at the conclusion of the 39th AGM of the Company.

Pursuant to Section 85(1) of the Act be read together with Clause 9 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes: (cont'd)

3. Resolution 8 - Authority to issue shares pursuant to the Companies Act 2016 (“the Act”) and waiver of pre-emptive rights (cont'd)

The following are excerpted from the Act and the Company’s Constitution:

| <u>Section 85(1) of the Act</u> | <u>Clause 9 of the Company’s Constitution</u> |
|--|---|
| <p>Pre-Emptive Rights to New Shares</p> <p>Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.</p> | <p>Issue of shares</p> <p>The shares in the Company shall only be issued by the Directors with the prior approval of the Company in general meeting where necessary under the provisions of the Act and the Listing Requirements. Subject as aforesaid and always to the provisions of this Constitution, the Listing Requirements and the Act, the Directors may allot or otherwise dispose of the shares in the Company to such persons on such terms and conditions and at such times as the Directors think fit and with full power to give to any person the right to call for the allotment of any shares for such time and for such consideration as the Directors may see fit, provided always:</p> <p>(a) except in the case of an issue of shares on a pro-rata basis to all Members, every issue of shares to employees, Directors, Major Shareholders or person connected with any Director or Major Shareholder of the Company shall be approved by the Members in general meeting and no Director or Major Shareholder shall participate in such issue of share unless:</p> <p>(i) the Members in general meetings have approved the specific allotment to be made to such Director, Major Shareholder or person connected with such Director or Major Shareholder; and</p> <p>(ii) in the case of a Director, such Director holds office in the Company in an executive capacity provided always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities;</p> <p>(b) no Director shall participate in an Employee Share Scheme unless Members in general meeting have approved the specific allotment to be made to such Director.</p> |

4. Resolution 9 - Proposed renewal of share buy-back authority

The proposed adoption of Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Thirty-Eighth Annual General Meeting of the Company held on 15 June 2023. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes: (cont'd)

5. Resolution 10 - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Recurrent Related Party Transactions")

The proposed adoption of Ordinary Resolution No. 3 is to renew the shareholders' mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Thirty-Eighth Annual General Meeting of the Company held on 15 June 2023 ("**Renewal of Shareholders' Mandate**"). The Renewal of Shareholders' Mandate will enable the Company's subsidiaries ("**Group**") to enter into the Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the proposed renewal of share buy-back authority and proposed Renewal of Shareholders' Mandate are set out in the statement and circular to shareholders of the Company, respectively which are made available on the Company's corporate website at <https://www.prestar.com.my/investor-relations>.



**Shamsudin @
Samad Bin Kassim**
*Independent Non-Executive
Chairman*

Dato' Toh Yew Peng
Group Managing Director

Toh Yew Seng
Group Executive Director

Kenny Toh Jin Tat
Executive Director

Andy Toh Jin Hong
Executive Director

Toh Hui Yi
Executive Director

Dato' Siew Mun Wai
*Independent Non-Executive
Director*

Dato' Quah Thain Khan
*Independent Non-Executive
Director*

Wang Eng Lon
*Independent Non-Executive
Director*

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No. 201908002648)
Chin Mun Yee
(MAICSA 7019243)
(SSM PC No. 201908002785)

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/
03-2095 0292
Email : info@sshsb.com.my

REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/
03-2095 0292
Email : info@sshsb.com.my

AUDITORS

BDO PLT
201906000013
LLP0018825-LCA and AF 0206
Chartered Accountants
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur,
Wilayah Persekutuan
Tel. No. : 03-2616 2888
Fax No. : 03-2616 3190

PRINCIPAL BANKERS

Affin Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Lim & Yeoh
MahWengKwai & Associates
SKRINE

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 9873

WEBSITE & E-MAIL

Website : www.prestar.com.my
E-mail : info@prestar.com.my

AUDIT COMMITTEE

Dato' Siew Mun Wai
Chairman

Dato' Quah Thain Khan
Member

Wang Eng Lon
Member

NOMINATION COMMITTEE

Wang Eng Lon
Chairman

Shamsudin @ Samad Bin Kassim
Member

Dato' Siew Mun Wai
Member

Dato' Quah Thain Khan
Member

REMUNERATION COMMITTEE

Dato' Quah Thain Khan
Chairman

Shamsudin @ Samad Bin Kassim
Member

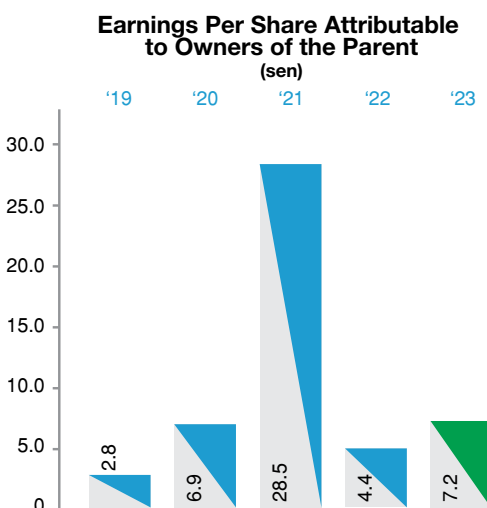
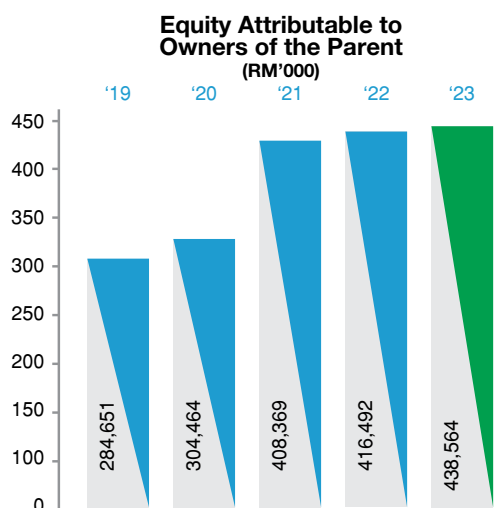
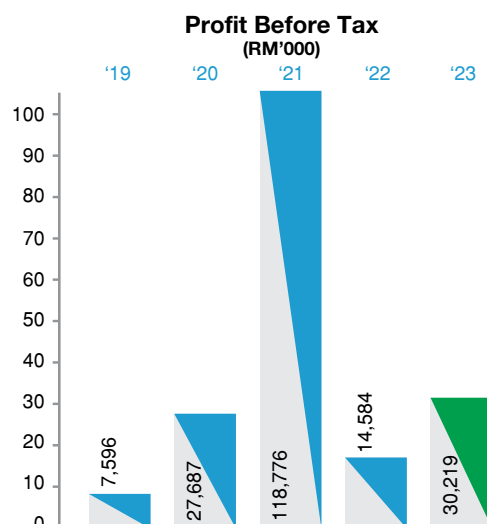
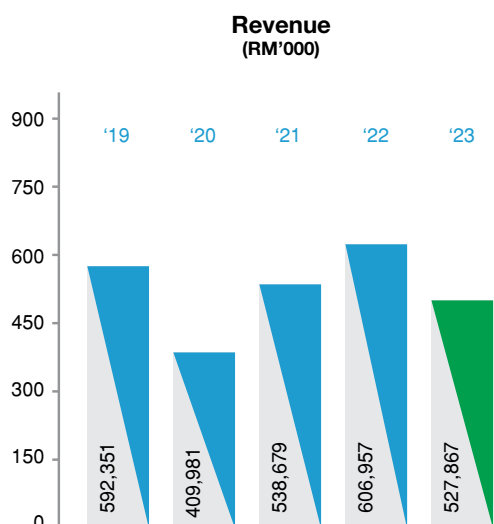
Dato' Siew Mun Wai
Member

Wang Eng Lon
Member

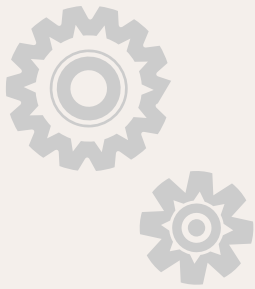


GROUP FINANCIAL HIGHLIGHTS

| (RM'000) | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------|------------------|---------|---------|---------|
| Revenue | | | | | |
| Continuing Operations | 454,168 | 409,981 | 538,679 | 606,957 | 527,867 |
| Disposal Group Operations | 138,183 | - | - | - | - |
| Profit before tax | | | | | |
| Continuing Operations | 1,523 | 27,687 | 118,776 | 14,584 | 30,219 |
| Disposal Group Operations | 6,073 | - | - | - | - |
| Profit attributable to owners of the parent | | | | | |
| Continuing Operations | 3,314 | 22,238 | 95,196 | 15,191 | 25,898 |
| Disposal Group Operations | 2,215 | - | - | - | - |
| Total Assets | 517,921 | 509,288 | 772,630 | 652,630 | 583,650 |
| Equity attributable to owners of the parent | 284,651 | 304,464 | 408,369 | 416,492 | 438,564 |
| EBITDA# | 29,761 | 43,396 | 134,304 | 32,028 | 44,439 |
| #Earnings before interests, depreciation, tax and amortisation | | | | | |
| Net assets per share *(RM) | 1.46 | 1.57 | 1.19 | 1.22 | 1.22 |
| Earnings per share *(sen) | 2.8 | 6.9 [^] | 28.5 | 4.4 | 7.2 |
| * attributable to owners of the parent | | | | | |
| [^] Earnings per share, adjusted to reflect completion of Bonus Issue and Private Placement for comparative purpose. | | | | | |



CORPORATE STRUCTURE



鴻達集團

PRESTAR RESOURCES BERHAD

198401010527 (123066-A)

STEEL PROCESSING

- 100% **Prestar Precision Tube Sdn. Bhd.**
200401004690 (643193-X)
- 100% **Dai Dong Steel Sdn. Bhd.**
199401002168 (287846-W)
- 34% **Tashin Holdings Berhad ***
201701028709 (1242878-H)
- 30% **POSCO-MKPC Sdn. Bhd.**
199601000479 (372824-A)

PRODUCT MANUFACTURING

- 100% **Prestar Manufacturing Sdn. Bhd.**
198801002984 (170341-A)
- 100% **Prestar Storage System Sdn. Bhd.#**
200101002764 (538520-A)
- 100% **Prestar Marketing Sdn. Bhd.**
198101010711 (76838-X)
- 100% **Prestar Galvanising Sdn. Bhd.**
199401029444 (315125-T)
- 100% **Prestar Engineering Sdn. Bhd.**
199401021499 (307178-A)

* Listed on the ACE market of Bursa Malaysia Securities Berhad

Stock Name : TASHIN

Stock Code : 0211

With Representative office in Bangkok, Thailand



BOARD OF DIRECTORS' PROFILE

SHAMSUDIN @ SAMAD BIN KASSIM

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Appointed to the Board on 1 September 2020

| | | |
|--------------------|--|---|
| Aged | | 77 |
| Gender | | Male |
| Nationality | | Malaysian |
| Member | | Nomination Committee and Remuneration Committee |

Encik Shamsudin @ Samad Bin Kassim (“Encik Samad”) holds a Bachelor of Economics from the University of Malaya and a Master in Public and International Affairs (MPIA) from the University of Pittsburg, United States of America (“USA”). He attended all four (4) Board meetings held in the financial year ended 31 December 2023.

Encik Samad started his career as an Assistant Secretary in the Ministry of Works in 1970 and later as an Economist in the Highway Planning Unit in 1973. In 1974, he was appointed as Assistant Director of the Services Division in the Public Services Department. He left the Public Services Department in 1979 and took up the position of Senior Assistant Secretary in the Ministry of International Trade and Industry (“MITI”). In 1989, he was posted to Vienna, Austria as the Trade Commissioner of MITI. In 1996, he was appointed as the Director of MITI (Industry Division) in Kuala Lumpur. In 2000, he was appointed as Chief Executive Officer (“CEO”) of the Small and Medium Industries Development Corporation (SMIDEC) until his retirement in 2001.

Encik Samad does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Board of Ingress Corporation Berhad, a non-public listed company.

DATO' TOH YEW PENG

GROUP MANAGING DIRECTOR

Appointed to the Board on 12 July 1984

| | | |
|--------------------|--|-----------|
| Aged | | 71 |
| Gender | | Male |
| Nationality | | Malaysian |

Dato' Toh Yew Peng (“Dato' Toh”) is one of the founders of Prestar Resources Berhad (“Prestar” or “Company”) Group (“the Group”). He attended all four (4) Board meetings held in the financial year ended 31 December 2023. He is not a member of any Board Committee of the Company.

Dato' Toh ventured into business after completing his secondary education. He has been the Group Managing Director of the Company since 1984 and is responsible for the strategic development and overall growth, profitability and management of the Group.

Dato' Toh travels extensively to keep abreast with the latest developments in the industry and constantly assesses new market prospects and opportunities for the Group.

Dato' Toh sits on the Board of Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar’s subsidiaries and several other private limited companies.

Dato' Toh is a major shareholder of the Company and is also the brother of Mr. Toh Yew Keat, a major shareholder of the Company and Mr. Toh Yew Seng (“Mr. YS Toh”), Group Executive Director of the Company.

BOARD OF DIRECTORS' PROFILE (cont'd)

TOH YEW SENG

GROUP EXECUTIVE DIRECTOR

Appointed to the Board on 31 January 1986

Aged | 62
Gender | Male
Nationality | Malaysian

Mr. Toh Yew Seng was appointed as the Group Executive Director of the Company in 1986 and prior to that, he was the General Manager of the Company from 1984 to 1985. He attended all four (4) Board meetings held in the financial year ended 31 December 2023. He is not a member of any Board Committee of the Company.

Mr. YS Toh obtained his Bachelor of Arts majoring in Business Administration from Tunghai University, Taiwan. He has more than thirty (30) years of experience in various operation areas which covers sales and marketing, operation and production, administration and project management.

Currently, Mr. YS Toh is mainly involved in overseeing and managing the manufacturing activities of the Group at Rawang's production complex, where he is responsible for the overall planning and formulating of operation and manufacturing strategies as well as supply chain management.

Mr. YS Toh sits on the Board of Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar's subsidiaries and several other private limited companies.

Mr. YS Toh is the brother of Mr. Toh Yew Keat, a major shareholder of the Company and Dato' Toh, the Group Managing Director and major shareholder of the Company.

KENNY TOH JIN TAT

EXECUTIVE DIRECTOR

Appointed to the Board on 1 October 2020

Aged | 48
Gender | Male
Nationality | Malaysian

Mr. Kenny Toh Jin Tat ("Mr. Kenny Toh") holds a Bachelor in Business Administration from the University of Texas A&M, USA. He attended all four (4) Board meetings held in the financial year ended 31 December 2023. He is not a member of any Board Committee of the Company.

Previously, Mr. Kenny Toh managed the export and operation functions of Prestar Manufacturing Sdn. Bhd. for eight (8) years since 1999 prior to his secondment to Prestar Industries (Vietnam) Co. Ltd. ("Prestar Vietnam"). He was the General Manager/Director of Prestar Vietnam from 2008 to 2011 to spearhead the manufacturing activities of Prestar Vietnam.

Mr. Kenny Toh was appointed as the Executive Director of Prestar Precision Tube Sdn. Bhd. ("PPTSB") on 3 January 2012. He is currently responsible for the overall management and profitability of PPTSB – Carbon Steel Pipes division.

Mr. Kenny Toh does not sit on the Board of other public companies and public listed companies.

Mr. Kenny Toh is the son of Mr. Toh Yew Keat, a major shareholder of the Company.

ANDY TOH JIN HONG

EXECUTIVE DIRECTOR

Appointed to the Board on 1 August 2023

Aged | 46
Gender | Male
Nationality | Malaysian

Mr. Andy Toh Jin Hong ("Mr. Andy Toh") holds a Bachelor in Business Administration from the University of Texas A&M, USA. He attended two (2) Board meetings since his appointment to the Board during the financial year ended 31 December 2023. He is not a member of any Board Committee of the Company.

Mr. Andy Toh began his career with Chiho Hardware Sdn. Bhd. overseeing the business operation in Penang. He has more than twenty (20) years of business experience dealing in household hardware and storage systems. He joined Prestar Storage System Sdn. Bhd. ("PSSSB") in 2008 as Assistant Production Manager and was subsequently promoted to Sales Manager in 2012. He was appointed as the Sales Director of PSSSB on 1 June 2016. He is currently responsible for the sales, shipping, export, design and engineering department of PSSSB.

Mr. Andy Toh does not have an immediate family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies or public listed companies.

BOARD OF DIRECTORS' PROFILE (cont'd)

TOH HUI YI

EXECUTIVE DIRECTOR

Appointed to the Board on 10 April 2023

Aged | 34
Gender | Female
Nationality | Malaysian

Ms. Toh Hui Yi (“Ms. HY Toh”) holds a Bachelor of Food Science and Technology from Monash University, Australia. She attended three (3) Board meetings since her appointment to the Board during the financial year ended 31 December 2023. She is not a member of any Board Committee of the Company.

Ms. HY Toh joined Prestar Engineering Sdn. Bhd. (“PESB”) in 2014. Prior to that, she worked in a multinational company and a local company involving the distribution of food ingredients. She started as a Sales Executive at PESB and was subsequently promoted to Sales Manager in 2019. She has more than eight (8) years of experience in sales and marketing in the area of road furniture. In March 2023, she was promoted to Executive Director of PESB, responsible for sales and business operations.

Ms. HY Toh does not have an immediate family relationship with any Director and/or major shareholder of the Company. She does not sit on the Board of any public companies or public listed companies.

DATO' SIEW MUN WAI

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board on 16 June 2022

Aged | 66
Gender | Male
Nationality | Malaysian
Chairman | Audit Committee
Member | Nomination Committee and Remuneration Committee

Dato' Siew Mun Wai (“Dato' Siew”) is a Fellow Member of the Institute of Chartered Accountants in England & Wales (“ICAEW”), a Business Finance Professional (ICAEW) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He attended all four (4) Board meetings held in the financial year ended 31 December 2023.

After completing his ICAEW with over eight (8) years of public practice in London, Dato' Siew returned to Malaysia and worked briefly for a local bank until recruited to join HSBC in its Hong Kong headquarters. This was followed by over twenty-six (26) years of international expatriation in C-suite roles at the L'Oreal Group and the Ciba-Geigy (now known as Novartis) Group, managing their subsidiaries in Melbourne, Seoul, Paris, Bangkok, Singapore, Jakarta, Taipei and Hong Kong. He was on the Boards of these subsidiaries representing the public listed parent company's interests.

Following his repatriation to Malaysia on the Talent Corp program, Dato' Siew was the Acting Global CEO/Global Chief Financial Officer of Crabtree & Evelyn London until its divestment. From 2011 to 2014, he was an Independent Director and Audit Committee Chairman of an ASX-listed junior mining company. He was Vice-Chairman of the Taipei English School, a Board member of the Taipei European Schools, an Associate Faculty Member of the Othman Yeop Abdullah Graduate School of Business at Universiti Utara Malaysia, a current member of the Sunway University Business School Industry Advisory Board and a pro-bono guest speaker at various local Universities and the Malaysian Institute of Corporate Governance.

Dato' Siew does not have any family relationship with any Director and/or major shareholder of the Company. Presently, he also sits on the Boards of Malton Berhad and Karex Berhad as an Independent Non-Executive Director and an Executive Director of a private company operating a premium grocery brand. He chairs the Audit and Remuneration Committees of Karex Berhad and is a member of their Nomination, Risk Management and Employees' Share Option Scheme Committees. He is also a member of the Audit and Nomination Committees of Malton Berhad.

BOARD OF DIRECTORS' PROFILE (cont'd)

DATO' QUAH THAIN KHAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board on 1 October 2022

| | | |
|-------------|--|--|
| Aged | | 66 |
| Gender | | Male |
| Nationality | | Malaysian |
| Chairman | | Remuneration Committee |
| Member | | Audit Committee and Nomination Committee |

Dato' Quah Thain Khan ("Dato' Quah") holds a Master in Business Administration ("MBA") from Cranfield School of Management, United Kingdom ("UK") and a Bachelor of Engineering (Honours) from Monash University, Australia. He attended all four (4) Board meetings held in the financial year ended 31 December 2023.

In 2018, Dato' Quah was appointed by Malaysia's Minister of Human Resources as the Deputy Chairman of Pembangunan Sumber Manusia Berhad, the Government-Linked Company responsible for managing the Human Resources Development Fund and served till 2020.

Prior to that, Dato' Quah was with Hong Leong Group from 2004 till his retirement in 2018, where his last position was Group Managing Director of Hume Industries Berhad, following roles as a Board member of Hong Leong Industries Berhad and Managing Director of the subsidiary company.

Before that, Dato' Quah was with Lafarge Malaysia Berhad from 1993 to 2004, where he sat on the Board and was promoted to CEO in 2000. He then became the President and CEO from 2002 to 2004, following several earlier general management positions.

From 1981 to 1988, early in his career, Dato' Quah had technical, commercial and managerial roles before becoming a management consultant from 1988 to 1993 where he was also based at different times in Singapore, Hong Kong and Australia.

Dato' Quah does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies or public listed companies.

WANG ENG LON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board on 10 April 2023

| | | |
|-------------|--|--|
| Aged | | 63 |
| Gender | | Male |
| Nationality | | Malaysian |
| Chairman | | Nomination Committee |
| Member | | Audit Committee and Remuneration Committee |

Mr. Wang Eng Lon ("Mr. Wang") holds a Bachelor of Science in Computer Science (Honours) from the Universiti Sains Malaysia, post graduate qualification in Certified Diploma in Accounting and Finance (CDipAF) from the Association of Chartered Certified Accountants (ACCA) and an MBA from University of Strathclyde, UK. He attended three (3) Board meetings since his appointment to the Board during the financial year ended 31 December 2023.

Mr. Wang is an accomplished Information Technology ("IT") professional with extensive experience and strong management expertise in both end-user and IT vendor environments with over thirty-five (35) years of professional IT working experience in various diverse industries in banking, IT Service provider, distribution and trading industry. He was the Head of IT Infrastructure Management and Technology Platform Services at Affin Bank Berhad from May 2017 until his retirement in June 2021.

Prior to that, Mr. Wang has spent about ten (10) years in several service delivery leadership positions as Delivery Project Executive at the International Business Machines Global Delivery Center, the Vice President of Facility Management Services at Silverlake Group/QR Retail Automation (Asia) Sdn Bhd (QRRRA) and Vice President of Delivery at Strateq Data Centre Sdn. Bhd. (formerly known as Kompakar). He has also held several leadership positions in the banking industry at two (2) other local banks and started his early career as an application systems developer.

Mr. Wang does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies or public listed companies.

ADDITIONAL INFORMATION ON THE BOARD

Conflict of Interest

None of the Directors of the Company has any conflict of interest with the Company.

List of convictions for offences within the past five (5) years and public sanction or penalty imposed by the relevant regulatory bodies

None of the Directors of the Company has been convicted for offences (excluding traffic offences) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' TOH YEW PENG

Group Managing Director

TOH YEW SENG

Group Executive Director

KENNY TOH JIN TAT

Executive Director

ANDY TOH JIN HONG

Executive Director

TOH HUI YI

Executive Director

The above key senior management is also a member of the Board of Directors of Prestar Resources Berhad ("Prestar" or "Company"). Their profiles are set out in the Board of Directors' Profile of this Annual Report.

TOH POH KHUAN

Executive Director, Prestar Marketing Sdn. Bhd. ("PMktg")

Aged | 75

Gender | Female

Nationality | Malaysian

Ms. Toh Poh Khuan ("Ms. Toh") ventured into business after completing her secondary education. She has been the Finance Director of PMktg since 1981 and is responsible for the day-to-day operations of PMktg in the Northern region of Peninsular Malaysia. She was appointed as the Executive Director of PMktg on 20 September 1985.

Ms. Toh is the sister of Mr. Toh Yew Keat, a major shareholder of the Company, Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company, and Mr. Toh Yew Seng, Group Executive Director of the Company. She sits on the Board of several private limited companies. She does not sit on the Board of any public companies or public listed companies.

TOH YEW KAR

Executive Director, Prestar Engineering Sdn. Bhd. ("PESB")

Aged | 65

Gender | Male

Nationality | Malaysian

Mr. Toh Yew Kar ("Mr. YK Toh") has ventured into business after completing his Pre-University studies at Taylor's College. Prior to his involvement in Prestar Group, he obtained substantial experience and exposure in sales and marketing with a trading company in Osaka, Japan.

Mr. YK Toh was appointed as Group Executive Director of the Company on 12 July 1984, involved in materials handling equipment, general hardware marketing and highway guardrail business activities. He retired from the Board of the Company in June 2023 and focused on PESB's business as its Executive Director.

Mr. YK Toh is the father of Ms Toh Hui Yi, Executive Director of the Company, the brother of Mr. Toh Yew Keat, a major shareholder of the Company, Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company, and Mr. Toh Yew Seng, Group Executive Director of the Company. He sits on the Board of several private limited companies. He does not sit on the Board of any public companies or public listed companies.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

ALAN TOH JIN JOO

Executive Director, Prestar Precision Tube Sdn. Bhd. ("PPTSB") and Dai Dong Steel Sdn. Bhd. ("DDSSB")

Aged | 47
Gender | Male
Nationality | Malaysian

Mr. Alan Toh Jin Joo ("Mr. Alan Toh") holds a Bachelor Degree in Science from the University of Texas A&M, United States of America ("USA"). He started his work as an Information Technology Manager at Prestar Group in 2003. He was subsequently attached to the production and sales department of PPTSB – Automotive Tubes division. He was appointed as the Executive Director of PPTSB and DDSSB on 1 December 2014. He is currently responsible for the sales and marketing activities of PPTSB – Automotive Tubes division and DDSSB.

Mr. Alan Toh is the son of Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company. He does not sit on the Board of any public companies or public listed companies.

JASON TOH JIN HIN

Sales Director, PPTSB

Aged | 42
Gender | Male
Nationality | Malaysian

Mr. Jason Toh Jin Hin ("Mr. Jason Toh") ventured into business after completing his secondary education. He joined Prestar Group in 2002 and was formerly attached to POSCO-MKPC Sdn. Bhd., a 30%-owned associate company of Prestar. He has vast experience in the field of sales and marketing. He was appointed as the Executive Director of PPTSB on 1 December 2014 and is currently responsible for the sales and marketing activities of PPTSB – Carbon Steel Pipes division.

Mr. Jason Toh is the brother of Mr. Kenny Toh Jin Tat, the Executive Director of the Company and the son of Mr. Toh Yew Keat, the major shareholder of the Company. He does not sit on the Board of any public companies or public listed companies.

IAN TOH JIN HU

Executive Director, PMktg

Aged | 42
Gender | Male
Nationality | Malaysian

Mr. Ian Toh Jin Hu ("Mr. Ian Toh") completed his Diploma in Business Administration from Inti College, Penang.

Mr. Ian Toh started his career with Chiho Hardware Sdn. Bhd. as a Sales Executive in Penang. He later joined Prestar Group in 2007 as Plant Executive in Prestar Manufacturing Sdn. Bhd ("PMSB"). He was then seconded to Prestar Industries (Vietnam) Co. Ltd. ("Prestar Vietnam") as Plant Manager from 2008 to 2011, responsible for the manufacturing and operation activities of Prestar Vietnam.

Mr. Ian Toh was transferred to PMktg in 2012 as Operation Manager and was subsequently promoted to Assistant General Manager in 2018. He was appointed as the Executive Director of PMktg in August 2023. He is currently responsible for the overall management and profitability of PMktg.

Mr. Ian Toh is the brother of Mr. Andy Toh Jin Hong, the Executive Director of the Company. He does not sit on the Board of any public companies or public listed companies.

THEN KWEE HONG

*Assistant General Manager,
Group Human Resources and Administration, Prestar*

Aged | 59
Gender | Female
Nationality | Malaysian

Ms. Then Kwee Hong ("Ms. Then") holds a Diploma in Human Resource Management from the University of Malaya. She joined Prestar Group in 2001 and was appointed as the Assistant General Manager, Group Human Resources and Administration on 1 May 2016. She has more than twenty (20) years of experience in human resource management and is currently responsible for the human resource, administration, safety and security affairs of Prestar Group.

Ms. Then does not have any family relationship with any Director and/or major shareholder of the Company. She does not sit on the Board of any public companies or public listed companies.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

SIOW KAM WAH

General Manager, PESB

Aged | 45
Gender | Male
Nationality | Malaysian

Mr. Siow Kam Wah (“Mr. Siow”) holds a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) (“TARUMT”). He joined PESB in September 2018 as General Manager. He has more than fifteen (15) years of experience in Sales and Marketing and Managerial positions. He is currently responsible for the business operations and profitability of PESB and overseeing the sales team.

Mr. Siow does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies or public listed companies.

KONG HONG LIM

Assistant General Manager, PPTSB

Aged | 54
Gender | Male
Nationality | Malaysian

Mr. Kong Hong Lim (“Mr. Kong”) holds a Diploma in Technology (Material Engineering) from TARUMT. He joined Prestar Industries Sdn. Bhd. in May 1994 as Production Executive. He was subsequently transferred to PMSB and promoted to Plant Manager in 2001. He has more than twenty-five (25) years of experience in the manufacturing field. Currently, he is the Assistant General Manager for the Manufacturing division of PPTSB, overseeing the production, quality assurance and quality control, maintenance and warehousing operations and responsible for Prestar Group’s operation improvement.

Mr. Kong does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies or public listed companies.

CHOY JING YI

Group Financial Controller, Prestar

Aged | 53
Gender | Female
Nationality | Malaysian

Ms. Choy Jing Yi (“Ms. Choy”) graduated from TARUMT with a Diploma in Commerce (Financial Accounting). She is a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, and a Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA).

Ms. Choy joined Prestar Group in 2001 as an Accountant in Prestar Steel Pipes Sdn. Bhd. and subsequently promoted to Senior Finance Manager in PPTSB. She was promoted to Group Financial Controller of Prestar Group in September 2022 handling all finance, accounting, information technology and corporate matters of Prestar Group.

Before joining Prestar Group, Ms. Choy has more than seven (7) years of working experience in audit, tax and secretarial functions in audit firms.

Ms. Choy does not have any family relationship with any Director and/or major shareholder of the Company. She does not sit on the Board of any public companies or public listed companies.

Save as disclosed above, none of the key senior management has:

- (a) any conflict of interest with the Company;
- (b) any conviction for offences (other than traffic offences, if any) within the past five (5) years; and
- (c) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2023 was a challenging yet fruitful year for Prestar Resources Berhad (“the Company” or “Prestar”). The business landscape is evolving swiftly and no exception for the steel industry. The trend has become more sophisticated, highly volatile, and unpredictable. Steel prices have corrected downward since the middle of 2022, and would take a fairly lengthy time frame to achieve normalcy.

Along the process, we have faced a slew of headwinds such as high interest rates, and the weakening of the Ringgit coupled with uncertainty amid dwindling demands. One of the determining factors was the oversupply of steel materials, particularly supplies from China. Notwithstanding the above mentioned challenges, Prestar and its subsidiaries (“the Group”) managed to achieve a strong performance with a 107% improvement in profit before tax (“PBT”) for the financial year ended 31 December 2023 (“FYE 2023”) compared to the financial year ended 31 December 2022 (“FYE 2022”). The Group has taken measures to resolve the issues, particularly through ongoing reviewing of our business operational planning to strike for optimum inventory control by using a strategic procurement program and at the same time improving working capital control with lower borrowings.

Moving forward, our Group remains steadfast in propelling our endeavours with fervour, dynamism, and a comprehensive array of strategies aimed at realising our objectives.

The financial and operational reviews of the Group as well as the major risks encountered are further elaborated below.

FINANCIAL REVIEW

The key financial highlights of the Group for FYE 2023 as compared to FYE 2022 are as follows:-

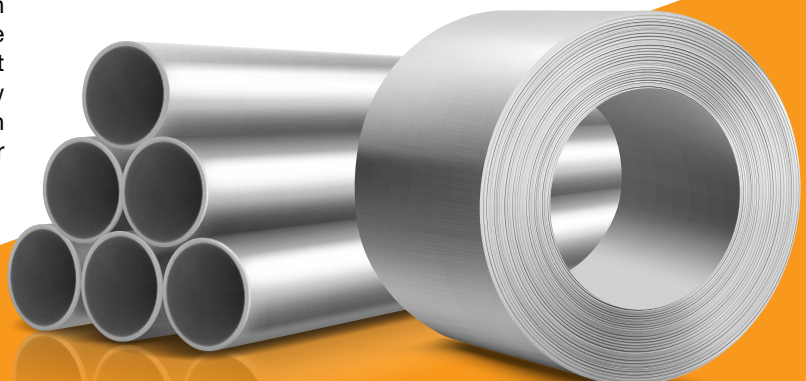
| RM'000 | FYE 2023 | FYE 2022 | Variance | Variance (%) |
|--|----------|----------|----------|--------------|
| Revenue | 527,867 | 606,957 | (79,090) | -13.0% |
| PBT | 30,219 | 14,584 | 15,635 | 107.2% |
| Profit attributable to owners of the parent | 25,898 | 15,191 | 10,707 | 70.5% |
| Total assets | 583,650 | 652,630 | (68,980) | (10.6%) |
| Equity attributable to owners of the parent | 438,564 | 416,492 | 22,072 | 5.3% |
| Net assets per share (RM) | 1.22 | 1.22 | 0.00 | 0.0% |
| Basic earnings per share (sen) | 7.21 | 4.43 | 2.78 | 62.8% |
| Diluted earnings per share (sen) | 7.21 | 4.43 | 2.78 | 62.8% |

a) Revenue

For FYE 2023, the Group registered revenue of RM527.9 million, a decrease of 13.0% as compared to RM606.9 million reported in the preceding year. Lower revenue was reported despite higher sales volume achieved, which was mainly caused by lower average selling price resulting from international steel price correction during the year under review.

b) Profit before Tax

The Group reported a PBT of RM30.2 million, an improvement of 107.2% compared with the preceding year of RM14.6 million. The improved PBT was supported by lower cost of sales contributed by improvement in raw material cost, reversal of inventories written down and lower interest expense incurred for the year under review.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW (cont'd)

c) Total assets

The Group remained focused on efficient working capital management by adopting effective procurement strategies to maintain healthy stock levels and cash flow positions. For the financial year under review, the Group's inventories were reduced by 28.8% from RM167.2 million in FYE 2022 to RM119.1 million in FYE 2023. Trade and other receivables also reduced by 14.7% from RM128.7 million in FYE 2022 to RM109.9 million in FYE 2023. Overall, the total assets decreased by 10.6% from RM652.6 million in FYE 2022 to RM583.7 million in FYE 2023.

d) Cash flow and Liquidity

The Group's cash and bank balances decreased from RM37.4 million in FYE 2022 to RM25.8 million for the financial year under review due to the repayment of bank borrowings to minimise the impact of an interest rate hike. The Group's total borrowings for the financial year under review were reduced by 46.8% from RM188.6 million in FYE 2022 to RM100.3 million.

The gearing ratio for FYE 2023 improved further to the level of 0.23 as compared to 0.45 for FYE 2022. The Group consistently maintained a prudent and manageable level of gearing ratio that complies with debt covenants and fulfils operational requirements.

e) Dividend

On 18 July 2023, the Company distributed a total number of 17,098,449 treasury shares valued at RM8,150,383 as final dividend to its shareholders on the basis of five (5) treasury shares for every one hundred (100) existing ordinary shares held in respect of FYE 2022.

The Company paid an aggregate of 2.5 sen cash dividends in respect of FYE 2023 on the following dates:

- i. 6 October 2023 : 1.0 sen per share first single-tier interim dividend with a total payment of RM3.591 million.
- ii. 27 March 2024 : 1.5 sen per share second single-tier interim dividend with a total payment of RM5.386 million.

Currently, the Company does not have any Dividend Policy in place. However, in recognition of the continuous support of shareholders, the Board of Directors ("Board") strives to adopt a consistent approach by providing reasonable returns to shareholders while also building up reserves for expansion plans and meeting the liquidity needs of the Company.

OPERATIONS REVIEW

In order to further improve the Group's business performance and ensure sustainability, the Group continues to explore business opportunities, participate in major infrastructure projects related to its businesses and carry out acquisitions and operational changes as part of the long-term strategic action plans. These efforts aim to enhance the Group's competitiveness and market position.

i) Working Capital Management

Two (2) years after the pandemic lockdown, the global economy began to show signs of gradual recovery, particularly evident since the fourth quarter of 2023. However, the Group encountered a year marked by unpredictability, characterised by volatile input costs. Additionally, a significant decline in the selling prices of steel products exerted substantial pressure on the Group's earnings.

Despite these challenges, the Group managed to reverse its performance trajectory and narrow the profit margin gap for FYE2023 compared to the preceding financial year. This turnaround was achieved through the implementation of a prudent procurement strategy, meticulously aligned with prevailing market selling prices. Furthermore, the Group exercised cautious cash flow management practices, minimising trade loan utilisation to mitigate the adverse effects of potential interest rate hikes.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

ii) Customer engagement

Our business strategy revolves around collaborating with the customers to enhance value creation while simultaneously assisting them in improving productivity and achieving cost savings. During the financial year under review, the Group remained dedicated to addressing transportation needs internally by expanding our own transport fleet, with the primary goal of enhancing customer service. This initiative aimed to bolster delivery efficiency, ensuring prompt and reliable product delivery to customers. Consequently, this led to reduced transportation costs and heightened service quality, directly benefiting our valued customers.

iii) Solar energy initiatives

We recognise that electricity is the key energy source to run our business operations with electricity consumption being a significant contributor to our energy emissions. Our efforts in solar project provides an excellent opportunity for the Group to contribute to the nation's renewable energy initiatives aligning with the government's efforts to create a more affordable, sustainable, cleaner and environmentally friendly future. During FYE 2023, three (3) of our installed Solar Photovoltaic Systems from three (3) production facilities had successfully sold a total of 1,153,142 kWh of electricity to the GRID through the Net Energy Metering arrangement. This accomplishment translated to a cost-saving of RM389,028 for the Group, marking a significant step forward in our commitment to renewable energy utilisation and environmental stewardship.

iv) Capital and information and communication technology ("ICT") expenditure

During FYE 2023, the Group incurred a total capital expenditure ("CAPEX") of RM10.4 million for replacing, upgrading and expanding its machinery and facilities. These investments were made to boost efficiency and productivity as well as to enhance the production output of the Group.

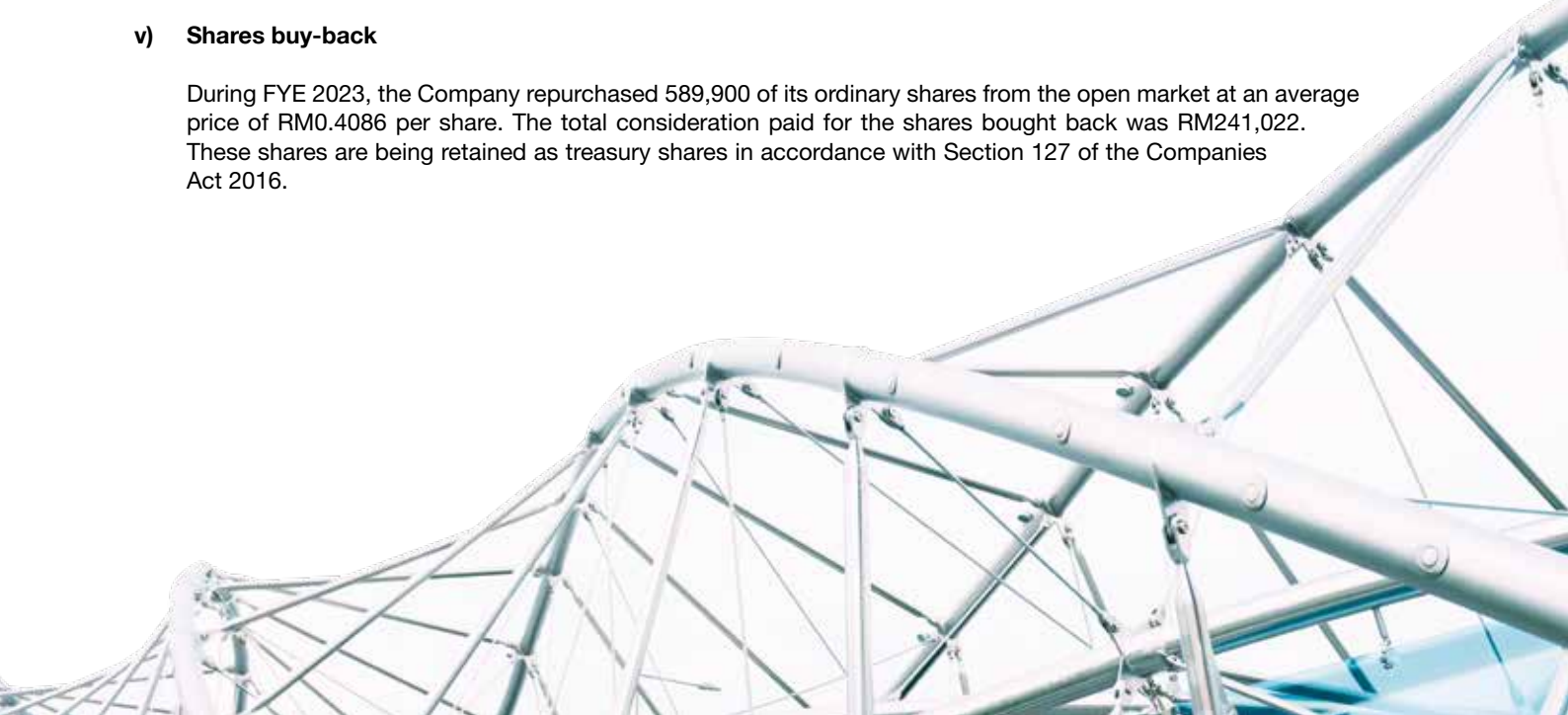
The breakdown of the total CAPEX amounting to RM10.4 million for FYE 2023 is as follows:

- (a) RM3.5 million was incurred for the acquisition of new machinery and execution of additional facilities, which include a roll forming machine, CNC single pipe bending machine, auto packing machine, air compressor, robot manipulator, overhead crane girder, etc.;
- (b) RM2.0 million was incurred for the replacement and renewal of existing obsolete machinery and related facilities, upgrade of a computerised system, upgrade of the Tenaga Nasional Berhad substation as well as some furniture, fittings and office equipment;
- (c) RM4.9 million was spent on purchasing company car, lorries, and forklifts for the rental business; and

RM0.972 million was incurred for maintenance and upgrading of ICT hardware and software as well as the costs associated with information technology ("IT") human capital.

v) Shares buy-back

During FYE 2023, the Company repurchased 589,900 of its ordinary shares from the open market at an average price of RM0.4086 per share. The total consideration paid for the shares bought back was RM241,022. These shares are being retained as treasury shares in accordance with Section 127 of the Companies Act 2016.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

MANAGING KEY RISKS



As with any other business organisation, the Group faces several risks that are relevant and related to its business operations. Although the Group had put in place mitigation measures to tackle these business risks, it should be acknowledged that there are some inherent business and operational risks that are beyond the Group's control. Among the key risks identified by the Group Risk Management Committee, the following risks are pertinent to take note of:

Cyber risk

Cyber risk commonly refers to any risk of financial loss, disruption or damage to the reputation of an organisation resulting from malware attacks and the failure of its IT systems or a breach of private data resulting from cyber security attacks.

Email communication is one of the major entry points for various types of computer viruses, hackers and scammers. For example, if a company is not well protected from spyware or ransomware, important data can be held ransom or erased when a user opens an email from a known/unknown sender with ransomware encrypted attachment (i.e., doc, pdf, excel and picture). This can result in substantial financial losses, interruption in business operations and loss of important and confidential data.

To mitigate these risks, the IT department has implemented a set of policies on email and internet access levels based on job and responsibility requirements as well as job seniority. Security processes such as Firewalls, Anti-Spam and Antivirus applications have also been installed into the IT systems to prevent and protect users from various types of potential cyber-attacks.

Furthermore, the IT department also organises cyber security awareness training on the latest cyber risks and shares information with all employees when there are updates on the latest cyber risk. Through these preventive and protective measures, no cyber-attacks occurred in the Group for FYE 2023.

Credit risk

Credit risk arises primarily from trade receivables and other receivables. To mitigate this risk, each subsidiary has established its own credit control procedures to evaluate the creditworthiness of its respective customer portfolio. Written credit control policies have been set up with a constant review of risk associated with the customers and close monitoring of the credit operation of the transactions. The computerised information system also enables the subsidiaries to access up-to-date ageing reports to ensure appropriate and timely actions are taken to mitigate the possible credit risk exposure.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

MANAGING KEY RISKS (cont'd)

Fire Risk

Another major risk at the Group level is fire perils as most of the subsidiaries may be potentially exposed to this risk. To mitigate the potential loss from fire perils, the Group had put in place adequate insurance coverage. Over the years, the Group has also developed and implemented various action plans and protection measures to monitor and protect the facilities against fire perils. Regular audits and surveillance checks on the fire-fighting equipment were also carried out during FYE 2023.

A detailed report on the risk management and internal control of the Group is presented in another section of this Annual Report.

OUTLOOK

The business outlook for the upcoming year is anticipated to remain challenging, characterised by persistent uncertain macroeconomic conditions, fluctuating exchange rates and repercussions of geopolitical conflicts.

Given these circumstances, the Board is committed to adopting a cautious and vigilant approach to proactively steer through this challenging business environment. To navigate these complex circumstances, the Board will maintain a sharp focus on implementing prudent procurement and distribution strategies, optimising costs, and enhancing operational efficiencies and internal processes. Additionally, efforts will be taken to optimise our financial performance by maintaining a healthy cash-flow position to sustain efficient operations.

On the whole, the Board aims to resiliently position the Group amidst ongoing challenges and market volatility.



SUSTAINABILITY STATEMENT

INTRODUCTION

Prestar Resources Berhad (“Prestar” or “the Company”) is an investment holding company orchestrating its subsidiaries in various steel manufacturing and processing activities. Having its history dating back to year 1984, the Company and its subsidiaries (“the Group”) have successfully diversified their expertise in the industry through the production and distribution of steel pipes, material handling equipment, storage racking systems, slitted steel coils, highway guardrails, road accessories and other steel-related products.

The Group strives to achieve sustainable business operations with the integration of industrial best practices and corporate social responsibility (“CSR”) to conserve the environment and concern for the nation’s society. Our efforts are reflected in our sustainability performance for the financial year ended (“FYE”) 31 December 2023 (“FYE2023”) which will be highlighted in this Sustainability Statement.

Reporting Standards

This Sustainability Statement has been prepared in accordance with the sustainability guidelines, standards and frameworks as follows:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”);
- Sustainability Reporting Guide, 3rd Edition (“SRG”) issued by Bursa Malaysia Securities;
- Global Reporting Initiative (“GRI”) 2021; and
- Malaysian Code on Corporate Governance, updated in April 2021 (“MCCG 2021”).

Reporting Scope

This Sustainability Statement covers the sustainability activities and performance for the financial period from 1 January 2023 to 31 December 2023 and includes the performance of the Group based in Malaysia. Only the subsidiaries based in Malaysia are covered in this Statement due to their larger share of contribution to the Group’s revenue.

The core business of the subsidiaries is described as follows:

| | |
|--------------------------------|---|
| Prestar Precision Tube Sdn Bhd | Manufacture and supply of commercial and precision steel pipes and tubes |
| Prestar Storage System Sdn Bhd | Manufacture, installation of all kinds of structural steel works, storage and shelving systems, and exporting of material handling equipment such as wheelbarrows, hand trucks, pallet meshes and boltless shelving, etc. |
| Prestar Engineering Sdn Bhd | Manufacturing, supply and install of guardrails and related products |
| Prestar Marketing Sdn Bhd | Importing and distributing of general hardware, tools and material handling equipment as well as a local forklifts dealer for rental and sales |
| Prestar Galvanising Sdn Bhd | General hot-dip galvanising of metal products and threaded items |
| Dai Dong Steel Sdn Bhd | Importing and trading of steel materials and general hardware products |

Feedback

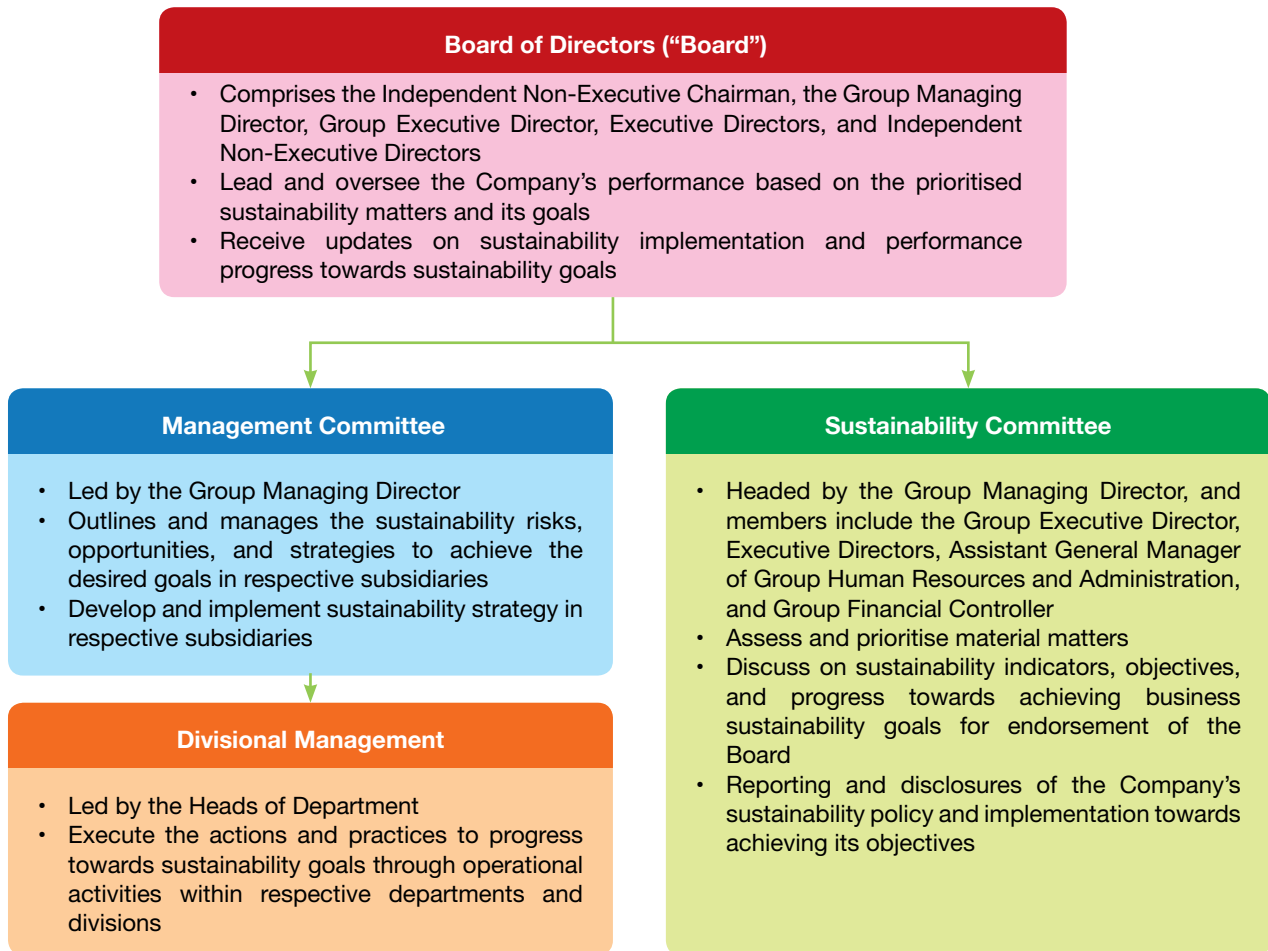
We value your feedback on this Statement and any matters described herein. Comments, queries and suggestions regarding the content of this Statement may be emailed to info@prestar.com.my.

SUSTAINABILITY STATEMENT (cont'd)

Sustainability Governance

Our committed leaders who oversee the sustainability performance of the Group ensure that our daily business activities incorporate the best sustainability practices. This is made possible through the alignment of goals and efforts, with a clear line of communication and reporting at every layer of management to materialise our aspiration to mark our success through remarkable sustainability performance.

The following structure represents the functions and responsibilities for each level:



The Executive Directors met regularly during FYE2023 to discuss various sustainability-related matters. Among the matters discussed were performance and action plans regarding revenue, risk management processes, anti-bribery and anti-corruption management, procurement and health and safety.

The Management Committee meetings, termed "Kaizen Meeting", were held separately at the subsidiaries' level to discuss matters concerning the activities carried out by the respective subsidiaries. The meetings were held periodically and a total of forty-five (45) Kaizen Meetings were held within the Group for FYE2023 to discuss the sustainability matters, performance, corrective approaches, and action plans.

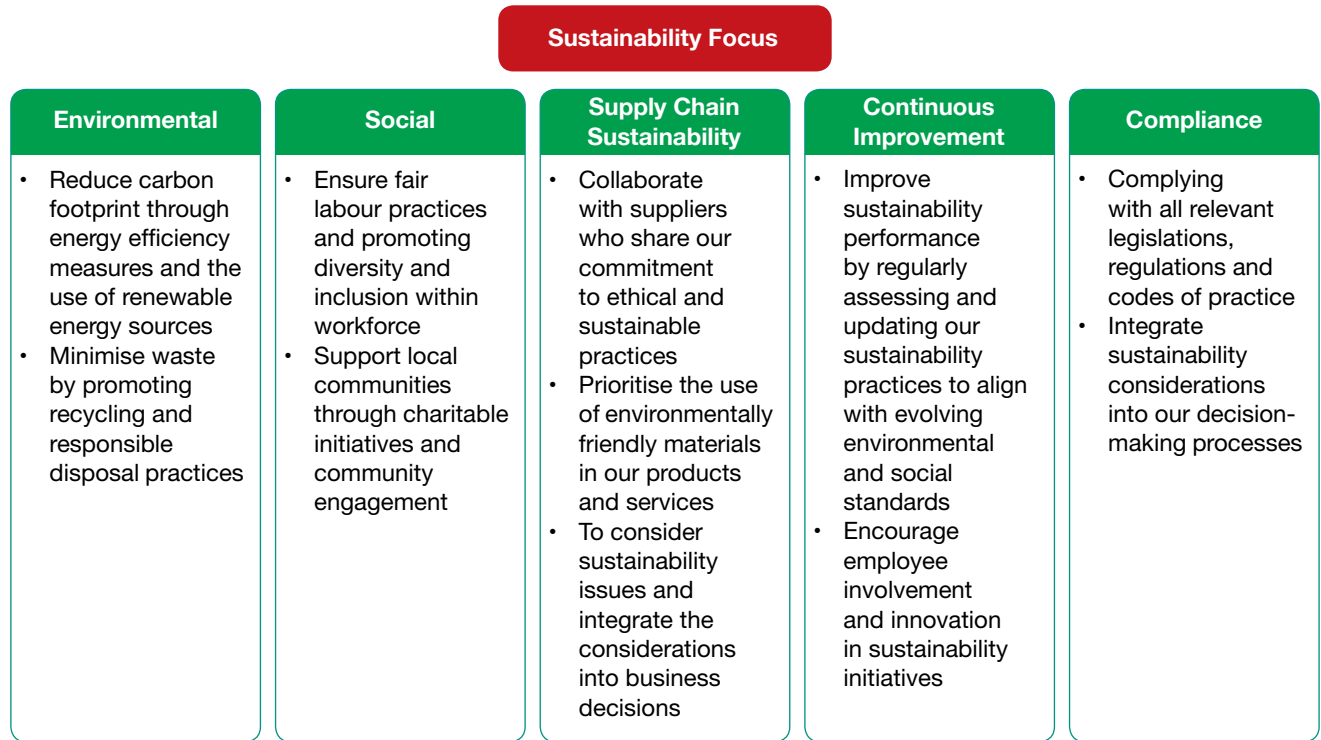
Divisional Management meetings were held on an ad hoc basis within each department to discuss action plans and performance matters.

In FYE2023, the Sustainability Committee met three (3) times to discuss the prioritisation of sustainability material matters. The Committee reports to the Board on the relevance of the prioritised material matters for approval.

SUSTAINABILITY STATEMENT (cont'd)

Sustainability Policy and Focus Area

The Sustainability Policy came into effect in September 2018 and outlines the Group's principles and focus in relation to sustainability. The Policy serves as a medium to communicate our commitment to promoting good sustainability practices to stakeholders. The following chart illustrates the Group's sustainability focus and approach to working on the focus areas:



Operational Strategy

Measurable Objectives and Reporting

- The Senior Management team discusses with the Executive Directors, on an annual basis, the measurable objectives and progress towards achieving business sustainability for subsequent endorsement by the Board

Policies for Good Governance

We strive for our traditional values that comprise excellent ethical and moral standing matched with contemporary business operations. Policies are implemented within the Group to serve as a guide and reminder to stakeholders of the Group's ethical and moral standing and the importance of integrity in its day-to-day operations. Following are our policies for good governance but not limited to:



SUSTAINABILITY STATEMENT (cont'd)

Stakeholders Management

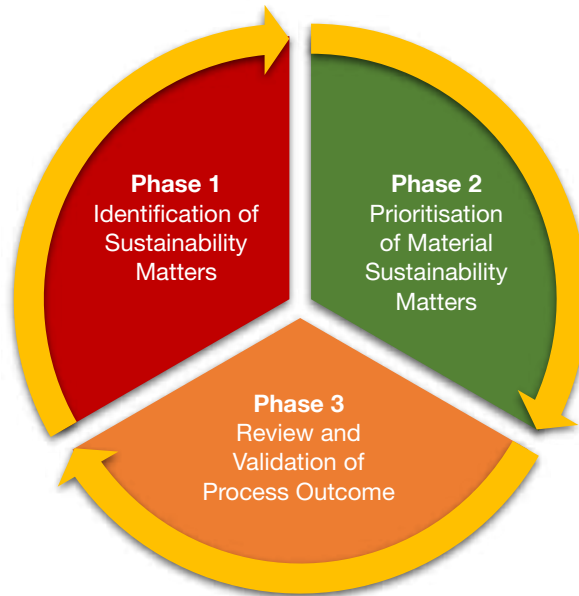
We take a personal interest in engaging with our stakeholders as they contribute to our success in maintaining sustainable business operations. We hear our stakeholders and align our business strategies to address their concerns as follows:

| Key Stakeholders | Areas of Interest | Channels of Engagement | Frequency of Engagement | Our Response |
|---|--|--|--|---|
| Shareholders and Investors | <ul style="list-style-type: none"> Financial performance Return on investment Corporate governance Sustainability management | <ul style="list-style-type: none"> Annual general meetings Extraordinary general meetings Corporate announcements – e.g., Quarterly results Media releases Annual Report | <ul style="list-style-type: none"> Periodically Yearly | <ul style="list-style-type: none"> Emphasis on integrity of corporate governance through Anti-Bribery and Anti-Corruption Policy Monitoring of sustainability performance and targets |
| Customers | <ul style="list-style-type: none"> Good product quality Timely delivery | <ul style="list-style-type: none"> Daily engagements Site visits Briefings Advertisement and media releases Surveys | <ul style="list-style-type: none"> Regularly | <ul style="list-style-type: none"> Deliver orders in a timely manner by managing the production and supply of products using JERP software Adherence to quality standard ISO 9001:2015 Quality Management System |
| Suppliers | <ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption awareness Sustainable and fair procurement practices | <ul style="list-style-type: none"> Regular briefings Visits Supplier evaluation and registration | <ul style="list-style-type: none"> Regularly | <ul style="list-style-type: none"> Emphasis on Anti-Bribery and Anti-Corruption Policy Due diligence assessment and fulfilment of assessment criteria that clarify the expectation |
| Local authorities, Municipalities, Regulators and Government Ministries | <ul style="list-style-type: none"> Regulatory compliance Corporate governance Standards and certifications | <ul style="list-style-type: none"> Compliance efforts Regular visits Events Media releases | <ul style="list-style-type: none"> Periodically | <ul style="list-style-type: none"> Adherence to governmental laws, regulations and standards |
| Employees | <ul style="list-style-type: none"> Work-life balance Safe work environment Career advancement and personal development | <ul style="list-style-type: none"> Performance evaluations Trainings and developments Meetings and briefings Compensation and benefits Corporate and Community Activities | <ul style="list-style-type: none"> Regularly | <ul style="list-style-type: none"> Flexible work practice Compliance with the Occupational Safety and Health Act 1994 through an established safety and health management system Provision of educational training that helps in the development of skill, knowledge, and career advancement |

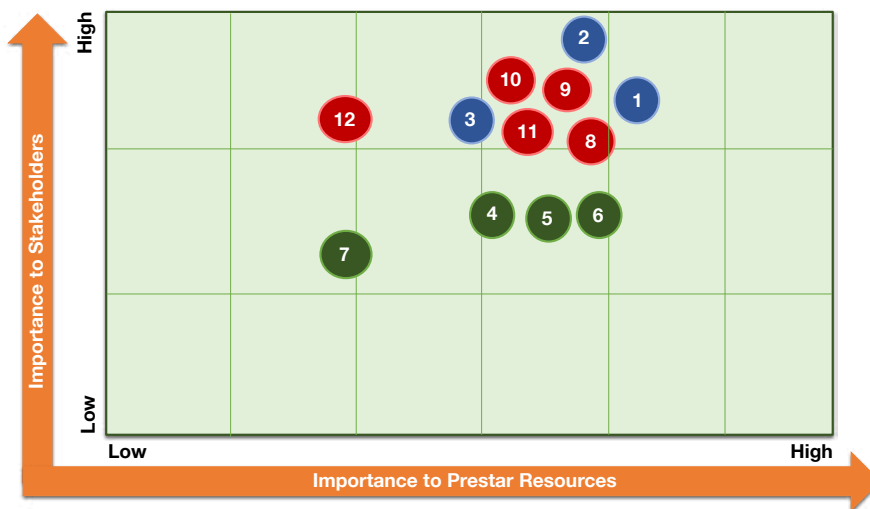
SUSTAINABILITY STATEMENT (cont'd)

Sustainability Material Matters

Material issues, including economic, environmental and social factors, have a significant impact on our ability to create value for our stakeholders. We prioritise these matters by assessing their relevance and aligning them with our business to meet stakeholder interests. We identify sustainability issues using the standards of SRG issued by Bursa Malaysia Securities. Although we are exposed to various sustainability issues, we prioritise them by analysing stakeholder interests and assessing risks. Continuous review ensures that identified issues are addressed through effective action plans.



In FYE2023, the Sustainability Committee reviewed and re-prioritised material issues by compiling sustainability risks and data across the Group. The finalised material matters were approved by the Board. Compared to FYE 31 December 2022 (“FYE2022”), the “Profitability and Market Share” material matter was removed as a prioritised material matter. Profitability is affected by short-term fluctuation in the market and is volatile in nature. Thus, profitability is not a reliable benchmark to measure the Group’s sustainability performance. “Environmental Compliance” was removed from the list as the risks and concerns were addressed under “Energy Management”, “Waste Management” and “Emissions”. This streamlines efforts to manage compliance aspects under specific material matters and improves record-keeping, monitoring and compliance management. The material issues reviewed and validated are as follows:



● Economic

● Environmental

● Social

- 1. Supply Chain Management
- 2. Anti-Bribery and Anti-Corruption
- 3. Whistleblowing

- 4. Energy Management
- 5. Waste Management
- 6. Emission
- 7. Water Management

- 8. Health and Safety
- 9. Labour Practices and Standards
- 10. Data Privacy and Security
- 11. Diversity and Equal Opportunities
- 12. Community / Society

SUSTAINABILITY STATEMENT (cont'd)







FYE2023 Performance Overview, Key Performance Indicators (“KPIs”) and Targets for FYE 31 December 2024 (“FYE2024”)

The following table summarises our performance for FYE2023, KPIs and our targets for FYE2024:

| Material Topic | FYE2023 Performance | FYE2024 Target |
|-----------------------------------|---|---|
| Supply Chain Management | <ul style="list-style-type: none"> Total local purchase RM157.015 million (proportion of spending: 41%) Total overseas purchase RM229.420 million (proportion of spending: 59%) | <ul style="list-style-type: none"> To increase the proportion of local spending to 43% |
| Anti-Bribery and Anti-Corruption | <ul style="list-style-type: none"> No reports of bribery and corruption | <ul style="list-style-type: none"> To maintain zero cases of bribery and corruption 100% of operations shall be assessed for corruption-related risks |
| Whistleblowing | <ul style="list-style-type: none"> No reports of unethical conduct and practices | <ul style="list-style-type: none"> No reports of unethical conduct and practices |
| Energy Management | <ul style="list-style-type: none"> Total consumption of electricity was 8,145,885kW/h | <ul style="list-style-type: none"> To reduce consumption to 8,000,000kW/h on the same level of capacity utilization |
| Waste Management | <ul style="list-style-type: none"> Waste generated was 1,015.64 metric tonne | <ul style="list-style-type: none"> To keep the waste limit to 1,100.00 metric tonne on the same level of capacity utilisation |
| Emission | <ul style="list-style-type: none"> Emission records had complied with the standards set in Environmental Quality (Clean Air) Regulations 2014 | <ul style="list-style-type: none"> To comply with the standards set in Environmental Quality (Clean Air) Regulations 2014 |
| Water | <ul style="list-style-type: none"> Total consumption of water was 60,113 m³, reduction by 3.12% in usage for FYE2023 | <ul style="list-style-type: none"> To reduce consumption to 58,000 m³ on the same level of capacity utilisation |
| Health and Safety | <ul style="list-style-type: none"> Zero cases of occupational fatality Lost Time Incident rate: 25.45 Number of employees trained on health and safety standards: 347 employees (56% of total workforce) | <ul style="list-style-type: none"> To maintain zero cases of occupational fatality To reduce the Lost Time Incident rate to 20.00 To increase the percentage of employees trained on health and safety standards by 20% |
| Labour Practices and Standards | <ul style="list-style-type: none"> Average training hours of 7.10 per employee Total turnover was 66 employees Total new hires were 99 employees No reports of cases concerning human rights violations | <ul style="list-style-type: none"> To maintain the average training hours To match the number of new hires to the number of turnovers as per current practice to maintain the supply of workforce To maintain no reports of cases concerning human rights violations |
| Data Privacy and Security | <ul style="list-style-type: none"> No breach of data privacy and security | <ul style="list-style-type: none"> To maintain no breach of data privacy and security |
| Diversity and Equal Opportunities | <ul style="list-style-type: none"> Ratio of male employees to female employees was 77%:23% | <ul style="list-style-type: none"> To maintain the current gender ratio To maintain existing crucial talents and skills |
| Community Engagement | <ul style="list-style-type: none"> Organised eight (8) CSR activities with a total cost of RM32,335 | <ul style="list-style-type: none"> RM35,000 shall be allocated to organise community activities |

SUSTAINABILITY STATEMENT (cont'd)

Sustainability Highlights for FYE2023

| ECONOMIC | ENVIRONMENTAL | SOCIAL |
|--|---|---|
|  Achieved Zero Bribery and Corruption Cases |  Generated 4,257,132 kW/h from solar panel system |  Achieved 7.10 average training hours per employee |
|  Received ISO 9001:2015 Quality Management System accreditation for 5 subsidiaries |  Reduced water consumption by 3.12% |  Contributed RM32,335 through community engagement activities |

Risk, Opportunities and Management Action Plans

Through our materiality assessment process, we have identified sustainability risks and opportunities that are relevant and material to both our businesses and our stakeholders. This step enables us to better understand these material issues and develop proactive strategies to address them.

| Material Topics | Risks | Opportunities | Impact on the Key Stakeholders | Management Action Plan |
|----------------------------------|---|---|--|--|
| Supply Chain Management | <ul style="list-style-type: none"> Inconsistent performance of suppliers | <ul style="list-style-type: none"> Diversify the network of suppliers both locally and internationally | <ul style="list-style-type: none"> Suppliers Customers | <ul style="list-style-type: none"> Enhance supplier selection criteria and assessment Source for alternative suppliers to ensure stable supply with competitive pricing Ensure quality and prompt delivery through clear communication of expectation |
| Anti-Bribery and Anti-Corruption | <ul style="list-style-type: none"> Corruption risk | <ul style="list-style-type: none"> Enhance Corporate Governance practices | <ul style="list-style-type: none"> Shareholders and Investors Customers Employees Suppliers | <ul style="list-style-type: none"> Implement effective corporate governance practices in business operations Awareness communication on anti-bribery and anti-corruption to stakeholders |
| Whistleblowing | <ul style="list-style-type: none"> Reputational risk | <ul style="list-style-type: none"> Increase Corporate Governance Compliance | <ul style="list-style-type: none"> Shareholders and Investors Customers Employees Suppliers | <ul style="list-style-type: none"> Communication on the Company's ethics to stakeholders Carry out corruption risk assessment |
| Energy Management | <ul style="list-style-type: none"> Environmental risk | <ul style="list-style-type: none"> Reliance on renewable energy sources and contribute to reduction in carbon emission | <ul style="list-style-type: none"> Shareholders and Investors Customers Suppliers Employees Local authorities, Municipalities, Regulators and Government Ministries | <ul style="list-style-type: none"> Use of solar energy for cost reduction |

SUSTAINABILITY STATEMENT (cont'd)

Risk, Opportunities and Management Action Plans (cont'd)

| Material Topics | Risks | Opportunities | Impact on the Key Stakeholders | Management Action Plan |
|--------------------------------|--|--|--|---|
| Waste Management | <ul style="list-style-type: none"> • Safety, health and environmental risks • Non-compliance with environmental laws and regulations | <ul style="list-style-type: none"> • Increase operational efficiency due to reduced cost • Engage in recycling efforts for cost reduction and Green initiative | <ul style="list-style-type: none"> • Shareholders and Investors • Customers • Suppliers • Employees • Local authorities, Municipalities, Regulators and Government Ministries | <ul style="list-style-type: none"> • To engage in recycling efforts • Continue statutory practices in managing waste |
| Emission | <ul style="list-style-type: none"> • Safety, health and environmental risks • Non-compliance with environmental laws and regulations | <ul style="list-style-type: none"> • Keep emissions below allowable limits | <ul style="list-style-type: none"> • Shareholders and Investors • Customers • Suppliers • Employees • Local authorities, Municipalities, Regulators and Government Ministries | <ul style="list-style-type: none"> • Engagement of licensed third party to test emission level • Deploy appropriate tools and equipment to filter and/or purify air |
| Water Management | <ul style="list-style-type: none"> • Environmental risk | <ul style="list-style-type: none"> • Cost saving benefits | <ul style="list-style-type: none"> • Shareholders and Investors • Customers • Suppliers • Employees • Local authorities, Municipalities, Regulators and Government Ministries | <ul style="list-style-type: none"> • Create water conservation awareness within the Group • Implement water management plans to re-claim, treat, recycle and re-use processed water |
| Health and Safety | <ul style="list-style-type: none"> • Safety and health risks • Non-compliance to Occupational Safety and Health laws and regulations | <ul style="list-style-type: none"> • Reduce Lost Time Injury ("LTI") • Safe workplace • Enhance productivity | <ul style="list-style-type: none"> • Employees • Local authorities, Municipalities, Regulators and Government Ministries • Suppliers • Customers | <ul style="list-style-type: none"> • Create health and safety awareness for employees • Regular safety and health checks at work sites • Take effective corrective actions to minimise safety and health risks |
| Labour Practices and Standards | <ul style="list-style-type: none"> • Non-compliance with labour laws and regulations | <ul style="list-style-type: none"> • Positive workplace and organisational culture | <ul style="list-style-type: none"> • Employees • Local authorities, Municipalities, Regulators and Government Ministries | <ul style="list-style-type: none"> • Organise employee engagement activities |
| Data Privacy and Security | <ul style="list-style-type: none"> • Cybersecurity risk • Leak of private information | <ul style="list-style-type: none"> • Improved cyber and confidential data safety | <ul style="list-style-type: none"> • Shareholders and Investors • Employees • Customers • Suppliers | <ul style="list-style-type: none"> • Strengthen information technology ("IT") security measures • Cybersecurity awareness for employees |

SUSTAINABILITY STATEMENT (cont'd)

Risk, Opportunities and Management Action Plans (cont'd)

| Material Topics | Risks | Opportunities | Impact on the Key Stakeholders | Management Action Plan |
|-----------------------------------|---|---|---|---|
| Diversity and Equal Opportunities | <ul style="list-style-type: none"> Lack of talented employees Employees retention | <ul style="list-style-type: none"> Contribution to branding and innovation through various ideas, skills and knowledge | <ul style="list-style-type: none"> Shareholders and Investors Employees | <ul style="list-style-type: none"> Non-discriminative hiring practices Enhance succession planning and remuneration practices |
| Community Engagement | <ul style="list-style-type: none"> Non-compliance to laws and regulations Reputational risk | <ul style="list-style-type: none"> Build a reputation as a sustainable industrial leader | <ul style="list-style-type: none"> Shareholders and Investors | <ul style="list-style-type: none"> Community engagement and well-being activities with the local community |

1.1 ECONOMIC

At Prestar, we are driven by the creation of financial value and the promotion of economic growth. By establishing a significant economic presence, we contribute to a prosperous future for ourselves and the communities we serve.

Supply Chain Management

Our supply chain management covers the entire process from sourcing to delivering finished products and services to customers. We prioritise perfecting each step of the supply chain to ensure efficient product delivery, cost-effective procurement practices and guaranteed customer satisfaction. These efforts are critical to our business growth and reflect our commitment to excellence in supply chain management.

- Procurement and Supplier Management**

All new suppliers are assessed based on the following criteria:

- ✓ Competency
- ✓ Capacity
- ✓ Performance consistency
- ✓ Quality
- ✓ Cost
- ✓ Communication
- ✓ Internal processes

We conduct annual performance assessments of our existing suppliers and contractors in the Approved List, focusing on product quality, technical support, payment terms and timely delivery. While our commitment to sourcing materials within Malaysia contributes to the national economy, our primary motive is to create value for our stakeholders through prudent business operations. We carefully consider criteria such as cost, quality and product availability in our efforts to improve overall business efficiency and value.

The total number of suppliers and the purchase amounts recorded for FYE2023, FYE2022 and FYE 31 December 2021 ("FYE2021") were as follows:

| | FYE2023 | | FYE2022 | | FYE2021 | |
|--------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|
| | No. of Suppliers | Proportion of Spending | No. of Suppliers | Proportion of Spending | No. of Suppliers | Proportion of Spending |
| Local | 283 | 41% | 255 | 38% | 213 | 42% |
| Overseas | 68 | 59% | 62 | 62% | 70 | 58% |
| Total | 351 | 100% | 317 | 100% | 283 | 100% |

We always look forward to supporting the local economy by sourcing our materials locally whenever it is feasible. Besides that, local procurement proves to be cost-efficient. However, the local purchases for FYE2023 are lower compared to overseas purchases because a large portion of our procurement materials were lacking local producers for certain steel products.

The average tenure of relationship with our key suppliers ranges from twenty (20) years to twenty-nine (29) years. This proves the continued support of our suppliers due to our excellence in supplier relationship management.

SUSTAINABILITY STATEMENT (cont'd)

1.1 ECONOMIC (cont'd)

Supply Chain Management (cont'd)

• Inventory Management, Logistics and Transportation

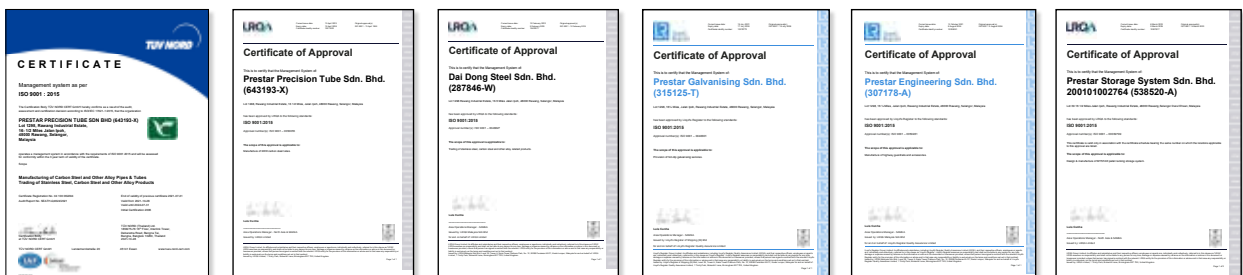
The Group invests in a cloud-based Enterprise Resource Planning (ERP) platform, “JERP System”, which enables better production decisions, and accurate inventory management and increases efficiency in managing deliveries to customers based on existing inventory and production rate.

Efficient logistics and transport management promotes lower carbon emissions by minimising fuel consumption and overall resource use. By optimising our operations, we also reduce energy consumption and the environmental impact associated with transport activities. To ensure adherence to fleet plans, the Group’s vehicles are monitored by an Indoor Sales Head using a GPS tracking system. This system also confirms the timely and safe delivery of ordered items to clients.

• Product and Service Quality

We add value to our customers by delivering excellent product and service quality. We are pleased to announce that five (5) of our subsidiaries have achieved ISO 9001:2015 Quality Management System accreditation. This accreditation validates our adherence to the quality standards set out in regulatory requirements and ensures customer satisfaction.

| Name of Accreditation | Name of Subsidiary | Scope of Approval |
|---|--------------------------------|---|
| ISO 9001:2015 Quality Management System | Prestar Precision Tube Sdn Bhd | <ul style="list-style-type: none"> Manufacturing of carbon steel and other alloy pipes and tubes Trading of stainless steel, carbon steel and other alloy products Manufacture of ERW carbon steel tubes |
| | Dai Dong Steel Sdn Bhd | <ul style="list-style-type: none"> Trading of stainless steel, carbon steel and alloy-related products |
| | Prestar Galvanising Sdn Bhd | <ul style="list-style-type: none"> Provision of hot-dip galvanising services |
| | Prestar Engineering Sdn Bhd | <ul style="list-style-type: none"> Manufacture of highway guardrails and accessories |
| | Prestar Storage System Sdn Bhd | <ul style="list-style-type: none"> Design and manufacture of MYSTAR pallet racking storage system |



We embrace the “Kaizen” (Continuous Improvement) approach, which involves all Heads of Department. The Kaizen approach has helped to maximise the Group’s resources in terms of managing raw materials, operational activities, deployment and management of manpower; and management of natural resources such as electricity and water to achieve the highest potential output of good quality products and services and cost saving. This creates high efficiency and effectiveness that support our sustainability focus area of “continuous improvement” as stated in the Sustainability Policy and Focus Area section of this Statement. Forty-five (45) meetings were held in regular intervals for FYE2023 to discuss issues related to improving the quality of the products and services, as well as overall performance management related to operational activities.

SUSTAINABILITY STATEMENT (cont'd)

1.1 ECONOMIC (cont'd)

Supply Chain Management (cont'd)

• Product and Service Quality (cont'd)

For FYE2023, we received thirty-one (31) valid complaints on product quality. Thirteen (13) out of thirty-one (31) cases involved the returning of goods (4,850 kg out of 9,416,000 kg production output). Upon receiving a complaint from the Sales department, the Quality Assurance team conducts a preliminary investigation by reviewing evidence. After verifying the evidence, the Quality Assurance team notifies the Sales department to issue a Commander's Critical Information Requirement ("CCIR") and meet with process owners to identify the root causes of defects and determine corrective actions. Minor defects shall be reworked by the client. Goods that cannot be reworked shall be returned to the Group by the client and the process of re-purchase will take place. The CCIR shall be completed within twenty-one (21) days and corrective actions shall be implemented to ensure the defect does not repeat. Evidence of implementation of corrective actions shall be documented before the CCIR report is closed.

Our commitment to continuous improvement ensures a total focus on product and service excellence throughout our operations. Our quality management is evidenced through our sustained relationship with our customers with an average tenure ranging from twenty (20) years to thirty (30) years of business relationship.

Anti-Bribery and Anti-Corruption

The Group upholds the highest ethical and moral standards in all its business dealings and prioritises the maintenance of its ethical reputation. We have a zero-tolerance policy towards bribery and corruption that could potentially tarnish its image.

The Group recorded zero cases of bribery and corruption consecutively from FYE2021 to FYE2023.

The following are the measures in place to keep bribery and corruption at bay:



Implementation of Anti-Bribery and Anti-Corruption Policy

- Established on 1 June 2020



Declaration of Conflict of Interest

- To be declared by new Directors and employees
- Renewal of declaration two (2) years once
- Last declaration was made in April 2023
- Conflict of interest declaration to be signed by new suppliers
- Due diligence assessment is conducted for new suppliers



Trainings, Briefings and Reminders

- New employees are given training on anti-bribery and anti-corruption during induction program
- Reminder emails on anti-bribery and anti-corruption are sent to employees periodically
- Reminder on Anti-Bribery and Anti-Corruption Policy and its availability in the Group's website is indicated on purchase order



Code of Conduct and Ethics for Directors and Employee Handbook

- Guidelines for Directors to uphold ethics at all times
- Principles of the Code of Conduct and Ethics are infused in the Employee Handbook for best business ethics
- Conflict of interest clause has been included in the Board Charter and Code of Ethics and Conduct of Work for Directors and employees

SUSTAINABILITY STATEMENT (cont'd)

1.1 ECONOMIC (cont'd)

Anti-Bribery and Anti-Corruption (cont'd)

The Group is also in the process of finalising the Conflict of Interest Policy for the Board's adoption in 2024. The Conflict of Interest Policy shall be made available on our corporate website upon adoption of the said Policy by the Board.

The following is the percentage of employees who were given anti-bribery and anti-corruption trainings from FYE2021 to FYE2023:

| Employee Category | FYE2023 | FYE2022 | FYE2021 |
|-------------------|---------|---------|---------|
| Management | 3% | 5% | 5% |
| Executive | 28% | 14% | 11% |
| Non-Executive | 8% | 13% | 8% |

* The statistic represents new joiners who received anti-bribery and anti-corruption trainings during onboarding induction

The non-executive employees at the production shop floor were excluded from the anti-bribery and anti-corruption training as their scope of job does not involve business relationships with external parties. Therefore, only non-executive employees who are in the administration capacity are provided anti-bribery and anti-corruption training.

The Anti-Bribery and Anti-Corruption Policy is available on our corporate website at www.prestar.com.my.

We aim to maintain our record of zero bribery and corruption cases for the next reporting period.

Whistleblowing

We are committed to instilling in our employees the values of integrity, honesty and discipline. Every employee in the Group is encouraged to report any unethical behaviour, including bribery, corruption, fraudulent behaviour, financial misappropriation and other actions that may damage the Group's reputation. The Group guarantees protection for all whistleblowers in accordance with the Whistleblower Protection Act 2010.

We are committed to protecting the confidentiality of the reported matter and the identity of the whistleblower to the fullest extent permitted by law and practical considerations.

Concerned parties can disclose through the following channels:



Email:
Audit Committee Chairman
whistleblow@prestar.com.my



Post:
Audit Committee Chairman of Prestar
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Malaysia

The Whistleblowing Policy and Guidelines is available on our corporate website at www.prestar.com.my.

No whistleblowing complaints were received at the Group from FYE2021 to FYE2023.

SUSTAINABILITY STATEMENT (cont'd)




1.2 ENVIRONMENTAL

At Prestar, one of our core values is to minimise our impact on the environment. By implementing strategic initiatives to reduce carbon footprint, and waste and optimise resource use, we promote sustainable practices that ensure long-term development. Besides, proactive environmental management protects our natural environment and contributes to the well-being of our community. With this ethos in mind, we strive to achieve a harmonious balance between business success and the preservation of our planet for future generations.

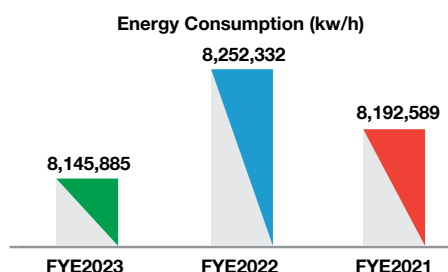
Energy Management

The Group recognises that electricity consumption is a significant contributor to our overall energy emissions. In response, we remain dedicated to implementing various energy-saving initiatives throughout our operations. We have installed solar panel systems in three (3) of our production facilities, representing a significant step forward in our efforts to reduce energy consumption.

Other initiatives that we have considered and executed to reduce the overall consumption of electricity are as follows:

-  Usage of power saving setting feature on electrical devices
-  Switch off electrical devices when not in use
-  Avoid working beyond stipulated working hours to minimise energy usage

The following chart shows the year-on-year energy consumption for the Group:



The energy consumption for FYE2023 is 8,145,885 kW/h which is a reduction of 1.29% compared to consumption in FYE2022 due to full usage of energy generated through solar panels which had led to cost saving as well.

The Group had invested resources to set up sustainable sources of electricity that conserve the environment and also contribute to cost savings related to energy usage. The table below summarises the energy usage and cost saving contributed by the solar panel system installed at the three (3) production facilities belonging to the Group:

| Detail | FYE2023 | FYE2022 |
|---|------------------------------|--------------------|
| Energy Generated from Solar Panel System | 4,257,132 kWh | 2,788,644 kWh |
| Energy Export to Tenaga Nasional Berhad ("TNB") | 1,153,142 kWh | 757,042 kWh |
| Solar Energy Consumed by Factory | 3,103,990 kWh (73% usage) | 2,031,602 kWh |
| Saving from Own Consumption of Solar-Generated Energy | RM1,551,481 | RM805,343 |
| Saving from Export Energy to TNB | RM389,028 | RM264,759 |
| Total Saving | RM1,940,510 | RM1,070,102 |

SUSTAINABILITY
STATEMENT (cont'd)

1.2 ENVIRONMENTAL (cont'd)

Energy Management (cont'd)

The Group generated a total of 4,257,132 kWh of energy from the Solar Photovoltaic System (SPS) installed at three (3) manufacturing facilities in Rawang Industrial Estate. A successful export of surplus energy (1,153,142 kWh) to TNB resulted in cost savings of RM389,028. The factories consumed 3,103,990 kWh of the total energy generated, resulting in savings of RM1,551,481. These savings came from both the Group's own consumption of solar-generated energy (RM1,551,481) and the revenue from exporting energy to TNB (RM389,028), resulting in a total savings of RM1,940,510 (37%) on the Group's total energy expenditure for FYE2023. Compared to FYE2022 (38% savings), the energy cost savings decreased by 1%, mainly due to an increase in the total cost of electricity usage.

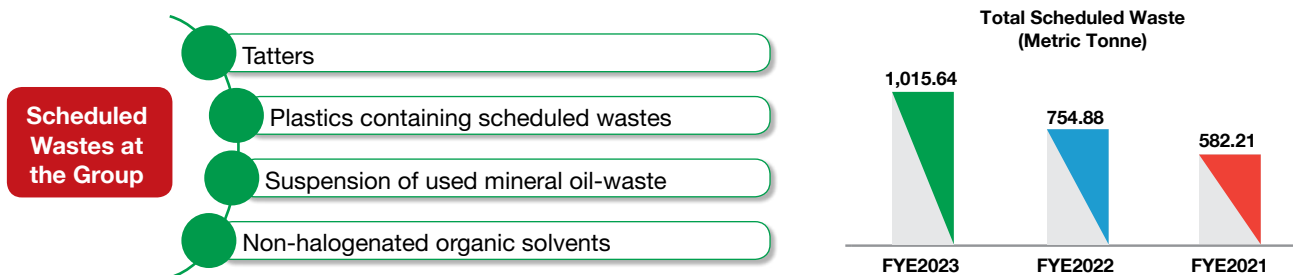
The total area of the Group's solar panel system was 16,397.93m². The utilisation rate of the energy generated by the solar panel system was 73%. The following table shows the amount of carbon dioxide reduced by the Group's use of the solar panel system:

| FYE2023 | FYE2022 |
|----------------|----------------|
| 4,244,360 (kg) | 2,808,026 (kg) |

Waste Management

Effective waste management practices support our efforts in complying with the environmental laws and preservation of the environment. The Group had established the Scheduled Wastes (Hazardous Waste) Management procedure that came into effect on 1 October 2015 to effectively manage the handling of wastes. The Group continuously maximises efforts in recycling and reuse of wastes to reduce the number of wastes sent for disposal. The Group had appointed competent staff with Certified Environmental Professional in Scheduled Waste Management (CePSWaM) certification to manage wastes according to the standards prescribed in the environmental laws and regulations. Besides that, the Group had engaged Department of Environment (DOE)-approved licensed waste collectors to dispose of the wastes resulting from production activities at the Group.

The wastes in the Group are classified into two (2) types namely, scheduled waste and unscheduled waste.



The total amount of scheduled waste had increased from FYE2021 to FYE2023. In FYE2023, total scheduled waste increased by 35% in comparison to FYE2022 with a total amount of 1,015.64 metric tonne. The total amount of waste increased for FYE2023 due to an increase in production activities and disposal of unused wastes. No wastes were diverted from disposal at the Group from FYE2021 to FYE2023.

The Group is actively trying to reduce waste through the following steps:

- Limit usage of cotton gloves to one pair a day for each employee
- Leather gloves are provided only for necessary production processes such as welding jobs and handling scrap
- Limit the supply of cotton rags to ten (10) pieces for every machine every week
- Separate coolant and keep them dry before packing into steel drum to reduce the amount of carbon sludge produced during production

SUSTAINABILITY STATEMENT (cont'd)

1.2 ENVIRONMENTAL (cont'd)

Emission

- **Climate Change**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

Recognising the need to comply with the climate-related financial disclosure standards set out by the TCFD, we are fully committed to meeting the mandatory requirements set out by Bursa Malaysia Securities. To assure our stakeholders of our commitment, the Group is currently working diligently to produce the necessary data and documentation for disclosure, with a target compliance date of the financial year ending 31 December 2025 (“FYE2025”). In order to fulfil this commitment, we have begun to establish the data collection methods and meticulously compile pertinent information on Scope 1, 2 and 3 carbon emissions. Through these proactive measures, we aim to transparently disclose our environmental impact while promoting accountability and sustainability within our operations.

- **Emission Records**

We take accountability to preserve the cleanliness of the air for the well-being of the surrounding communities and to abide by environmental laws. The emissions resulting from the production activities of the Group are categorised into particulate matter and metals, and gaseous substances.

The table below displays the average result of emissions in the Group:

| Emission | Average Emission for FYE2023 | Average Emission for FYE2022 | Average Emission for FYE2021 | Environmental Quality (Clean Air) Regulations 2014 Emission Standard | Status of Compliance |
|--|------------------------------|------------------------------|------------------------------|--|----------------------|
| Total Particulate Matter (Liquid) (mg/m ³) | 2.81 | 1.19 | 1.43 | 50 | Complied |
| Total Particulate Matter (Solid) (mg/m ³) | 4.12 | 3.22 | 11.49 | 150 | Complied |
| SO ₂ (mg/m ³) | 5.00 | 2.00 | 5.16 | 100 | Complied |
| Chlorine (mg/m ³) | 0.02 | 0.03 | 0.24 | 32 | Complied |
| HCl (mg/m ³) | 0.04 | 0.04 | 0.04 | 200 | Complied |
| NO ₂ (mg/m ³) | 24.93 | 30.88 | 43.88 | 700 | Complied |
| Nitrogen Oxide (mg/m ³) | 15.31 | 12.89 | 35.84 | 500 | Complied |
| Carbon Monoxide (mg/m ³) | 30.91 | 60.59 | 59.84 | - | - |

The average emission level shows insignificant changes for FYE2023 compared to FYE2022. We are delighted to state that the emissions were kept below the allowable limits of the emission standard prescribed in the Environmental Quality (Clean Air) Regulations 2014. The Group had appointed licensed third parties namely, the Compliance Testing Resources and Provac Engineering Sdn Bhd to collect samples for emission at three (3) of its subsidiaries (Prestar Galvanising Sdn Bhd, Prestar Precision Tube Sdn Bhd and Prestar Storage System Sdn Bhd) that houses the scrubber system, filter bag dust collector, high-pressure oil burner, steam boiler, baking oven and curing oven. The samples were collected quarterly for the scrubber system, filter bag dust collector, high-pressure oil burner and steam boiler, while testing is carried out annually for the baking and curing ovens as required by the environmental law.

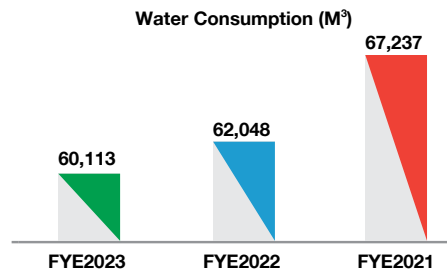
The Group has invested in newer, lower-emission vehicles for logistics, reducing its carbon footprint. In addition, investments in air pollution control systems, such as fans for dust collectors, contribute to a cleaner environment.

SUSTAINABILITY STATEMENT (cont'd)

1.2 ENVIRONMENTAL (cont'd)

Water Management

Clean water is an important element of our business operations as it is used in the production, especially the paint line. Unclean water affects the quality of our product which in turn affects the customers' satisfaction and the Group's profit. We have ensured that water is used responsibly in the course of our operational activities by avoiding wastage and reducing usage where possible. The water consumption from FYE2021 to FYE2023 were as follows:



There was a reduction of 3.12% for FYE2023 compared to FYE2022 due to the usage of recycled water for production activities in the galvanising division. To continue the effort to reduce water consumption, we are exploring water management alternatives that involve collecting used water and treating it to be reused again.

1.3 SOCIAL

At Prestar, we are determined to foster a healthy and safe workplace for employees where they can learn, grow, and have a sense of belongingness. Besides that, employees are encouraged to participate in community engagement activities to inculcate the value of giving and caring.

Health and Safety

Due to the nature of our manufacturing activities, which require special attention, safety and health is a priority for us. A safe and healthy working environment is essential to prevent lost production and to retain skilled employees. The Group complies with the Occupational Health and Safety Act 1994 and the Health and Safety Committee Regulations 1996 to manage health and safety practices.

Our subsidiaries have established internal Safety and Health Committees responsible for monitoring, discussing, and implementing solutions to safety and health issues. In FYE2023, the Group held a total of twenty-eight (28) Safety and Health Committee meetings. These Committees hold quarterly meetings to plan safety and health programs, discuss accidents and corrective actions to be taken at the subsidiaries, implementation of accident prevention measures and monitor the effectiveness of the measures implemented. The corrective actions come into immediate effect in the Group after an analysis of the incident has been carried out by the reporting officer.

Following are the steps implemented to reduce safety and health risks in the Group:

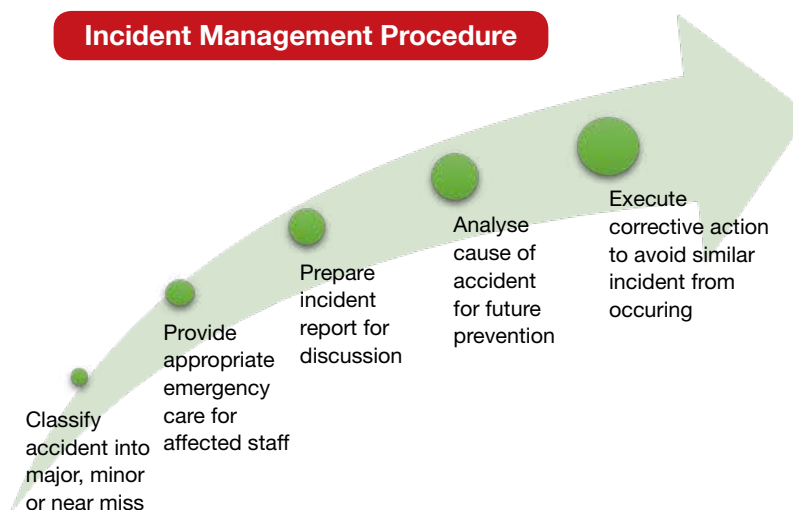
- a. Provision of personal protective equipment ("PPE") for staff personal safety
- b. Close supervision and guidance by line managers and supervisors
- c. Employment of competent staff to handle selected machinery and equipment
- d. Checking of work sites for compliance with Safety and Health Policy and Procedures
- e. Safety briefings
- f. Safety and Health trainings for employees identified by Heads of Department:
 - Emergency Response Team (ERT)
 - Usage of fire extinguisher
 - Health, Safety and Environment (HSE) awareness
 - Training on handling of chemical and PPE
- g. Organise fire safety drill sessions once a year

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Health and Safety (cont'd)

We have put in place an immediate procedure to deal efficiently with workplace accidents, to manage incidents during emergencies and to manage rapid resolution through the implementation of corrective actions. The following pictorial illustrates our incident management procedure to effectively manage emergency scenarios and analyse the incident for corrective actions:



The following table shows the statistics of accidents and LTI from FYE2021 to FYE2023:

| FYE2023 | | | | |
|--|-----------------|-----------------|-----------------|-------|
| | Major Accidents | Minor Accidents | Near Miss Cases | Total |
| Number of Accidents | 8 | 21 | 3 | 32 |
| LTI (Days) | 180 | 25 | Nil | 205 |
| LTI Rate | 25.45 | | | |
| Total Rate Incident Frequency ("TRIF") | 18.00 | | | |

| FYE2022 | | | | |
|---------------------|-----------------|-----------------|-----------------|-------|
| | Major Accidents | Minor Accidents | Near Miss Cases | Total |
| Number of Accidents | 6 | 27 | 3 | 36 |
| LTI (Days) | 134 | 25 | Nil | 159 |
| LTI Rate | 20.45 | | | |
| TRIF | 21.22 | | | |

| FYE2021 | | | | |
|---------------------|-----------------|-----------------|-----------------|-------|
| | Major Accidents | Minor Accidents | Near Miss Cases | Total |
| Number of Accidents | 7 | 7 | 2 | 16 |
| LTI (Days) | 86 | 12 | Nil | 98 |
| LTI Rate | 13.04 | | | |
| TRIF | 9.32 | | | |

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Health and Safety (cont'd)

The total number of accidents for FYE2023 reduced to 32 and the LTI days increased to 205 in comparison to FYE2022 where accident cases were 36 and LTI days were 159. Most of these incidences were unforeseen occurrences due to safety mistakes made by employees and corrective actions were taken to address the incidents as follows:



We seek to establish a safe working environment for all employees and aspire to achieve a zero-accident workplace. The following table shows the number of employees who were provided training on safety and health standards:

| Year | FYE2023 | FYE2022 | FYE2021 |
|---------------------|---------|---------|---------|
| Number of employees | 347 | 248 | 123 |

Labour Practices and Standards

Practices and standards that are impartial and supportive of employees’ growth and success help to develop a knowledgeable and skillful workforce and retain them in the organisation. Thus, we give special attention to creating a sense of belongingness among employees, and providing opportunities for growth through the following efforts:

• **Training and Development**

We give importance to the learning and growth of employees as it produces a knowledgeable and skillful workforce that benefits the Group in delivering excellent products and services. Opportunity for learning and growth motivates the employees to achieve goals set for them and align their career goals with the organisational mission. Besides that, training sessions are also a communication channel to convey directives on the organisation’s aspirations, goals, and business operations. Each division of the Group is set an annual budget for trainings.

The Group sends employees for a combination of hard and soft skill trainings. For FYE2023, employees were sent for a total of 66 trainings including in-house trainings, public and e-learning programs. Following are the number of trainings and categories of topics covered:



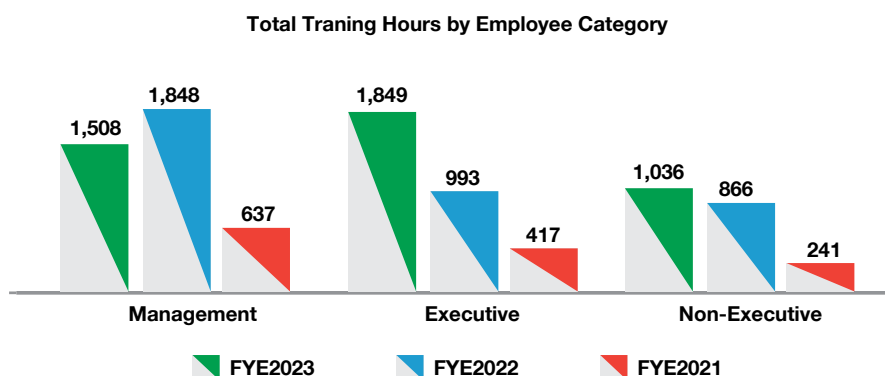
SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Labour Practices and Standards (cont'd)

- **Training and Development (cont'd)**

The following chart shows the total training hours provided to each category of employees from FYE2021 to FYE2023:



The following table shows the internal and external training hours recorded from FYE2021 to FYE2023:

| Year | Total Hours of Training | Average Training Hours Per Employee | Total Cost (RM) |
|---------|-------------------------|-------------------------------------|-----------------|
| FYE2023 | 4,393 | 7.10 | 164,806 |
| FYE2022 | 3,707 | 6.04 | 153,801 |
| FYE2021 | 1,295 | 2.29 | 21,117 |

The total training hours show an increasing trend from FYE2021 to FYE2023. The average training hours per employee increased to 7.10 in FYE2023. This shows that we are committed to developing a knowledgeable and skillful workforce to fulfil our commitment to quality and progressive growth.

- **Opportunities for Internship**

We welcome students for an in-house internship program that provides comprehensive hands-on experience in the operation of a steel processing and steel products manufacturing company. We are constantly seeking passionate and productive new talents to contribute to its organisational goals and sustainable business operations, as such, students with outstanding performance are given the opportunity to join our diverse workforce upon completion of their program of study. The table below shows the number of interns recruited from FYE2021 to FYE2023:

| Year | Number of Interns | Joined as Permanent Employee |
|---------|-------------------|------------------------------|
| FYE2023 | 5 | Nil |
| FYE2022 | 1 | Nil |
| FYE2021 | 2 | 1 |

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Labour Practices and Standards (cont'd)

- **Employee Activities**

We have successfully established an employee engagement channel that helps us listen to the concerns, needs and motivating drive of our workforce. One of the most effective methods is the organisation of staff activities that unites various layers of management levels. Staff activities create a sense of belonging and increase sportsmanship amongst the employees mould positive attributes such as loyalty, reliability, thoughtfulness, and acceptance of diversity.



Badminton Activity



Bowling Activity

- **Turnover and Recruitment of Employees**

The following table illustrates the summary of the total number of turnovers from FYE2021 to FYE2023:

| Management Level | FYE2023 | Percentage | FYE2022 | Percentage | FYE2021 | Percentage |
|-----------------------|-----------|-------------|------------|-------------|-----------|-------------|
| Management | 4 | 6% | 6 | 5% | 7 | 8% |
| Executive | 22 | 33% | 19 | 17% | 11 | 12% |
| Non-Executive | 40 | 61% | 87 | 78% | 71 | 80% |
| Total Turnover | 66 | 100% | 112 | 100% | 89 | 100% |

There was a decrease in turnover for FYE2023 compared to FYE2022. The total number of turnovers shown above includes the number of employees who have ended their contract with the Group and resigned employees.

The table below shows the total number of contract employees and the total number of employees who ended their contract in the Group from FYE2021 to FYE2023:

| | FYE2023 | | FYE2022 | | FYE2021 | |
|--------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| | Total Contract Employees | Total Employees Ended Contract | Total Contract Employees | Total Employees Ended Contract | Total Contract Employees | Total Employees Ended Contract |
| Total | 35 (6%) | 22 | 47 (8%) | 30 | 30 (5%) | 23 |

The Group is managing turnover through attractive compensation and remuneration to retain talented employees. Medical claim benefits and flexible working hours are also practiced in the Group to provide a comfortable working experience to employees and help in employee retention efforts. Besides that, employee engagement activities involving sports and charitable activities help in retention efforts by building stronger bonds among employees. The Group is actively monitoring the employees' salary rates, welfare and benefits to ensure competitiveness in retaining the employees.

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Labour Practices and Standards (cont'd)

• Turnover and Recruitment of Employees (cont'd)

The Group practices fair compensation and benefits packages for all employees where similar compensation and benefits packages are provided to permanent and contract employees. Besides that, the Group also provides a workers' hostel for the contract workers as part of employee benefits.

The following table shows the total number of new hires from FYE2021 to FYE2023:

| Management Level | FYE2023 | Percentage | FYE2022 | Percentage | FYE2021 | Percentage |
|-----------------------|-----------|-------------|------------|-------------|-----------|-------------|
| Management | 3 | 3% | 4 | 3% | 4 | 5% |
| Executive | 35 | 35% | 17 | 11% | 13 | 17% |
| Non-Executive | 61 | 62% | 136 | 86% | 62 | 78% |
| Total New Hire | 99 | 100% | 157 | 100% | 79 | 100% |

• Human Rights

We are committed to protecting the rights and well-being of our employees in accordance with human rights laws and regulations in Malaysia. We ensure basic human rights have been met by providing equal employment opportunities regardless of gender, age, and ethnicity. We ensure that employees are provided a safe and healthy working environment with adequate basic facilities and time off from work through our well-rounded Human Resources and Occupational Safety and Health practices.

The Group recorded zero cases concerning human rights violations from FYE2021 to FYE2023.

Data Privacy and Security

We take privacy and security seriously. To protect information about our businesses, partners, customers and employees, we invest in cybersecurity applications and software. This protects our internet access, email, computers and servers. Strong cybersecurity builds trust with our stakeholders.

Controlled Internet Access

- Internet access given to staff is limited based on nature of job and position to minimise risk related to cyber exposure
- All access are filtered and controlled by Firewall (signatures are updated daily via Cloud). Only recorded local users are given access, and external users are blocked
- Resigned employees will be denied access to all internet system and email account will be disabled

Established Cyber Security System and Maintenance

- Security systems such as Firewall, Anti-Spam and Antivirus are installed to eliminate cyber attacks
- Windows and security patching is done weekly
- Antivirus (Cloud) is installed for computers and notebooks and system scan runs daily. Signature update is checked and updated daily via Cloud
- Ransomware protection is enabled for computers, notebooks and server
- Auto system request sent to users to change password every ninety (90) days
- Phishing, spam, and malware emails are filtered by Anti-Spam system and reviewed by IT department on a daily basis
- Email services are filtered by Microsoft Defender service and Microsoft 2FA security control is deployed

Cyber Security Training

- A two (2) days cybersecurity training for ten (10) Finance department staff were organised from 6 September 2023 to 7 September 2023 to create awareness on financial data security

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Data Privacy and Security (cont'd)

No cases of intrusion had been triggered from FYE2021 to FYE2023. Thus, no patching exercise due to intrusion was required. The Group shall engage in cyber security initiatives such as cyber security training and sending email reminders on tips for cyber security, warning against phishing and spam messages to create awareness among employees.

Our year-on-year record from FYE2021 to FYE2023 in terms of data and cybersecurity breaches reported zero incidents.

Diversity and Equal Opportunities

We believe that workplace diversity enhances our operations by bringing in different ideas, experiences and a variety of skills and knowledge that are critical to success. We recognise that providing equal opportunities is essential to balancing and maintaining diversity within the Group.

• Gender Diversity

We are committed to an inclusive workforce and aim to increase the number of female employees. However, due to the nature of our manufacturing business, the workforce consists more of male employees. To balance gender diversity, we focus on recruiting female administrative staff and male production staff. A total of 619 people were employed as of FYE2023 and the gender ratio of male to female employees was 77%:23%.

The comparison of gender diversity from FYE2021 to FYE2023 were as follows:

| FYE2023 | | | | | | |
|------------------|------------------|-----------|---------------|------------------|-----------|---------------|
| Gender | Female | | | Male | | |
| Category | Management | Executive | Non-Executive | Management | Executive | Non-Executive |
| No. of Employees | 26 (29%) | 67 (54%) | 51 (13%) | 63 (71%) | 57 (46%) | 355 (87%) |
| Total | 144 (23%) | | | 475 (77%) | | |

| FYE2022 | | | | | | |
|------------------|------------------|-----------|---------------|------------------|-----------|---------------|
| Gender | Female | | | Male | | |
| Category | Management | Executive | Non-Executive | Management | Executive | Non-Executive |
| No. of Employees | 25 (31%) | 64 (53%) | 51 (12%) | 56 (69%) | 57 (47%) | 361 (88%) |
| Total | 140 (23%) | | | 474 (77%) | | |

| FYE2021 | | | | | | |
|------------------|------------------|-----------|---------------|------------------|-----------|---------------|
| Gender | Female | | | Male | | |
| Category | Management | Executive | Non-Executive | Management | Executive | Non-Executive |
| No. of Employees | 21 (29%) | 61 (51%) | 58 (16%) | 52 (71%) | 58 (49%) | 315 (84%) |
| Total | 140 (25%) | | | 425 (75%) | | |

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Diversity and Equal Opportunities (cont'd)

- **Age Diversity**

Age diversity is a crucial element in our businesses, contributing to the successful transfer of knowledge and technical expertise. Older employees play a key role in passing on important knowledge and mentoring younger colleagues, ensuring the continuation of age-old practices and a commitment to quality. The Group managed to maintain a healthy balance of diversity in terms of age as there were no drastic changes in the age diversity in the Group.

The following chart shows the number of employees by age group and employee category for the past three (3) years:

| Employee Category | Employees by Age Group | FYE2023 | FYE2022 | FYE2021 |
|-------------------|------------------------|-----------|-----------|-----------|
| Management | Below 30 years old | 4 (5%) | 4 (5%) | 2 (3%) |
| | 30-50 years old | 51 (57%) | 50 (62%) | 46 (62%) |
| | Above 50 years old | 34 (38%) | 27 (33%) | 26 (35%) |
| Executive | Below 30 years old | 24 (19%) | 23 (19%) | 30 (25%) |
| | 30-50 years old | 77 (63%) | 79 (65%) | 72 (61%) |
| | Above 50 years old | 22 (18%) | 19 (16%) | 16 (14%) |
| Non-Executive | Below 30 years old | 125 (31%) | 146 (35%) | 129 (35%) |
| | 30-50 years old | 241 (59%) | 226 (55%) | 207 (55%) |
| | Above 50 years old | 41 (10%) | 40 (10%) | 37 (10%) |

Gender and Age Diversity on the Board

The following tables show the number of members in terms of gender and age categories:

| Gender | FYE2023 | FYE2022 | FYE2021 |
|--------|---------|----------|-----------|
| Male | 8 (89%) | 10 (91%) | 10 (100%) |
| Female | 1 (11%) | 1 (9%) | 0 (0%) |

| | Below 30 years old | 30-50 years old | Above 50 years old |
|---------|--------------------|-----------------|--------------------|
| FYE2023 | - (0%) | 3 (33%) | 6 (67%) |
| FYE2022 | - (0%) | 2 (18%) | 9 (82%) |
| FYE2021 | - (0%) | 1 (10%) | 9 (90%) |

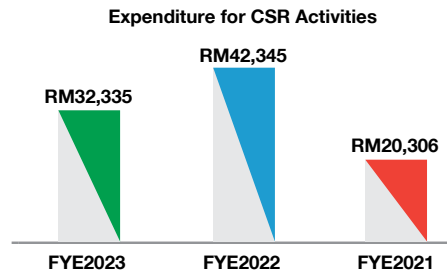
The ratio of male Board members to female Board members for FYE2023 was 89%:11% as the industry expert in the steel manufacturing field largely comprised male members. We continuously look forward to including female members in the Board and maintain age diversity in the Board provided that the members fit the qualification criteria expected as per the Director's Fit and Proper Policy that came into effect on 25 May 2022.

SUSTAINABILITY STATEMENT (cont'd)

1.3 SOCIAL (cont'd)

Community Engagement

As part of our CSR program, we engage in community activities to build personal relationships and address community needs through acts of service, financial contributions and material donations. The graph below illustrates the Group's spending on these initiatives on a year-on-year basis from FYE2021 to FYE2023:



The following lists the CSR activities and objectives that the Group had undertaken for FYE2023:

| No. | List of CSR Activities FYE2023 |
|-----|---|
| 1 | Movie day and lunch at TGV Cinema and Vivo Pizza, AEON Rawang respectively with orphanage homes – Pertubuhan Kebajikan Ephratha Rawang and Bethesta House, Bandar Country Homes, Rawang |
| 2 | Blood donation drive at the Company's premises |
| 3 | Sponsorship for Club Badminton Rawang – 13th Rawang Open Badminton Tournament 2023 |
| 4 | Visit to Pertubuhan Kebajikan OKU Hati Berganda at Selayang for moon cake celebration |
| 5 | Deepavali shopping and lunch with orphanage home – Rumah Kebajikan Karunai Illam (Kepong) |
| 6 | Donation to Chung Hwa High School |
| 7 | Badminton tournament and advertisement |
| 8 | Visit to orphanage home – Pertubuhan Kebajikan Ann's Cottage, Country Home for a Christmas party |

The expenditure for FYE2023 was RM32,335 which is a reduction of 24% compared to FYE2022. We are looking forward to organising and participating in more community engagement activities for FYE2024 to contribute to the well-being of the community.



Visit to Pertubuhan Kebajikan Ann's Cottage



Visit to Pertubuhan Kebajikan OKU Hati Berganda

SUSTAINABILITY STATEMENT (cont'd)

Going Forward

As we move forward, the following will be our aim as derived from our sustainability focus areas:

- Maintain the good quality of products and services through sustained productivity in production, quality assurance and customer service.
- Uphold best business ethics and etiquette through compliance with laws and regulations and best practices.
- Contribute to the development of an inclusive society through engagement activities with employees and communities and best internal business practices that nurture employees' and communities' growth.

We are actively improving our sustainability governance to monitor the economic, environmental and social impacts of our business as we believe our aims are best addressed through the prioritised material matters that provide a focused view for improvement and progress. We believe that this proactive stance will help us to achieve our multi-faceted goals in the future.

Performance Data and Target

The following table summarises our performance for FYE2021 to FYE2023 and our target for FYE2024:

| Indicator | Unit | FYE2021 | FYE2022 | FYE2023 | FYE2024 Target |
|---|------------|---------|---------|---------|--|
| Anti-Bribery and Anti-Corruption | | | | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | | | | |
| Management | Percentage | 5 | 5 | 3 | 100% of new management- level employees to receive anti-bribery and anti-corruption training |
| Executive | Percentage | 11 | 14 | 28 | 100% of new executive- level employees to receive anti-bribery and anti-corruption training |
| Non-Executive | Percentage | 8 | 13 | 8 | 100% of new non-executive employees (excluding all production shop floor employees) to receive anti-bribery and anti-corruption training |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 0 | 0 | 100 | 100% of operations shall be assessed for corruption-related risks |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 | 0 | 0 | To maintain zero cases |
| Supply Chain Management | | | | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 42 | 38 | 41 | To increase local spending to 43% |

SUSTAINABILITY STATEMENT (cont'd)

Performance Data and Target (cont'd)

The following table summarises our performance for FYE2021 to FYE2023 and our target for FYE2024: (cont'd)

| Indicator | Unit | FYE2021 | FYE2022 | FYE2023 | FYE2024 Target |
|--|--------------------|-----------|-----------|-----------|--|
| Energy Management | | | | | |
| Bursa C4(a) Total energy consumption | kW/h | 8,192,589 | 8,252,332 | 8,145,885 | To reduce consumption to 8,000,000 kW/h on the same level of capacity utilisation |
| <i>Energy generated from Solar system</i> | kW/h | - | 2,788,644 | 4,257,132 | - |
| <i>Energy export to TNB</i> | kW/h | - | 757,042 | 1,153,142 | - |
| <i>Solar energy consumed by the factory</i> | kW/h | - | 2,031,602 | 3,103,990 | - |
| <i>Saving from own consumption of solar-generated energy</i> | MYR | - | 805,343 | 1,551,481 | - |
| <i>Saving from export energy to TNB</i> | MYR | - | 264,759 | 389,028 | - |
| <i>Total saving</i> | MYR | - | 1,070,102 | 1,940,510 | - |
| Waste Management | | | | | |
| Bursa C10(a)(i) Total Waste Generated – Total waste diverted from disposal | Metric Tonne | 0 | 0 | 0 | <i>Target will be set if precedent data is available</i> |
| Bursa C10(a)(ii) Total Waste Generated – Total waste directed to disposal | Metric Tonne | 582.21 | 754.88 | 1,015.64 | To keep the waste limit to 1,100.00 metric tonne on the same level of capacity utilisation |
| Emission | | | | | |
| Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e | tCO ₂ e | - | - | - | To commence reporting by FYE2025 after data had been established |
| Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e | tCO ₂ e | - | - | - | To commence reporting by FYE2025 after data had been established |
| Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting) | tCO ₂ e | - | - | - | To commence reporting by FYE2025 after data had been established |
| <i>Total Particulate Matter (Liquid)</i> | mg/m ³ | 1.43 | 1.19 | 2.81 | To comply with the standard of 50 mg/m ³ |
| <i>Total Particulate Matter (Solid)</i> | mg/m ³ | 11.49 | 3.22 | 4.12 | To comply with the standard of 150 mg/m ³ |

SUSTAINABILITY STATEMENT (cont'd)

Performance Data and Target (cont'd)

The following table summarises our performance for FYE2021 to FYE2023 and our target for FYE2024: (cont'd)

| Indicator | Unit | FYE2021 | FYE2022 | FYE2023 | FYE2024 Target |
|---|-------------------|---------|---------|---------|---|
| Emission (cont'd) | | | | | |
| SO ₂ | mg/m ³ | 5.16 | 2.00 | 5.00 | To comply with the standard of 100 mg/m ³ |
| Chlorine | mg/m ³ | 0.24 | 0.03 | 0.02 | To comply with the standard of 32 mg/m ³ |
| HCl | mg/m ³ | 0.04 | 0.04 | 0.04 | To comply with the standard of 200 mg/m ³ |
| NO ₂ | mg/m ³ | 43.88 | 30.88 | 24.93 | To comply with the standard of 700 mg/m ³ |
| Nitrogen Oxide | mg/m ³ | 35.84 | 12.89 | 15.31 | To comply with the standard of 500 mg/m ³ |
| Carbon Monoxide | mg/m ³ | 59.84 | 60.59 | 30.91 | - |
| Water Management | | | | | |
| Bursa C9(a) Total volume of water used | Megalitres | 67.24 | 62.05 | 60.11 | To reduce consumption to 58.00 megalitres on the same level of capacity utilisation |
| Health and Safety | | | | | |
| Bursa C5(a) Number of work-related fatalities | Number | 0 | 0 | 0 | To maintain zero cases |
| Bursa C5(b) LTI rate | Rate | 13.04 | 20.45 | 25.45 | To reduce LTI rate to 20.00 |
| Bursa C5(c) Number of employees trained on health and safety standards (Internal & External training) | Number | 123 | 248 | 347 | To increase the percentage of employees trained on health and safety standards by 20% |
| Labour Practices and Standards | | | | | |
| Bursa C6(a) Total hours of training by employee category | | | | | |
| Management | Number | 637 | 1,848 | 1,508 | To maintain the training hours |
| Executive | Number | 417 | 993 | 1,849 | To maintain the training hours |
| Non-Executive | Number | 241 | 866 | 1,036 | To increase the training hours to 1130 |
| Bursa C6(b) Percentage of employees that are contractors or temporary Staff | Percentage | 5 | 8 | 6 | To maintain the current percentage |

SUSTAINABILITY STATEMENT (cont'd)

Performance Data and Target (cont'd)

The following table summarises our performance for FYE2021 to FYE2023 and our target for FYE2024: (cont'd)

| Indicator | Unit | FYE2021 | FYE2022 | FYE2023 | FYE2024 Target |
|--|------------|---------|---------|---------|--|
| Labour Practices and Standards (cont'd) | | | | | |
| Bursa C6(c) Total number of employee turnover by employee category | | | | | |
| Management | Number | 7 | 6 | 4 | To maintain |
| Executive | Number | 11 | 19 | 22 | To maintain |
| Non-Executive | Number | 71 | 87 | 40 | To maintain |
| Bursa C6(d) Number of substantiated complaints concerning human rights violation | Number | 0 | 0 | 0 | To maintain zero cases |
| Total number of new hire by employee category | | | | | |
| Management | Number | 4 | 4 | 3 | N/A |
| Executive | Number | 13 | 17 | 35 | N/A |
| Non-Executive | Number | 62 | 136 | 61 | N/A |
| Diversity and Equal Opportunities | | | | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | | | | |
| Management - Male | Percentage | 71 | 69 | 71 | To maintain the current balance of diversity |
| Management - Female | Percentage | 29 | 31 | 29 | To maintain the current balance of diversity |
| Executive - Male | Percentage | 49 | 47 | 46 | To maintain the current balance of diversity |
| Executive - Female | Percentage | 51 | 53 | 54 | To maintain the current balance of diversity |
| Non-Executive – Male | Percentage | 84 | 88 | 87 | To maintain the current balance of diversity |
| Non-executive - Female | Percentage | 16 | 12 | 13 | To maintain the current balance of diversity |
| Below 30 years old - Management | Percentage | 3 | 5 | 5 | To maintain the current balance of diversity |
| 30 to 50 years old - Management | Percentage | 62 | 62 | 57 | To maintain the current balance of diversity |
| Above 50 years old - Management | Percentage | 35 | 33 | 38 | To maintain the current balance of diversity |
| Below 30 years old - Executive | Percentage | 25 | 19 | 19 | To maintain the current balance of diversity |
| 30 to 50 years old – Executive | Percentage | 61 | 65 | 63 | To maintain the current balance of diversity |
| Above 50 years old – Executive | Percentage | 14 | 16 | 18 | To maintain the current balance of diversity |
| Below 30 years old – Non-Executive | Percentage | 35 | 35 | 31 | To maintain the current balance of diversity |

SUSTAINABILITY STATEMENT (cont'd)

Performance Data and Target (cont'd)

The following table summarises our performance for FYE2021 to FYE2023 and our target for FYE2024: (cont'd)

| Indicator | Unit | FYE2021 | FYE2022 | FYE2023 | FYE2024 Target |
|--|------------|---------|---------|---------|--|
| Diversity and Equal Opportunities (cont'd) | | | | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category (cont'd) | | | | | |
| 30 to 50 years old – Non-Executive | Percentage | 55 | 55 | 59 | To maintain the current balance of diversity |
| Above 50 years old – Non-Executive | Percentage | 10 | 10 | 10 | To maintain the current balance of diversity |
| Bursa C3(b) Percentage of Directors by gender and age group | | | | | |
| Male members | Percentage | 100 | 91 | 89 | To maintain the current balance of diversity |
| Female members | Percentage | 0 | 9 | 11 | To maintain the current balance of diversity |
| Below 30 years old | Percentage | 0 | 0 | 0 | To maintain the current balance of diversity |
| 30 to 50 years old | Percentage | 10 | 18 | 33 | To maintain the current balance of diversity |
| Above 50 years old | Percentage | 90 | 82 | 67 | To maintain the current balance of diversity |
| Community / Society | | | | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 20,306 | 42,345 | 32,335 | RM35,000 shall be allocated to organise community activities |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 6 | 7 | 8 | To maintain 8 beneficiaries |
| Data Privacy and Security | | | | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 | 0 | 0 | To maintain zero cases |

SUSTAINABILITY STATEMENT (cont'd)

Statement of Assurance

Internal Assurance

This statement has not undergone any specific review by external independent parties. However, it underwent a thorough review and received approval from our Board and Management. Our Sustainability Statement is internally reviewed and assured.

As the Sustainability Statement was prepared with the assistance of an external professional party, the accuracy and relevance of the data were scrutinized before being incorporated into the statement. Additionally, management has taken steps to conduct a detail review process to verify that the data and information provided are appropriate, relevant, and accurate. Nothing has come to our attention that causes us to believe there is any material misstatement of the reviewed data.

GRI Content Index

Statement of use: Prestar has reported information cited in this GRI content index for the period of 1 January 2023 to 31 December 2023 in accordance with the GRI Standards.

GRI 1 Used: GRI 1: Foundation 2021

| GRI Standard | Disclosure Item | Section Reference | Page |
|--|---|--|-------------|
| GRI 2: General Disclosure 2021 | | | |
| 1. The organisation and its reporting practices | | | |
| 2-1 | Organisation details | Introduction, Reporting Scope | 23 |
| 2-2 | Entities included in the organisation's sustainability reporting | Reporting Scope | 23 |
| 2-3 | Reporting period, frequency and contact point | Reporting Scope | 23 |
| 2-4 | Restatements of Information | Stated throughout where relevant, FYE2023 Performance Overview, Key Performance Indicators ("KPIs") and Targets for FYE2024, Performance Data and Target | 28 47-51 |
| 2-5 | External assurance | No external assurance was conducted on this report | N/A |
| 2. Activities and workers | | | |
| 2-6 | Activities, value chain and other business relationship | Stakeholder Management, Supply Chain Management | 26, 31-33 |
| 2-7 | Employees | Diversity and Equal Opportunities | 44-45 |
| 3. Governance | | | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Sustainability Governance | 24 |
| 2-13 | Delegation of responsibility for managing impacts | Sustainability Governance | 24 |
| 2-14 | Role of the highest governance body in sustainability reporting | Sustainability Governance | 24 |
| 2-15 | Conflict of interest | Anti-Bribery and Anti-Corruption | 33-34 |
| 2-16 | Communication of critical concerns | Feedback | 23 |
| 2-17 | Collective knowledge of the highest governance body | Labour Practices and Standards – Training and Development | 40-43 |

SUSTAINABILITY STATEMENT (cont'd)

GRI Content Index (cont'd)

| GRI Standard | Disclosure Item | Section Reference | Page |
|--|---|--|-------|
| GRI 2: General Disclosure 2021 (cont'd) | | | |
| 4. Strategy, policies and practices | | | |
| 2-26 | Mechanism for seeking advice and raising concerns | Whistleblowing | 34 |
| 5. Stakeholder engagement | | | |
| 2-29 | Approach to stakeholder engagement | Stakeholder Management | 26 |
| GRI 3: Material Topics 2021 | | | |
| 3-1 | Process to determine material topics | Sustainability Material Matters | 27 |
| 3-2 | List of material topics | Sustainability Material Matters | 27 |
| 3-3 | Management of material topics | FYE2023 Performance Overview, Key Performance Indicators (“KPIs”) and Targets for FYE2024, Risk, Opportunities and Management Action Plans | 28-31 |
| GRI 204: Procurement Practices 2016 | | | |
| 204-1 | Proportion of spending on local suppliers | Supply Chain Management | 31-33 |
| GRI 205: Anti-Corruption 2016 | | | |
| 205-2 | Communication and training about anti-corruption policies and procedures | Anti-Bribery and Anti-Corruption | 33-34 |
| 205-3 | Confirmed incidents of corruption and actions taken | Anti-Bribery and Anti-Corruption | 33-34 |
| GRI 302: Energy 2016 | | | |
| 302-1 | Energy consumption within the organisation | Energy Management | 35-36 |
| 302-4 | Reduction of energy consumption | Energy Management | 35-36 |
| GRI 303: Water and Effluent 2016 | | | |
| 303-5 | Water consumption | Water Management | 38 |
| GRI 305: Emissions 2016 | | | |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (Sox), and other significant air emissions | Emission | 37 |
| GRI 306: Waste 2020 | | | |
| 306-3 | Waste generated | Waste Management | 36 |
| 306-4 | Waste diverted from disposal | Waste Management | 36 |
| 306-5 | Waste directed to disposal | Waste Management | 36 |
| GRI 401: Employment 2016 | | | |
| 401-1 | New employee hires and employee turnover | Labour Practices and Standards - Turnover and Recruitment of Employees | 42-43 |

SUSTAINABILITY STATEMENT (cont'd)

GRI Content Index (cont'd)

| GRI Standard | Disclosure Item | Section Reference | Page |
|--|--|---|-------|
| GRI 403: Occupational Health and Safety 2018 | | | |
| 403-1 | Occupational health and safety management system | Health and Safety | 38-40 |
| 403-5 | Worker training on occupational health and safety | Health and Safety | 38-40 |
| 403-9 | Work-related injuries | Health and Safety | 38-40 |
| GRI 404: Training and Education 2016 | | | |
| 404-1 | Average hours of training per year per employee | Labour Practices and Standards – Training and Development | 40-41 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Labour Practices and Standards – Training and Development | 40-41 |
| GRI 405: Diversity and Equal Opportunity 2016 | | | |
| 405-1 | Diversity of governance bodies and employees | Diversity and Equal Opportunities | 44-45 |
| GRI 418: Customer Privacy 2016 | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Data Privacy and Security | 43-44 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Prestar Resources Berhad (“the Company”) is pleased to present this Corporate Governance Overview Statement (“CG Overview Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Company and its subsidiaries (“the Group”) during the financial year ended 31 December 2023 (“FYE 2023”).

The Board recognises and acknowledges the importance of the principles and recommendations set out in the Malaysian Code on Corporate Governance (“MCCG”). The Board is fully committed to maintaining high standards of corporate governance practices throughout the Group to sustain the performance and protect and enhance long-term shareholders’ value and stakeholders’ interest. In line with this, the Board is committed to the Company’s policy of managing the affairs of the Group with transparency, integrity and accountability by ensuring that a sound framework of the best corporate practices is in place at all levels of the Group’s businesses and thus, discharging its principal responsibility towards protecting and enhancing long-term shareholders’ value and stakeholders’ interest.

The CG Overview Statement for FYE 2023 is prepared pursuant to Paragraph 15.25(1) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) Main Market Listing Requirements (“MMLR”) with guidance from Practice Note 9 of Bursa Malaysia Securities MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities. This CG Overview Statement is to be read with the comprehensive Corporate Governance Report (“CG Report”) published on the Company’s corporate website at www.prestar.com.my. The CG Report is based on a prescribed format outlined under Paragraph 15.25(2) of Bursa Malaysia Securities MMLR.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I: Board responsibilities

1) Clear functions, roles and responsibilities of the Board and Management

- i) The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives, formulating the policies and executing the key strategic action plans. The Board regularly reviews the Group’s business operations and maintains full and effective control over the management of the Group.

The duties and responsibilities of the Board include determining the Group’s overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting and implementing practical risk management and internal control systems within the Group.

The roles and duties of the Independent Non-Executive Chairman, Group Managing Director, Group Executive Director, Executive Directors and Independent Non-Executive Directors of the Company are clearly identified and separated to ensure effective operations of the Group.

The Board has also delegated certain responsibilities to other Board Committees that operate within clearly defined terms of reference (“TOR”). The standing Board Committees include the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Employees’ Share Option Scheme (“ESOS”) Committee (to be dissolved on 20 April 2024). It is the general policy of the Group that all major decisions shall be considered by the Board.

The Chairman of the Board is also a member of RC and NC.

- ii) The Board reviews the sustainability, effectiveness and implementation of the strategic plans and provides guidance and input to Management. In order to ensure the effective discharge of its functions and duties, the principal responsibilities of the Board include, among others, the following:
- Review and adopt a strategic business continuity plan for the Company and the Group;
 - Oversee and monitor the conduct of the Group’s businesses and financial performance;
 - Review and adopt the budgets and financial results of the Company and the Group as well as monitor the compliance with applicable accounting standards and the integrity and adequacy of the financial information disclosures;
 - Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
 - Review the adequacy and integrity of the Company’s and the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines; and
 - Establish authority control parameters for the top Management and Executive Directors of the Group for control and planning so as to safeguard the interests of the Group, and to facilitate the functioning of the Group’s operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part I : Board responsibilities (cont'd)

1) Clear functions, roles and responsibilities of the Board and Management (cont'd)

iii) Role of Company Secretaries

The Board is assisted by two (2) Chartered Secretaries (outsourced) who carry out the responsibilities of the company secretarial functions for the Group. The main duties of the Company Secretaries, among others, are as follows:

- Ensure compliance with Bursa Malaysia Securities MMLR and related statutory obligations and requirements as well as updating the Board regularly on all relevant changes to Bursa Malaysia Securities MMLR and statutory requirements;
- Attend Board meetings, Board Committees meetings and general meetings, and ensure proper recording of proceedings as well as follow-up on matters arising from the aforesaid meetings;
- Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system that stores meeting papers and minutes of meetings; and
- Assist the Chairmen in the preparation for and conduct of various meetings of the Board, Board Committees and general meetings.

Both Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. They are also members of the Malaysian Institute of Chartered Secretaries and Administrators, as recognised by the Companies Commission of Malaysia.

iv) Access to information and advice

All Directors of the Company are provided with the agenda and information necessary for them to deal with prior to each Board and Board Committees meeting. The senior management team was invited to attend the Board and Board Committees meetings to provide guidance or deliver in-depth explanations and clarifications on certain matters that were tabled to the Board and Board Committees. The meeting papers include, amongst others, a Quarterly Financial Report, an Internal Audit Report, significant financial data and corporate issues, a Risk Management Committee Progress Report, minutes of all Board Committees meetings, a list of all announcements made, a summary of Directors' dealings, list of all Board Circular Resolutions passed and any other matters requiring the Board's approval, confirmation, ratification and notation.

All Directors of the Company have full access to the advice and services of the Company Secretaries as well as access to the information within the Group, whether as a full Board or in their individual capacity for discharging their duties.

The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

2) Demarcation of responsibilities

i) Board Charter

The Board Charter sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good corporate governance. The Board Charter was adopted by the Board on 25 April 2013 and the last review of the Board Charter by the Board was on 2 May 2023.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by the Board.

The Board Charter is available on the Company's corporate website at www.prestar.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part I : Board responsibilities (cont'd)

3) Good business conduct and corporate culture

i) Code of Conduct and Ethics (“the Code”)

The Board has established the Code which provides ethical guidelines on the standards of behaviour expected from all Directors of the Group, during the conduct of the businesses for the Group. For all intents and purposes, all Directors of the Group shall always observe and ensure compliance with all applicable laws and regulations to which they are bound to observe in discharging their duties and responsibilities. The Code was initially adopted on 24 November 2016 and was subsequently reviewed by the Board on 14 May 2020. It is available on the Company’s corporate website at www.prestar.com.my.

ii) Whistleblowing Policy (“WBP”)

The Board has established a WBP to uphold the Group’s effort and commitment to doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process for handling the whistleblowing reports. The WBP will serve as an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the stakeholders.

The WBP was originally adopted by the Board on 24 November 2016 and subsequently reviewed by the Board on 14 May 2020. The WBP is available on the Company’s corporate website at www.prestar.com.my.

iii) Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Guidelines

The Group is committed to fostering an anti-corruption culture and ensuring that its business activities and transactions are open, transparent and conducted in accordance with its policies and the legislations which govern its operations. In order to be consistent with this commitment and to ensure the Group’s readiness for the enforcement of the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group formalised its Group ABAC Policy and Guidelines on 14 May 2020 to ensure that the Group practices ethical business dealings and strengthen measures to minimise the risks of corruption and bribery in the Group’s business activities.

The Group ABAC Policy and Guidelines which is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, applies to all Directors and employees of the Group. The Group ABAC Policy and Guidelines is available on the Company’s corporate website at www.prestar.com.my.

4) Sustainability risks and opportunities

The Board is responsible for managing the sustainability matters of the Group. The Group has established a Sustainability Committee (“SSC”) comprising Executive Directors of the Company and certain key Management staff. The SSC reports to the Group Managing Director who in turn reports the progress and updates to the Board annually and seeks their advice on related issues.

The sustainability agenda has also been entrenched into the Group’s business model aligned with the corporate strategy, culture, values and way of doing business for the Group.

Moreover, the Board endorses the annual Group Sustainability Report prior to publication. The Sustainability Report comprises the Group’s sustainability strategies, priorities, targets and performance and communications to various parties i.e., internal and external stakeholders.

In line with the integration of sustainability considerations into corporate strategy, governance and decision-making, as well as the impact of the environmental, social and governance (“ESG”) issues, the Company had organised an ESG training for the Board and key Management. Issues relevant to climate-related risks and opportunities were included in the training programme.

The Board will continue engaging with sustainability issues relevant to the Group and its businesses, including climate-related risks and opportunities in the near future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition

5) Board's objectivity

i) Composition of the Board

The Board has nine (9) Board members as of FYE 2023, comprising five (5) Executive Directors and four (4) Independent Non-Executive Directors of the Company, which complies with the prescribed requirement of one-third (1/3) of the Board to be independent as stated in Paragraph 15.02 of Bursa Malaysia Securities MMLR.

The Board members bring together a rich variety of expertise stemming from their diverse backgrounds in fields such as finance, commercial and technical experiences. This invaluable combination of skills and perspectives contributes significantly to the overall strength and success of the Company.

The presence of Independent Non-Executive Directors of the Company fulfils the pivotal role in corporate accountability. The role of Independent Non-Executive Directors of the Company is particularly important as they provide unbiased and independent views, advice and judgements taking into account the interests, not only of the Group but also the stakeholders.

The profile of each Director is presented in another section of this Annual Report.

ii) Independent Non-Executive Directors, Board diversity and key Management

a) Tenure of Independent Non-Executive Director

During FYE 2023, Tuan Haji Fadzlullah Shuhaimi Bin Salleh and Dato' Lim Cheang Nyok resigned from the Board in compliance with the requirements of Bursa Malaysia Securities MMLR after serving on the Board as an Independent Non-Executive Director of the Company for more than twelve (12) years. Apart from the Independent Non-Executive Chairman, who has served the Company for four (4) years, all other Independent Non-Executive Directors were appointed in less than three (3) years.

b) Policy of Independent Non-Executive Director's tenure

The Company does not have a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years. The shareholders' approval is sought at every Annual General Meeting ("AGM") of the Company to retain the Independent Non-Executive Directors of the Company who have served on the Board for more than nine (9) years but less than twelve (12) years. The retention of the Independent Non-Executive Directors of the Company who have served for more than nine (9) years but less than twelve (12) years shall be tabled to the shareholders for approval at every AGM of the Company through a two-tier voting process according to Practice 5.3 of the MCCG.

The NC will assess and determine whether the Independent Non-Executive Director who has served on the Board for more than nine (9) years but less than twelve (12) years remains objective and independent. Based on the aforesaid assessment, the NC will then recommend to the Board whether to retain the aforesaid Independent Non-Executive Director as an Independent Non-Executive Director of the Company and that the same will be tabled to the shareholders for approval through a two-tier voting process at the AGM of the Company upon the Board's concurrence of the recommendation of the NC.

c) Diverse Board and senior management team

Appointments of the Board and senior management are based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender. Please refer to the Profile of Directors and the Management team in other sections of this Annual Report for further information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Board's objectivity (cont'd)

ii) Independent Non-Executive Directors, Board diversity and key Management (cont'd)

d) Gender Diversity Policy

The Board acknowledges the importance of boardroom diversity, including gender diversity, to the effective functioning of the Board. During FYE 2023, a female Director, Ms. Toh Hui Yi was appointed on 10 April 2023 to the Board after undergoing an assessment process and the Board's approval.

The Board has established a Gender Diversity Policy and would ensure that there is no discrimination based on, but not limited to ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Directors of the Company. The Gender Diversity Policy is available on the Company's corporate website at www.prestar.com.my. However, the Company has not established a policy on gender diversity for the senior management.

e) New candidates for the Board's appointment

While the Board is responsible for the appointment of new Directors of the Company, the NC is delegated with the role of screening and conducting an initial selection, which includes external and independent searches, before making a recommendation to the Board for approval. The NC evaluates the candidate(s) for appointment as Director based on the mix of skills, expertise, working experience, professionalism, integrity, time commitment and the ability to discharge his/her expected duties and responsibilities including the criteria stated in the Fit and Proper Policy.

New members appointed to the Board during FYE 2023 were:

| | |
|-----------------------|----------------------------|
| Mr. Wang Eng Lon | Appointed on 10 April 2023 |
| Ms. Toh Hui Yi | Appointed on 10 April 2023 |
| Mr. Andy Toh Jin Hong | Appointed on 1 August 2023 |

iii) Nomination Committee

For FYE 2023, the NC consists of four (4) members, all of which are Independent Non-Executive Directors of the Company and the composition of the NC is as follows:

| Members | Designation | Number of NC meetings attended/held in the financial year under review |
|--|-------------|--|
| Dato' Lim Cheang Nyok (ceased on 31 May 2023) | Chairman | 2/2 |
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh (ceased on 10 April 2023) | Member | 2/2 |
| Wang Eng Lon * (appointed on 10 April 2023 and redesignated as Chairman on 31 May 2023) | Chairman | - |
| Shamsudin @ Samad Bin Kassim | Member | 2/2 |
| Dato' Siew Mun Wai * (appointed on 10 April 2023) | Member | - |
| Dato' Quah Thain Khan * (appointed on 10 April 2023) | Member | - |

* No meeting was held after the date of the appointment

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Board's objectivity (cont'd)

iii) Nomination Committee (cont'd)

The primary duties and functions of the NC are summarised as follows:

- a) To identify new candidates for the Board after assessing the suitability of candidates based on the criteria adopted;
- b) To consider and recommend to the Board, candidates for directorship, proposed by the Group Managing Director, any senior management, any Director or any shareholder;
- c) To recommend the nominees to fill the seat on the Board Committees;
- d) To assess the effectiveness of the Board as a whole, each individual Director and AC member and Committees of the Board; and
- e) To consider and examine such other matters as the NC considers appropriate.

The main activities of the NC during FYE 2023 include the following:

- a) Reviewed the required mix of skills, experience and other qualities of the Board;
- b) Assessed the effectiveness of the Board as a whole and the Board Committees including the AC;
- c) Assessed the contribution and performance of each individual Director of the Company and AC member;
- d) Assessed the independence of the Independent Non-Executive Directors of the Company; and
- e) Reviewed and recommended to the Board, the re-election of the Directors of the Company who shall retire at the AGM of the Company.

The full TOR of the NC, outlining the NC's objectives, composition, retirement and resignation, proceeding of meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

Reinforce independence: Annual assessment of the independence of Directors

The Board adopts the concept of independence in tandem with the definition of Independent Non-Executive Director as prescribed under Paragraph 1.01 of Bursa Malaysia Securities MMLR. The Board also carries out an annual assessment of the independence of its Independent Non-Executive Directors through the assistance of the NC.

The Board considers that its Independent Non-Executive Directors provide objective and independent views on various issues dealt with at the Board and Board Committees levels. All the Independent Non-Executive Directors of the Company are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

Re-election of Directors

In accordance with Clause 118 of the Company's Constitution, at least one-third (1/3) of the Directors of the Company, or the number nearest to one-third (1/3) shall retire from office provided always that all Directors including a Managing Director or Deputy Managing Director shall retire from office at least once in each three (3) years but shall be eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the AGM of the Company.

iv) Employees' Share Option Scheme Committee

In line with the implementation of the ESOS, an ESOS Committee was established by the Board on 21 April 2014 to oversee the administration as well as to ensure proper implementation of the ESOS in accordance with the By-Laws of the ESOS.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Board's objectivity (cont'd)

iv) Employees' Share Option Scheme Committee (cont'd)

The members of the ESOS Committees are as follows:

| | |
|--|---|
| Wang Eng Lon (appointed on 2 August 2023) | Chairman (Independent Non-Executive Director) |
| Dato' Lim Cheang Nyok (ceased on 31 May 2023) | Chairman (Independent Non-Executive Director) |
| Dato' Toh Yew Peng | Member (Group Managing Director) |
| Toh Yew Seng | Member (Group Executive Director) |

The ESOS will expire on 20 April 2024. All options granted, if unexercised will lapse on 20 April 2024 and the ESOS Committee will be dissolved.

6) Overall Board effectiveness

i) Annual evaluation of the Board

The Board had through the NC undertakes the following assessments annually:

- Effectiveness of the Board as a whole and the Committees of the Board;
- Contribution and performance of the AC and each individual AC member;
- Contribution and performance of each individual Director of the Company; and
- Independence of the Independent Non-Executive Directors of the Company.

The Board Effectiveness Evaluation for FYE 2023 included the assessment of the Board's understanding of sustainability issues that are critical to the Company's performance.

The outcome of the abovementioned annual assessments is disclosed in the CG Report which is available on the Company's corporate website at www.prestar.com.my.

ii) Board meetings

The Board intends to meet at least four (4) times a year, with additional meetings to be convened where necessary.

During FYE 2023, a total of four (4) Board meetings were held and the details of each Director's attendance at the Board meetings are as follows:

| Name of Directors | No. of meetings attended | % of attendance |
|---|--------------------------|-----------------|
| Shamsudin @ Samad Bin Kassim | 4 / 4 | 100 |
| Dato' Toh Yew Peng | 4 / 4 | 100 |
| Toh Yew Kar * (retired on 15 June 2023) | 2 / 2 | 100 |
| Toh Yew Seng | 4 / 4 | 100 |
| Toh Yew Chin * (resigned on 31 July 2023) | 2 / 2 | 100 |
| Kenny Toh Jin Tat | 4 / 4 | 100 |
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh * (resigned on 10 April 2023) | 1 / 1 | 100 |
| Dato' Lim Cheang Nyok * (resigned on 31 May 2023) | 2 / 2 | 100 |
| Dato' Siew Mun Wai | 4 / 4 | 100 |
| Dato' Quah Thain Khan | 4 / 4 | 100 |
| Wang Eng Lon # (appointed on 10 April 2023) | 3 / 3 | 100 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

6) Overall Board effectiveness (cont'd)

ii) Board meetings (cont'd)

During FYE 2023, a total of four (4) Board meetings were held and the details of each Director's attendance at the Board meetings are as follows: (cont'd)

| Name of Directors | No. of meetings attended | % of attendance |
|--|--------------------------|-----------------|
| Toh Hui Yi # <i>(appointed on 10 April 2023)</i> | 3 / 3 | 100 |
| Andy Toh Jin Hong # <i>(appointed on 1 August 2023)</i> | 2 / 2 | 100 |

* Reflects the number of meetings held during FYE 2023 before retirement or resignation as Director.

Reflects the number of meetings held during FYE 2023 after appointment as Director.

In the intervals between the Board meetings, the Board's approvals are obtained via circular resolutions for exceptional matters requiring urgent Board's decisions which are supported by the relevant information in order to form an informed decision. In order to facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors of the Company before the beginning of each financial year.

The Board is satisfied with the time commitment given by the Directors of the Company. All Directors of the Company do not hold more than five (5) directorships in the public listed companies as stipulated under Paragraph 15.06 of Bursa Malaysia Securities MMLR. If any Director of the Company wishes to accept a new directorship in the public listed companies, the Chairman will be informed prior to the aforesaid appointment together with an indication of the time that will be spent on the aforesaid new appointment.

iii) Directors' training

All Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") and one Director has attended the MAP Part II programme on Sustainability. Directors are encouraged to attend training programmes continually to enhance their knowledge and keep abreast with the latest technological market and recent developments in regulations and business practices.

The Board empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as an understanding of the Group's businesses and operations.

During FYE 2023, records of the current Directors as of 3 April 2024 who had attended various talks and seminars organised by Bursa Malaysia Securities and other local training organisations are listed as follows:

| Attended by | Seminars/Programmes |
|---------------------------------|--|
| Dato' Toh Yew Peng | <ul style="list-style-type: none"> Understanding and Assessing ESG Risks, Trends and Developments The Law and Practice on Inheritance |
| Toh Yew Seng | <ul style="list-style-type: none"> Understanding and Assessing ESG Risks, Trends and Developments |
| Kenny Toh Jin Tat | <ul style="list-style-type: none"> BDO Tax Webinar on Budget 2023 |
| Toh Hui Yi Andy Toh Jin Hong | <ul style="list-style-type: none"> MAP for Directors of Public Listed Companies |
| Shamsudin @ Samad Bin Kassim | <ul style="list-style-type: none"> Management of Cyber Risk Programme Securities Commission Malaysia's Audit Oversight Board Conversation with ACs |

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

6) Overall Board effectiveness (cont'd)

iii) Directors' training (cont'd)

During FYE 2023, records of the current Directors as of 3 April 2024 who had attended various talks and seminars organised by Bursa Malaysia Securities and other local training organisations are listed as follows: (cont'd)

| Attended by | Seminars/Programmes |
|--------------------|---|
| Dato' Siew Mun Wai | <ul style="list-style-type: none"> • Certificate in Sustainability • Ethics - From Theory to Practice • MAP Part II: Leading for Impact (LIP) • Advocacy for Directors and Chief Executive Officers of Main Market Listed Issuers • Conflict of Interests by Directors |
| Wang Eng Lon | <ul style="list-style-type: none"> • MAP for Directors of Public Listed Companies • Management of Cyber Risk Programme |

Due to other personal commitments during FYE 2023, Dato' Quah Thain Khan did not attend any training during FYE 2023.

In addition, the Company Secretaries, external auditors and internal auditors also update the Board regularly on the respective changes and amendments to regulatory requirements, laws and accounting standards to assist the Board in keeping abreast of such developments.

Part III: Remuneration

7) Remuneration Policy

The Company has in place a Remuneration Policy for Directors and senior management which sets out the criteria applied in recommending their remuneration packages.

The objective of the Group's Remuneration Policy is to attract and retain the Directors and senior management of the Group that could lead the Group to achieve its long-term goals and enhance shareholders' value.

In the case of Executive Directors and senior management of the Group, the components of the remuneration packages are structured so as to link rewards to corporate and individual performance. The level of remuneration of the Non-Executive Directors of the Company is reflective of their experience, time commitment and level of responsibilities as well as market norms and practices.

8) Remuneration Committee

The RC assists the Board in assessing the remuneration packages of the Executive Directors of the Company with a view to ensure that a competitive remuneration package is offered to attract and retain talented individuals to serve as Executive Directors of the Company.

The RC considers the principles recommended by MCGG in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectation and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The RC reviews the Directors' fees and benefits and proposes to the Board for approval and recommendation to the shareholders for approval at the AGM of the Company.

CORPORATE
GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

8) Remuneration Committee (cont'd)

For FYE 2023, the RC consists of four (4) members, all of which are Independent Non-Executive Directors of the Company, and the composition of the RC is as follows:

| Members | Designation | Number of RC meetings attended/held in the financial year under review |
|---|-------------|--|
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh * (ceased on 10 April 2023) | Chairman | 1/1 |
| Dato' Quah Thain Khan (redesignated on 10 April 2023) | Chairman | 1/2 |
| Shamsudin @ Samad Bin Kassim | Member | 2/2 |
| Dato' Siew Mun Wai | Member | 2/2 |
| Wang Eng Lon # (appointed on 10 April 2023) | Member | 1/1 |

* Reflects the number of meetings held during FYE 2023 before cessation as Director.

Reflects the number of meetings held during FYE 2023 after appointment as a member.

The full TOR of the RC, outlining the RC's objectives, composition, retirement and resignation, proceeding of meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

9) Directors' remuneration

The details of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Group during FYE 2023 are as follows:

(a) Company (RM' 000)

| Name of Directors | Fees | Salaries and/or allowance | Bonuses | Benefit-in-kind | EPF and SOCSO | Total |
|---|------------|---------------------------|----------|-----------------|---------------|------------|
| Non-Executive Directors | | | | | | |
| Shamsudin @ Samad Bin Kassim | 60 | 3 | 0 | 0 | 0 | 63 |
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh (resigned on 10 April 2023) | 12 | 1 | 0 | 0 | 0 | 13 |
| Dato' Lim Cheang Nyok (resigned on 31 May 2023) | 16 | 2 | 0 | 0 | 0 | 18 |
| Dato' Siew Mun Wai | 41 | 3 | 0 | 0 | 0 | 44 |
| Dato' Quah Thain Khan | 38 | 2 | 0 | 0 | 0 | 40 |
| Wang Eng Lon (appointed on 10 April 2023) | 27 | 2 | 0 | 0 | 0 | 29 |
| Sub-Total | 194 | 13 | 0 | 0 | 0 | 207 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

9) Directors' remuneration (cont'd)

The details of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Group during FYE 2023 are as follows: (cont'd)

(a) Company (RM' 000) (cont'd)

| Name of Directors | Fees | Salaries and/or allowance | Bonuses | Benefit-in-kind | EPF and SOCSO | Total |
|--|------------|---------------------------|------------|-----------------|---------------|--------------|
| Executive Directors | | | | | | |
| Dato' Toh Yew Peng | 15 | 916 | 229 | 23 | 157 | 1,340 |
| Toh Yew Seng | 15 | 0 | 0 | 0 | 0 | 15 |
| Toh Yew Kar <i>(retired on 15 June 2023)</i> | 8 | 0 | 0 | 0 | 0 | 8 |
| Toh Yew Chin <i>(resigned on 31 July 2023)</i> | 12 | 0 | 0 | 0 | 0 | 12 |
| Kenny Toh Jin Tat | 15 | 0 | 0 | 0 | 0 | 15 |
| Toh Hui Yi <i>(appointed on 10 April 2023)</i> | 11 | 0 | 0 | 0 | 0 | 11 |
| Andy Toh Jin Hong <i>(appointed on 1 August 2023)</i> | 6 | 0 | 0 | 0 | 0 | 6 |
| Sub-Total | 82 | 916 | 229 | 23 | 157 | 1,407 |
| Total Company | 276 | 929 | 229 | 23 | 157 | 1,614 |

(b) Group (RM' 000)

| Name of Directors | Fees | Salaries and/or allowance | Bonuses | Benefit-in-kind | EPF and SOCSO | Total |
|--|------------|---------------------------|----------|-----------------|---------------|------------|
| Non-Executive Directors | | | | | | |
| Shamsudin @ Samad Bin Kassim | 60 | 3 | 0 | 0 | 0 | 63 |
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh <i>(resigned on 10 April 2023)</i> | 12 | 1 | 0 | 0 | 0 | 13 |
| Dato' Lim Cheang Nyok <i>(resigned on 31 May 2023)</i> | 16 | 2 | 0 | 0 | 0 | 18 |
| Dato' Siew Mun Wai | 41 | 3 | 0 | 0 | 0 | 44 |
| Dato' Quah Thain Khan | 38 | 2 | 0 | 0 | 0 | 40 |
| Wang Eng Lon <i>(appointed on 10 April 2023)</i> | 27 | 2 | 0 | 0 | 0 | 29 |
| Sub-Total | 194 | 13 | 0 | 0 | 0 | 207 |

CORPORATE
GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

9) Directors' remuneration (cont'd)

The details of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Group during FYE 2023 are as follows: (cont'd)

(b) Group (RM' 000) (cont'd)

| Name of Directors | Fees | Salaries and/or allowance | Bonuses | Benefit-in-kind | EPF and SOCSO | Total |
|--|------------|---------------------------|--------------|-----------------|---------------|--------------|
| Executive Directors | | | | | | |
| Dato' Toh Yew Peng | 15 | 1,658 | 351 | 23 | 274 | 2,321 |
| Toh Yew Seng | 15 | 1,513 | 479 | 15 | 279 | 2,301 |
| Toh Yew Kar <i>(retired on 15 June 2023)</i> | 8 | 760 | 160 | 24 | 125 | 1,077 |
| Toh Yew Chin <i>(resigned on 31 July 2023)</i> | 12 | 332 | 0 | 0 | 53 | 397 |
| Kenny Toh Jin Tat | 15 | 401 | 81 | 16 | 93 | 606 |
| Toh Hui Yi <i>(appointed on 10 April 2023)</i> | 11 | 170 | 18 | 0 | 35 | 234 |
| Andy Toh Jin Hong <i>(appointed on 1 August 2023)</i> | 6 | 311 | 42 | 5 | 68 | 432 |
| Sub-Total | 82 | 5,145 | 1,131 | 83 | 927 | 7,368 |
| Total Company | 276 | 5,158 | 1,131 | 83 | 927 | 7,575 |

10) Remuneration of top five (5) senior management staff

For FYE 2023, the top five (5) senior management's remuneration components including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 are shown as follows:

| Range of Remuneration (RM) | No. of person |
|----------------------------|---------------|
| 400,001 - 450,000 | 1 |
| 450,001 - 500,000 | 1 |
| 550,001 - 600,000 | 1 |
| 650,001 - 700,000 | 1 |
| 750,001 - 800,000 | 1 |

Note: Successive bands of RM50,000.00 are not shown entirely as they are not represented.

Detail remuneration components and names of the top five (5) key Management team are not disclosed as the Board is of the view that the detailed disclosures of individual remuneration information are sensitive and proprietary, and the information may be wrongly used or quoted by certain parties. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

11) Audit Committee

The AC consists of three (3) Independent Non-Executive Directors of the Company, which complies with Paragraph 15.09(1) of Bursa Malaysia Securities MMLR whereby the AC shall only consist of Non-Executive Directors and the majority of whom are Independent Non-Executive Directors. In line with Practice 9.1 and Step-Up Practice 9.4 of the MCCG, the AC comprises solely Independent Non-Executive Directors of the Company and the Chairman of the AC, Dato' Siew Mun Wai, is not the Chairman of the Board. For detailed information on the AC with regards to its composition, activities and report, please refer to the AC Report in this Annual Report.

None of the AC members was a former partner of the external audit firm of the Company i.e., the former partners of the audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.). In line with the MCCG, the Board has adopted the revised TOR of the AC to require a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before he/she could be appointed as a member of the AC.

All members of the AC have the relevant accounting, finance and/or related financial experience and expertise to effectively discharge their duties. The qualifications and experience of the individual AC members are disclosed in the Profile of Directors in this Annual Report.

12) Suitability, objectivity and independence of the external auditors

The Board, through the AC, maintains a formal and transparent relationship with its external auditors in seeking professional advice. The AC meets with the external auditors without the presence of the Executive Board members and Management at least twice a year regarding audit planning, adequacy of controls, and other relevant audit and accounting issues.

The AC is assigned to assess, review and supervise the performance, suitability and independence of the external auditors. Evaluation of the external auditors is carried out on a yearly basis to determine its' continuance suitability and independence via a formal assessment form. The AC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the Malaysian Institute of Accountants' By-Law (on Professional Ethics, Conduct and Practice).

13) Group Risk Management Committee ("GRMC")

The Board acknowledges that there are inherent risks associated with the businesses carried out by the Group. The GRMC assists the Board in continuously reviewing the activities of the Group to identify key business and operational risks and where possible, implement policies and procedures to address such risks.

All subsidiaries have their own Risk Management Unit to review, monitor and assess the risk portfolio composition of significant activities within each subsidiary. The Risk Management Unit provides the GRMC with periodical reports on the status of risk management in individual subsidiaries. The GRMC reviews the Group's overall risks by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis. The Risk Management Committee Progress Reports are further presented to the AC and thereafter, to the Board for their deliberations.

14) Sound risk management and internal audit function

The Board acknowledges its responsibility for establishing a sound system of internal control and risk management framework and practices which encompasses financial, operational and compliance control that aims to safeguard shareholders' investments and the Group's assets during its course of business.

The Group has outsourced its internal audit function to assist the AC in discharging its duties and responsibilities. Ongoing reviews are performed on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the businesses and ensure that adequate and effective controls are in place. The internal auditors report their findings and recommendations to the AC during the quarterly AC meeting.

The Risk Management Unit of each subsidiary is actively identifying, assessing and monitoring the key business risks to safeguard shareholders' investments and the Group's assets by monitoring the internal control in place with the assistance of the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

14) Sound risk management and internal audit function (cont'd)

The GRMC assists the AC and the Board by reviewing the Risk Management Reports of all subsidiaries of the Company. The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance control on a quarterly basis.

While the internal control system is devised to cater to the needs of the Group as well as risk management, such controls by their nature could only provide reasonable assurance but not absolute assurance against material misstatement or loss. Information on the Company's risk management framework and internal control system within the Group is presented in the Statement on Risk Management and Internal Control of this Annual Report.

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

15) Corporate reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board is committed to providing a balanced, fair and comprehensive assessment of the Company's state of affairs in relation to its financial performance. In order to achieve the above, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group at the reporting dates.

The AC assists the Board by reviewing the financial statements with Management and the external auditors (when reviewing the yearly financial statements) to ensure the accuracy and adequacy of all the information to be disclosed as well as to ensure its compliance with the requirements of the rules and regulations of the authorities and approved accounting standards. The Group Financial Controller also presented to the AC and the Board a detailed analysis of the financial results, including performance against targets/budget on a quarterly basis.

The Statement of Directors' Responsibility pursuant to Bursa Malaysia Securities MMLR on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.

16) Communication with stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders, investors and the general public. The Annual Reports, press releases, quarterly results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance and also form an important channel of communication to reach shareholders and investors. In view thereof, effort has been taken to enhance the contents of the Annual Report in line with the MCCG and Bursa Malaysia Securities MMLR.

The Group Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Company maintains a corporate website at www.prestar.com.my for shareholders, investors and the general public to access information on amongst others, the Group's profile, products, financial performance announcements and corporate information.

17) Encourage shareholder participation at general meetings

Participation at AGM

The AGM of the Company represents the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issue and to have a better understanding of the Group's businesses and corporate developments. An adequate notice period for the AGM of the Company of not less than twenty-eight (28) days is communicated to all the shareholders.

Before the commencement of the AGM of the Company, either the Group Managing Director or Group Financial Controller will provide a presentation or brief verbal highlights to the shareholders on the performance of the Group for the financial year under review as well as the outlook of the Group on its future performance and opportunities.

Healthy dialogues and interactions with the shareholders are greatly encouraged with no time limitations for shareholders to raise questions pertaining to the proposed resolutions, business performance and the operations of the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

17) Encourage shareholder participation at general meetings (cont'd)

Participation at AGM (cont'd)

The Board is supported by the external auditors, Company Secretaries, legal and financial advisers, and senior management staff, where applicable, who are also present at the AGM of the Company to communicate with the shareholders, investors and media as well as to respond to the queries raised.

During FYE 2023, the Company's Thirty-Eighth ("38th") AGM was conducted on a virtual basis via Remote Participation and Voting Facilities at the broadcast venue at the Meeting Room of our Poll Administrator at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. This is to facilitate communication and engagement with the shareholders. It also enables shareholders to participate remotely via live streaming and online remote voting on all the resolutions tabled at the AGM of the Company. The shareholders are given opportunities to raise questions and feedback on their views on issues affecting the Group via real-time submission of typed texts through a text box within the online platform.

Poll voting

Bursa Malaysia Securities MMLR requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards.

The Company has conducted its poll voting on all resolutions since the 2017 AGM of the Company and will continue with such practice for all future general meetings.

At the Company's 38th AGM held on 15 June 2023, the Company leveraged technology via a virtual basis to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all the resolutions. It was streamed live where the eligible shareholders or the appointed proxies or authorised representatives were able to log in to remotely participate and submit their votes online.

An independent scrutineer was appointed to validate the votes cast and the results of each resolution put to vote were shown at the said AGM of the Company.

COMPLIANCE WITH MCGG

The Board is satisfied that during FYE 2023, the Company complied substantially with the best practices of the MCGG on the application of the principles and best practices except for those departures highlighted in the CG Report which is available on the Company's corporate website at www.prestar.com.my as well as the website of Bursa Malaysia Securities.

This CG Overview Statement and the CG Report are made in accordance with a resolution of the Board passed on 3 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Utilisation of proceeds

The Company did not undertake any corporate proposal to raise any proceed during the financial year ended 31 December 2023 (“FYE 2023”).

2. Audit and non-audit fees

During FYE 2023, BDO PLT, the External Auditors have rendered audit and non-audit services to the Company and its subsidiaries (“the Group”). The breakdown of the fees payable to the External Auditors is as follows:

| | Audit fees (RM) | Non-audit fees (RM) |
|----------------|--------------------|------------------------|
| Company | 43,050 | 20,000 |
| Group | 230,400 | 20,000 |

3. Material contracts involving Directors’, chief executive’s and major shareholders’ interests

There was no material contract entered into by the Group involving the interests of the Directors, chief executive and major shareholders during FYE 2023.

4. Recurrent related party transactions of a revenue or trading nature (“RRPTs”)

The information on RRPTs for FYE 2023 is disclosed under Note 29 of the Audited Financial Statements for FYE 2023 in this Annual Report.

5. Employees’ Share Option Scheme (“ESOS”)

The ESOS was approved by the shareholders at the Extraordinary General Meeting of the Company held on 17 December 2013 and was subsequently implemented on 21 April 2014.

No ESOS was being exercised during FYE 2023. Details of the ESOS are disclosed under Note 28 of the Audited Financial Statements for FYE 2023 in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of Prestar Resources Berhad (“the Company”) is pleased to present its Statement on Risk Management and Internal Control (“Statement”) of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FYE 2023”), which has been prepared pursuant to Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”). This Statement, which outlines the nature and scope of risk management and internal control of the Group during FYE 2023, is guided by the “Statement on Risk Management and Internal Control Guidelines: Guidelines for Directors of Listed Issuers” issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities as well as Part II of Principle B: “Risk Management and Internal Control” as set out in the Malaysian Code on Corporate Governance. The principles adopted by the Group in this Statement do not apply to the associate companies where risk management and internal control are managed by the respective management teams.

BOARD RESPONSIBILITY

The Board is committed and acknowledges its overall responsibility for maintaining sound risk management and internal control systems and for reviewing their adequacy and effectiveness continually so as to safeguard all its stakeholders’ interests and protect the Group’s assets. The system of risk management and internal control covers not only financial controls but risk management, organisational, operational, fraud prevention and compliance controls. The Board ensures the adequacy and effectiveness of the system through regular review and monitoring. However, such a system is designed to manage the Group’s risks within an acceptable risk profile rather than eliminate the risk of failure in order to achieve the goals and objectives of the Group. As there are inherent limitations in any system of internal control, such a system of risk management and internal control could only provide reasonable but not absolute assurance against material misstatement, fraud and potential losses.

The Board affirms that the Group has in place an ongoing process of identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout FYE 2023. The Board has delegated the review of the adequacy and effectiveness of the internal control system to the Audit Committee (“AC”), which in turn delegated the tasks to the Group Risk Management Committee (“GRMC”) and Internal Audit Function (“IAF”). Hence, through the AC, the Board is kept informed of all significant control issues brought to the attention of the AC by Management, the IAF and also the external auditors. The Board is working closely with the AC in reviewing and improving the internal controls as well as addressing the potential risks of the Group from time to time.

RISK MANAGEMENT FRAMEWORK AND PROCESS

Risk management is an integral part of the overall management process. Therefore, the Group has established and put in place a risk management framework to promote effective risk management within the Group for identifying, evaluating and managing significant risks faced by the Group systematically during FYE 2023.

As mentioned above, the responsibility to oversee the risk management framework is delegated to the GRMC which is responsible for ensuring that all the principal risks of the Group are properly addressed and managed within its acceptable level. The GRMC is supported by various Risk Management Units of its subsidiaries. The GRMC reports to the AC and the Board.

The GRMC constantly assesses and identifies risks and puts in place necessary controls and mitigation plans to address and maintain the risks at an appropriate level acceptable to the Group throughout FYE 2023.

All significant risks identified and relevant controls and mitigation plans taken by Management are documented in the risk management progress reports and the same be compiled and tabled to the AC and the Board for deliberations.

IAF

The IAF is carried out by an external professional firm based on the internal audit plan and ad-hoc assignments approved by the AC.

The scope of works of the IAF includes but is not limited to the following:

- Review and assess the adequacy, efficiency and effectiveness of the Group’s internal control system.
- Review the extent of compliance of the Group with the policies, standard operating procedures and other laws and regulations which possibly cause a significant impact on the business operations of the Group.
- Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the internal audit reports to the AC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

IAF (cont'd)

- Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management and report the same to the AC.
- Highlight any irregularities to the AC

During FYE 2023, no material issues were highlighted by the IAF to the AC.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to the risk management and internal audit, the Group has established various controls to review the adequacy, effectiveness and integrity of the internal control system. Such controls include:

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented Quality Management System accredited by various International Organisation for Standardisation (ISO) certification bodies on five (5) subsidiaries' quality management systems on various manufacturing and trading activities.
- Quarterly review of financial results and operational matters by the AC and the Board.
- Policies and standard operating procedures of various operating business units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed and updated when necessary to maintain their effectiveness at all times.
- Corporate finance and treasury matters are reviewed, coordinated centrally and monitored on a weekly, monthly and quarterly basis.
- Formal authorisation limit for various levels of personnel is established in order to minimise the risk of unauthorised transactions.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to Management and the Executive Directors. This would enable Management and the Executive Directors to review the performance of each subsidiary on a monthly basis.
- In compliance with Section 17A of the Malaysia Anti-Corruption Commission Amended Act 2018, the Group has established the Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC") as part of the Anti-Corruption Management System of the Group to help prevent, detect and address bribery and corruption, by establishing ethical business practices, maintain a high standard of corporate governance and develop a healthy workplace culture. The ABAC is available for reference on the Company's corporate website at www.prestar.com.my.
- Whistleblowing Policy and Guidelines is in place to enable the Group to address concerns that may adversely affect the reputation and interests of the Group effectively. The Whistleblowing Policy and Guidelines is available on the Company's corporate website at www.prestar.com.my.

During FYE 2023, there were no material losses incurred as a result of weaknesses in the internal control and the Board is satisfied that the ongoing process of regular reviewing, evaluating and monitoring of the risk management and internal control system are reasonably effective and adequate within the Group, except for POSCO-MKPC Sdn. Bhd. and Tashin Holdings Berhad and its group of companies, which are the associate companies of the Company.

The Board has received assurance from the Group Managing Director and Group Financial Controller that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Malaysia Securities, the external auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process and the review adopted by the Board on the adequacy and integrity of the risk management and internal control of the Group.

This Statement is made in accordance with the resolution of the Board dated 27 February 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Prestar Resources Berhad (“Prestar” or “Company”) is pleased to present the following report on the Audit Committee (“AC” or “Committee”) and its activities during the financial year ended 31 December 2023 (“FYE 2023”).

1. CONSTITUTION

The AC of Prestar has been established since 16 August 1995 which is in line with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”).

2. COMPOSITION OF THE AC AND MEETING ATTENDANCE

The Committee comprises three (3) members at the end of FYE 2023, which consist of all Independent Non-Executive Directors. This meets the requirements of Paragraphs 15.09(1)(a) and (b) of the MMLR of Bursa Malaysia Securities and Step-Up Practice 9.4 as recommended by the Malaysian Code on Corporate Governance.

During FYE 2023, the AC held a total of five (5) meetings. The members of the AC and their attendance at the meetings are set out below:

| Name | Designation | Attendance | Percentage |
|--|---|------------|------------|
| Dato’ Siew Mun Wai | Chairman / Independent Non-Executive Director | 5/5 | 100% |
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh | Member / Independent Non-Executive Director (Ceased on 10 April 2023) | 2/2* | 100% |
| Dato’ Lim Cheang Nyok | Member / Independent Non-Executive Director (Ceased on 31 May 2023) | 3/3* | 100% |
| Dato’ Quah Thain Khan | Member / Independent Non-Executive Director | 4/5 | 80% |
| Wang Eng Lon | Member / Independent Non-Executive Director (Appointed on 10 April 2023) | 3/3* | 100% |

* Reflects the number of AC meetings attended during the financial year under review from the date of appointment/ up to the date of cessation

Dato’ Siew Mun Wai is a member of the Malaysian Institute of Accountants.

For FYE 2023, the performance and effectiveness of the AC and individual AC members have been evaluated by the Nomination Committee. Having reviewed the results of the AC’s and individual AC members’ performance, the Board is satisfied that the AC and individual AC members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference of the AC.

3. SUMMARY OF KEY ACTIVITIES FOR FYE 2023

During FYE 2023, the main activities undertaken by the AC were as follows:

- Reviewed the unaudited quarterly financial results of the Company and its Group of Companies (“Group”) and thereafter, submitted to the Board for approval and release to Bursa Malaysia Securities.
- Reviewed the audited year-end financial statements of the Company and its Group and thereafter, submitted to the Board for consideration and approval.
- Met twice with the external auditors in the absence of the Executive Directors and Management to discuss areas of audit emphasis, issues that may have arisen from the audit and co-operation received from Management during the course of the audit.
- Reviewed the audit strategy and scope of the audit plan presented by the external auditors prior to the commencement of the annual audit and also audit issues and recommendations raised by them from the audit.
- Reviewed the audit reports of the external auditors and management letters in relation to the audit including Management’s responses arising from the audit.

AUDIT COMMITTEE REPORT (cont'd)

3. SUMMARY OF KEY ACTIVITIES FOR FYE 2023 (cont'd)

- f) Reviewed the principal risks and the risk management actions reported by the Group Risk Management Committee and the Subsidiary Risk Management Unit.
- g) Reviewed the AC Report and the Statement on Risk Management and Internal Control and thereafter, recommended the same to the Board for inclusion in the annual report.
- h) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Statement to Shareholders in relation to the Share Buy-Back, and thereafter, recommended the same to the Board for approval.
- i) Reviewed the related party transactions and recurrent related party transactions on a quarterly basis.
- j) Reviewed the performance of the internal audit function ("IAF"), annual internal audit plan and internal audit reports presented by the internal auditors and considered the major findings highlighted by the internal auditors and the responses from Management.
- k) Reviewed the suitability and independence of the external auditors vide a formalised external auditors evaluation form and upon reviewing and being satisfied with the results of the said assessment, the same had been recommended to the Board for approval.
- l) Reviewed and discussed the Group's business plan and budget.
- m) Monitored whistleblowing and no incidence was reported.
- n) Reviewed the conflict of interest or potential conflict of interest.

4. TERMS OF REFERENCE

The terms of reference of the AC, outlining the AC's objectives, composition, retirement and resignation, proceeding of meeting, authority and duties and responsibilities, is available at the Company's corporate website at www.prestar.com.my.

5. KEY AUDIT MATTERS ("KAM")

Under the new and revised Auditor Reporting Standards released by the International Auditing and Assurance Standards Board in 2016, auditors are required to disclose KAM in their auditors' reports, leading to more informative and tailored reporting specific to the circumstances of each entity and engagement. KAM are those matters that, in the auditors' professional judgement, are of most significance in the audit of the financial statements of the current period.

During the audit process for FYE 2023, the issue related to the recoverability of Trade Receivables was raised by the Company's external auditors as a KAM. The audit responses to address the aforementioned issue by the Company's external auditors were set out in the Independent Auditors' Report ("IAR"). For detailed information on the KAM, please refer to the IAR in this Annual Report.

6. STATEMENT ON IAF

The IAF is outsourced and undertaken by an external professional firm i.e., Tricor Axcelasia Sdn. Bhd. to conduct regular reviews and assessments on the adequacy, efficiency and effectiveness of the Company and its subsidiaries' internal control system. The IAF reports directly to the AC. The IAF is responsible for conducting reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the AC.

The AC meets quarterly to review the internal audit findings and to discuss the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management. In addition, the IAF carries out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management. The progression status of the corrective action plans is also reported to the AC on a quarterly basis.

AUDIT COMMITTEE REPORT (cont'd)

6. STATEMENT ON IAF (cont'd)

For FYE 2023, the IAF has successfully conducted the following audits in accordance with their Internal Audit Plan 2023 which was approved by the AC and agreed on the timing, frequency and scope of internal audit services to be rendered:

| Audit activities | Auditable entities |
|--|--------------------------------|
| Sales and Marketing | Prestar Storage System Sdn Bhd |
| Health and Safety Management | Prestar Precision Tube Sdn Bhd |
| Product Costing and Key Materials Management | Prestar Engineering Sdn Bhd |
| Billing, Credit Control and Collection | Prestar Marketing Sdn Bhd |

The cost incurred in maintaining the IAF for FYE 2023 was approximately RM78,000 (Financial year ended 31 December 2022: RM68,800).

The Board has approved this AC Report by a resolution dated 27 February 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of the Audited Financial Statements of Prestar Resources Berhad ("the Company") for the financial year ended 31 December 2023 ("FYE 2023")

The Directors are responsible for the preparation of financial statements for each financial year as required by the Companies Act 2016 ("the Act"). The financial statements are prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to present a true and fair view of the financial position of the Company and its subsidiaries ("the Group") as at the end of the financial year and of its financial performance and its cash flows for FYE 2023.

In preparing the Audited Financial Statements for FYE 2023, the Directors are satisfied that the Company and the Group had maintained adequate and proper accounting records and sufficient internal controls to enable the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position and its financial performance for FYE 2023.

In order to ensure that the financial statements are properly drawn up, the Directors have taken the following measures:

- ensure the adoption of appropriate accounting policies;
- where applicable, judgements and estimates are made on a reasonable and prudent basis;
- ensure that applicable approved accounting standards have been followed; and
- ensure that the financial statements have been prepared on a going concern basis.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a Directors' Resolution in Writing, dated 3 April 2024.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are renting out properties and investment holding.

The principal activities of the subsidiaries mainly consist of manufacturing steel pipes and tubes, supplying and installing guardrails, material handling equipment, pallet racking systems, wheelbarrows, hand trucks, and other steel-related products. The principal activities and details of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

| | Group RM'000 | Company RM'000 |
|---|-----------------|-------------------|
| Profit for the financial year | 25,898 | 4,650 |
| Profit attributable to owners of the parent | 25,898 | 4,650 |

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

| | RM'000 |
|---|--------|
| In respect of financial year ended 31 December 2022: | |
| Final dividend via treasury shares distribution on the basis of five (5) treasury shares for every one hundred (100) existing ordinary shares held in the company on 18 July 2023 | 8,150 |
| In respect of financial year ended 31 December 2023: | |
| First interim single tier dividend of 1.0 sen per ordinary share was paid on 6 October 2023 | 3,591 |
| Total dividends paid | 11,741 |

On 27 February 2024, the Company declared the second interim single tier dividend of 1.5 sen per ordinary share amounted to RM5,386,000 in respect of the financial year ended 31 December 2023, which was paid on 27 March 2024. This dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company implements an ESOS, which is in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows:

- Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;
- The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2023 for ordinary shares previously issued under the ESOS is 26,077,100 (2022: 26,077,100);
- The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;
- The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;
- The option price of a new ordinary share under the ESOS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Securities immediately preceding the date of offer, or at the par value of the ordinary shares, whichever is higher;
- The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the options period.

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

| Date of offer | Option price RM | [----- Number of options over ordinary shares -----] | | | | Outstanding as at 31.12.2023 '000 | Exercisable as at 31.12.2023 '000 |
|---------------|--------------------|--|---------------------------------------|----------------|-----|--|--|
| | | Outstanding as at 1.1.2023 '000 | Movement during the financial year | | | | |
| | | | Exercised '000 | Lapsed '000 | | | |
| 21 April 2014 | 0.33/0.52 | 267 | - | - | 267 | 267 | |

DIRECTORS

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

| | |
|--|------------------------------|
| Shamsudin @ Samad Bin Kassim | |
| Dato' Toh Yew Peng * | |
| Toh Yew Kar * | (retired on 15 June 2023) |
| Toh Yew Seng * | |
| Toh Yew Chin | (resigned on 31 July 2023) |
| Kenny Toh Jin Tat * | |
| Andy Toh Jin Hong * | (appointed on 1 August 2023) |
| Toh Hui Yi * | (appointed on 10 April 2023) |
| Tuan Haji Fadzlullah Shuhaimi Bin Salleh | (resigned on 10 April 2023) |
| Dato' Siew Mun Wai | |
| Dato' Lim Cheang Nyok | (resigned on 31 May 2023) |
| Dato' Quah Thain Khan | |
| Wang Eng Lon | (appointed on 10 April 2023) |

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

DIRECTORS' REPORT (cont'd)

DIRECTORS (cont'd)

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

Subsidiaries of Prestar Resources Berhad

Alan Toh Jin Joo
Ian Toh Jin Hu (appointed on 1 August 2023)
Jason Toh Jin Hin
Koay Kah Ee
Toh Poh Khuan
Toh Yew Kar

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 15 June 2023, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
- (ii) The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company at the time of purchase(s); and
- (iii) The shares so repurchased be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees' share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Act.

The Company has the rights to retain, distribute, resell, cancel and or transfer for the purposes of or under an employees' share scheme and or such other purpose as allowed under the Act. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Details of the treasury shares are disclosed in Note 13(d) to the financial statements.

DIRECTORS' INTERESTS

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

| Shares in the Company | [----- Number of ordinary shares -----] | | | | |
|---|--|--------|-------------------|-----------|--------------------------------|
| | Balance as at 1.1.2023/ Date of Appointment | Bought | Share Dividend | Sold | Balance as at 31.12.2023 |
| <u>Direct interests:</u> | | | | | |
| Shamsudin @ Samad Bin Kassim | 1,028,000 | - | 51,400 | - | 1,079,400 |
| Dato' Toh Yew Peng | 16,100,000 | 92,500 | 807,500 | - | 17,000,000 |
| Toh Yew Seng | 5,420,003 | - | 271,000 | - | 5,691,003 |
| Kenny Toh Jin Tat | 160,000 | - | 8,000 | - | 168,000 |
| Dato' Siew Mun Wai | 333,000 | - | 16,650 | (133,700) | 215,950 |
| Andy Toh Jin Hong (appointed on 1 August 2023) | 115,200 | - | 5,760 | - | 120,960 |
| <u>Indirect interests:</u> | | | | | |
| Dato' Toh Yew Peng* | 117,426,240 | - | 5,871,312 | - | 123,297,552 |

* Indirect interest by virtue of his interests in Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd. and the interests of his son, Alan Toh Jin Joo in the Company.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

By virtue of his substantial interest in the shares of the Company, Dato' Toh Yew Peng is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in 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 the following:

- (i) remuneration received or due and receivable by certain Directors from the related corporations in their capacity as Directors or executives of those related corporations; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 29 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as disclosed in Note 28 to the financial statements.

DIRECTORS' REMUNERATION

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

| | Group 2023 RM'000 | Company 2023 RM'000 |
|---|----------------------------------|------------------------------------|
| <u>Directors of the Company</u> | | |
| Executive Directors: | | |
| Short-term employee benefits: | | |
| - fees | 82 | 82 |
| - salaries, bonuses and other benefits* | 5,906 | 1,168 |
| - defined contribution plan | 863 | 157 |
| - sales commission | 37 | - |
| | <hr/> | <hr/> |
| | 6,888 | 1,407 |
| Non-Executive Directors: | | |
| - fees | 194 | 194 |
| - salaries, bonuses and other benefits* | 13 | 13 |
| | <hr/> | <hr/> |
| Total | <hr/> 7,095 | <hr/> 1,614 |

DIRECTORS' REPORT (cont'd)

DIRECTORS' REMUNERATION (cont'd)

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

| | Group 2023 RM'000 | Company 2023 RM'000 |
|---|-------------------------|---------------------------|
| <u>Directors of the subsidiaries</u> | | |
| Executive Directors: | | |
| Short-term employee benefits: | | |
| - salaries, bonuses and other benefits* | 1,760 | - |
| - defined contribution plan | 269 | - |
| | <hr/> 2,029 | <hr/> - |
| Non-Executive Director: | | |
| - salaries, bonuses and other benefits* | 23 | - |
| - defined contribution plan | 4 | - |
| | <hr/> 2,056 | <hr/> - |
| Total | <hr/> 2,056 | <hr/> - |
| Total Directors' remuneration | <hr/> 9,151 | <hr/> 1,614 |

* Salaries, bonuses and other benefits included bonus paid during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Company for the financial year 31 December 2023 was RM10,300 (2022: RM10,300).

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT (cont'd)

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

AUDITORS

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

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

| | Group RM'000 | Company RM'000 |
|--------------------------|-------------------------|---------------------------|
| Statutory audit | 230 | 43 |
| Other assurance services | 20 | 20 |
| | 250 | 63 |

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

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
3 April 2024

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 87 to 156 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Toh Yew Peng
Director

Kuala Lumpur
3 April 2024

Toh Yew Seng
Director

STATUTORY DECLARATION

I, Choy Jing Yi, being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 87 to 156 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
3 April 2024)

Choy Jing Yi
(MIA Membership No.: 45808)

Before me:

No. W729
Mardhiyyah Abdul Wahab
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prestar Resources Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 87 to 156.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters of the Group

Recoverability of trade receivables

Gross trade receivables of the Group as at 31 December 2023 was RM101,463,000 as disclosed in Note 11 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

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

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

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

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

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

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

Other Matters

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

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

Francis Cyril A/L S.R Singam
03056/04/2025 J
Chartered Accountant

Kuala Lumpur
3 April 2024

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 4 | 135,281 | 131,450 | 46,391 | 47,443 |
| Right-of-use assets | 5 | 12,693 | 14,789 | 11,459 | 11,585 |
| Other receivables | 11 | - | - | 3,678 | 8,316 |
| Investments in subsidiaries | 6 | - | - | 93,792 | 98,782 |
| Investments in associates | 7 | 166,778 | 160,093 | 25,158 | 25,158 |
| Intangible assets | 8 | 1,675 | 1,675 | - | - |
| | | 316,427 | 308,007 | 180,478 | 191,284 |
| Current assets | | | | | |
| Inventories | 9 | 119,082 | 167,194 | - | - |
| Derivative assets | 10 | - | 31 | - | - |
| Trade and other receivables | 11 | 109,827 | 128,714 | 923 | 1,780 |
| Current tax assets | | 12,527 | 11,281 | - | - |
| Cash and bank balances | 12 | 25,787 | 37,403 | 2,998 | 3,549 |
| | | 267,223 | 344,623 | 3,921 | 5,329 |
| TOTAL ASSETS | | 583,650 | 652,630 | 184,399 | 196,613 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 13 | 126,966 | 126,966 | 126,966 | 126,966 |
| Treasury shares | 13 | (725) | (8,634) | (725) | (8,634) |
| Reserves | 14 | 312,323 | 298,160 | 29,450 | 36,541 |
| | | 438,564 | 416,492 | 155,691 | 154,873 |
| TOTAL EQUITY | | 438,564 | 416,492 | 155,691 | 154,873 |

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (cont'd)

| | Note | Group | | Company | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 15 | 8,054 | 11,147 | 1,995 | 3,855 |
| Lease liabilities | 5 | 677 | 187 | - | - |
| Deferred tax liabilities | 16 | 5,380 | 4,138 | 1,388 | 1,338 |
| Retirement benefits obligations | 17 | 6,260 | 6,020 | 2,003 | 1,947 |
| | | 20,371 | 21,492 | 5,386 | 7,140 |
| Current liabilities | | | | | |
| Trade and other payables | 18 | 31,381 | 36,022 | 2,285 | 2,009 |
| Borrowings | 15 | 92,233 | 177,425 | 20,860 | 32,360 |
| Derivative liabilities | 10 | 118 | 455 | - | - |
| Lease liabilities | 5 | 275 | 513 | - | - |
| Retirement benefit obligation | 17 | 63 | - | 36 | - |
| Current tax liabilities | | 645 | 231 | 141 | 231 |
| | | 124,715 | 214,646 | 23,322 | 34,600 |
| TOTAL LIABILITIES | | 145,086 | 236,138 | 28,708 | 41,740 |
| TOTAL EQUITY AND LIABILITIES | | 583,650 | 652,630 | 184,399 | 196,613 |

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 21 | 527,867 | 606,957 | 12,112 | 20,882 |
| Cost of sales | | (468,470) | (569,102) | (1,479) | (1,934) |
| Gross profit | | 59,397 | 37,855 | 10,633 | 18,948 |
| Other operating income | | 8,684 | 8,094 | - | 975 |
| Selling and distribution expenses | | (3,358) | (3,408) | - | - |
| Administrative expenses | | (37,215) | (34,538) | (4,194) | (3,958) |
| Other operating expenses | | (1,714) | (2,202) | (139) | (313) |
| Finance costs | | (6,460) | (10,067) | (1,588) | (1,850) |
| Net (loss)/gain on impairment of financial assets | 22 | (959) | (1,015) | 113 | - |
| Interest income | | 566 | 601 | 450 | 598 |
| Share of results of associates, net of tax | 7(e) | 11,278 | 19,264 | - | - |
| Profit before taxation | 22 | 30,219 | 14,584 | 5,275 | 14,400 |
| Taxation | 24 | (4,321) | 607 | (625) | (775) |
| Profit for the financial year | | 25,898 | 15,191 | 4,650 | 13,625 |
| Other comprehensive income, net of tax | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | |
| Foreign currency translations | | 6 | (7) | - | - |
| Total comprehensive income for the financial year | | 25,904 | 15,184 | 4,650 | 13,625 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 25,898 | 15,191 | 4,650 | 13,625 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 25,904 | 15,184 | 4,650 | 13,625 |
| Earnings per ordinary share attributable to owners of the parent (sen): | | | | | |
| Basic | 26(a) | 7.21 | 4.43 | | |
| Diluted | 26(b) | 7.21 | 4.43 | | |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| Group | Share capital RM'000 | Treasury shares RM'000 | Exchange translation reserve RM'000 | Share options reserve RM'000 | Distributable retained earnings RM'000 | Total attributable to owners RM'000 | Total equity RM'000 |
|---|-------------------------|---------------------------|--|---------------------------------|---|--|------------------------|
| Balance as at 1 January 2023 | 126,966 | (8,634) | (6) | 1,091 | 297,075 | 416,492 | 416,492 |
| Profit for the financial year | - | - | - | - | 25,898 | 25,898 | 25,898 |
| Foreign currency translations, net of tax | - | - | 6 | - | - | 6 | 6 |
| Total comprehensive income | - | - | 6 | - | 25,898 | 25,904 | 25,904 |
| Transactions with owners | | | | | | | |
| Dividend paid | - | - | - | - | (3,591) | (3,591) | (3,591) |
| Shares buy-back | - | (241) | - | - | - | (241) | (241) |
| Share dividend | - | 8,150 | - | - | (8,150) | - | - |
| Total transactions with owners | - | 7,909 | - | - | (11,741) | (3,832) | (3,832) |
| Balance as at 31 December 2023 | 126,966 | (725) | - | 1,091 | 311,232 | 438,564 | 438,564 |

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

| Group | Note | [----- Non-distributable -----] Distributable | | | | Total attributable to owners of the parent RM'000 | Total equity RM'000 |
|--|------|---|------------------------------|--|---------------------------------------|--|---------------------------|
| | | Share capital RM'000 | Treasury shares RM'000 | Exchange translation reserve RM'000 | Share options reserve RM'000 | | |
| Balance as at 1 January 2022 | | 126,950 | (8,420) | 1 | 1,094 | 288,744 | 408,369 |
| Profit for the financial year | | - | - | - | - | 15,191 | 15,191 |
| Foreign currency translations, net of tax | | - | - | (7) | - | - | (7) |
| Total comprehensive income | | - | - | (7) | - | 15,191 | 15,184 |
| Transactions with owners | | | | | | | |
| Issuance of ordinary shares pursuant to ESOS exercised | 13 | 16 | - | - | (3) | - | 13 |
| Dividend paid | 25 | - | (214) | - | - | (6,860) | (6,860) |
| Shares buy-back | | - | - | - | - | - | (214) |
| Total transactions with owners | | 16 | (214) | - | (3) | (6,860) | (7,061) |
| Balance as at 31 December 2022 | | 126,966 | (8,634) | (6) | 1,091 | 297,075 | 416,492 |

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| Company | Note | [----- Non-distributable -----] Distributable | | Share options reserve RM'000 | Retained earnings RM'000 | Total equity RM'000 |
|---------------------------------|------|---|------------------------|------------------------------|--------------------------|---------------------|
| | | Share capital RM'000 | Treasury shares RM'000 | | | |
| Balance as at 1 January 2023 | | 126,966 | (8,634) | 1,091 | 35,450 | 154,873 |
| Profit for the financial year | | - | - | - | 4,650 | 4,650 |
| Total comprehensive income | | - | - | - | 4,650 | 4,650 |
| Transactions with owners | | | | | | |
| Dividend paid | 25 | - | - | - | (3,591) | (3,591) |
| Shares buy-back | | - | (241) | - | - | (241) |
| Share dividend | 25 | - | 8,150 | - | (8,150) | - |
| Total transactions with owners | | - | 7,909 | - | (11,741) | (3,832) |
| Balance as at 31 December 2023 | | 126,966 | (725) | 1,091 | 28,359 | 155,691 |

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

| Company | Note | [----- Non-distributable -----] Distributable | | Share options reserve RM'000 | Retained earnings RM'000 | Total equity RM'000 |
|--|------|---|------------------------|------------------------------|--------------------------|---------------------|
| | | Share capital RM'000 | Treasury shares RM'000 | | | |
| Balance as at 1 January 2022 | | 126,950 | (8,420) | 1,094 | 28,685 | 148,309 |
| Profit for the financial year | | - | - | - | 13,625 | 13,625 |
| Total comprehensive income | | - | - | - | 13,625 | 13,625 |
| Transactions with owners | | | | | | |
| Issuance of ordinary shares pursuant to ESOS exercised | 13 | 16 | - | (3) | - | 13 |
| Dividend paid | 25 | - | - | - | (6,860) | (6,860) |
| Shares buy-back | | - | (214) | - | - | (214) |
| Total transactions with owners | | 16 | (214) | (3) | (6,860) | (7,061) |
| Balance as at 31 December 2022 | | 126,966 | (8,634) | 1,091 | 35,450 | 154,873 |

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before taxation: | | 30,219 | 14,584 | 5,275 | 14,400 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 4 | 7,263 | 6,804 | 1,081 | 1,159 |
| Depreciation of right-of-use assets | 5 | 497 | 573 | 126 | 198 |
| Fair value (gain)/loss on derivatives | 10(c) | (306) | 432 | - | - |
| Dividend income from subsidiaries | 21 | - | - | (2,050) | (10,300) |
| Dividend income from associates | 7(e) | - | - | (4,593) | (4,994) |
| Impairment losses on trade receivables | 11(l) | 969 | 1,300 | - | - |
| Interest expense | | 6,460 | 10,067 | 1,588 | 1,850 |
| Interest income | 22 | (566) | (601) | (451) | (598) |
| Inventories written down | 9(c) | 60 | 13,980 | - | - |
| Net (gains)/losses on disposals of: | | | | | |
| - property, plant and equipment | 22 | (218) | (138) | - | - |
| - right-of-use asset | 22 | - | 99 | - | - |
| Property, plant and equipment written off | 4 | 1,208 | 207 | - | - |
| Retirement benefit obligations | 17 | 303 | 375 | 92 | 91 |
| Reversal of impairment loss on property, plant and equipment | 4 | (540) | (313) | - | - |
| Reversal of impairment losses on trade receivables | 11(l) | (10) | (285) | - | - |
| Reversal of inventories written down | 9(b) | (21,371) | - | - | - |
| Share of results of associates, net of tax | 7(e) | (11,278) | (19,264) | - | - |
| Unrealised (gain)/loss on foreign exchange | 22 | (138) | 95 | - | - |
| Operating profit before changes in working capital | | 12,552 | 27,915 | 1,068 | 1,806 |
| Changes in working capital: | | | | | |
| Inventories | | 69,543 | 86,863 | - | - |
| Trade and other receivables | | 17,928 | 43,149 | 3 | 8 |
| Trade and other payables | | (4,466) | (14,217) | 262 | (8,518) |
| Cash generated from/(used in) operations | | 95,557 | 143,710 | 1,333 | (6,704) |
| Dividends received, from subsidiaries | | - | - | 2,050 | 10,300 |
| Dividends received, from associates | | 4,593 | 4,994 | 4,593 | 4,994 |
| Retirement benefits paid | 17 | - | (207) | - | - |
| Tax refunded | | 48 | 405 | - | - |
| Tax paid | | (3,958) | (21,444) | (665) | (629) |
| Net cash from operating activities | | 96,240 | 127,458 | 7,311 | 7,961 |

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

| | Note | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Advances to subsidiaries | | - | - | 5,506 | 6,840 |
| Additions of interest in a subsidiary | 6(d) | - | - | - | (4,000) |
| Proceed from capital reduction of subsidiary | 6(c) | - | - | 4,990 | - |
| Interest received | | 566 | 601 | 451 | 598 |
| Proceeds from disposal of property, plant and equipment | | 376 | 321 | - | - |
| Purchase of property, plant and equipment | 4 | (9,298) | (16,345) | (29) | (367) |
| Net cash (used in)/from investing activities | | (8,356) | (15,423) | 10,918 | 3,071 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Interest paid | | (6,460) | (10,067) | (1,588) | (1,850) |
| Repayments of term loans | | (3,306) | (3,951) | (1,860) | (1,860) |
| Net (repayment)/drawdown of other borrowings | | (84,479) | (97,834) | (11,500) | 1,000 |
| Repayments of lease liabilities | 5 | (921) | (1,284) | - | (86) |
| Dividends paid | 25 | (3,591) | (6,860) | (3,591) | (6,860) |
| Proceed from issuance of ordinary shares pursuant to: | | | | | |
| - ESOS subscription | | - | 13 | - | 13 |
| - Shares buy-back | | (241) | (214) | (241) | (214) |
| Net cash used in financing activities | | (98,998) | (120,197) | (18,780) | (9,857) |
| Net (decrease)/increase in cash and cash equivalents | | (11,114) | (8,162) | (551) | 1,175 |
| Effects of exchange rate changes on cash and cash equivalents | | (2) | 12 | - | - |
| Cash and cash equivalents at beginning of financial year | | 36,903 | 45,053 | 3,549 | 2,374 |
| Cash and cash equivalents at end of financial year | 12(e) | 25,787 | 36,903 | 2,998 | 3,549 |

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group | Lease liabilities (Note 5) RM'000 | Term loans (Note 15) RM'000 | Other borrowings* (Note 15) RM'000 |
|---------------------------------|--|--|---|
| Balance as at 1 January 2023 | 700 | 14,453 | 173,619 |
| Cash flows: | | | |
| Additions | 1,114 | - | - |
| Repayments of lease liabilities | (921) | - | - |
| Repayments of term loans | - | (3,306) | - |
| Repayments of other borrowings | - | - | (84,479) |
| Non-cash flows: | | | |
| Modification | 29 | - | - |
| Unwinding of interest | 30 | - | - |
| Balance as at 31 December 2023 | <u>952</u> | <u>11,147</u> | <u>89,140</u> |
| Balance as at 1 January 2022 | 1,452 | 18,404 | 271,453 |
| Cash flows: | | | |
| Repayments of lease liabilities | (1,284) | - | - |
| Repayments of term loans | - | (3,951) | - |
| Repayments of other borrowings | - | - | (97,834) |
| Non-cash flow: | | | |
| Addition | 184 | - | - |
| Modification | 297 | - | - |
| Unwinding of interest | 51 | - | - |
| Balance as at 31 December 2022 | <u>700</u> | <u>14,453</u> | <u>173,619</u> |

* Other borrowings excludes bank overdrafts.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (cont'd)

| Company | Lease liabilities (Note 5) RM'000 | Term loans (Note 15) RM'000 | Other borrowings* (Note 15) RM'000 |
|--------------------------------|--|--|---|
| Balance as at 1 January 2023 | - | 5,715 | 30,500 |
| Cash flows: | | | |
| Repayment of term loan | - | (1,860) | - |
| Repayment of other borrowings | - | - | (11,500) |
| Non-cash flow: | | | |
| Unwinding of interest | - | - | - |
| Balance as at 31 December 2023 | <u>-</u> | <u>3,855</u> | <u>19,000</u> |
| Balance as at 1 January 2022 | 85 | 7,575 | 29,500 |
| Cash flows: | | | |
| Repayment of lease liabilities | (86) | - | - |
| Repayment of term loan | - | (1,860) | - |
| Drawdown of other borrowings | - | - | 1,000 |
| Non-cash flow: | | | |
| Unwinding of interest | 1 | - | - |
| Balance as at 31 December 2022 | <u>-</u> | <u>5,715</u> | <u>30,500</u> |

* Other borrowings excludes bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

Prestar Resources 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 Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Lot 1298, 16½ Miles, Jalan Ipoh, Rawang Industrial Estate, 48000 Rawang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 3 April 2024.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are renting out properties and investment holding.

The principal activities of the subsidiaries mainly consist of manufacturing steel pipes and tubes, supplying and installing guardrails, material handling equipment, pallet racking systems, wheelbarrows, hand trucks, and other steel-related products. The principal activities and details of the subsidiaries are disclosed in Note 6 to the financial statements.

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

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33 to the financial statements.

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

Notwithstanding that the Company was in a net current liabilities position of RM19,401,000 as at 31 December 2023, the Directors have considered the application of the going concern basis in the preparation of financial statements of the Company to be appropriate, given the ability of the Company to generate adequate net cash inflows in the foreseeable future, including the utilisation of unused banking facilities. In relation to this, the Directors have assessed the Company’s cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

| Group | Balance as at 1.1.2023 RM'000 | Additions RM'000 | Disposals RM'000 | Written off RM'000 | Depreciation charge for the financial year RM'000 | | Transfer to inventories (Note 9) RM'000 | Reclassification RM'000 | Reversal of Impairment RM'000 | Reclassification from right-of-use assets (Note 5) RM'000 | Balance as at 31.12.2023 RM'000 | |
|---|-------------------------------|--------------------|------------------|--------------------|---|--------------------|---|-------------------------|-------------------------------|---|---------------------------------|--|
| | | | | | Depreciation charge for the financial year RM'000 | Written off RM'000 | | | | | | |
| Carrying amount | | | | | | | | | | | | |
| Freehold land | 27,810 | - | - | - | - | - | - | - | - | - | 27,810 | |
| Buildings | 40,028 | 19 | - | - | (1,174) | (1,174) | - | - | - | - | 38,873 | |
| Plant and machinery | 50,577 | 967 | (69) | (1,114) | (3,325) | (3,325) | - | 2,346 | 540 | 2,635 | 52,557 | |
| Office equipment | 1,284 | 350 | - | (1) | (322) | (322) | - | 63 | - | - | 1,374 | |
| Furniture, fittings and renovations | 3,362 | 106 | (1) | - | (480) | (480) | - | 22 | - | - | 3,009 | |
| Motor vehicles and forklifts | 6,231 | 3,793 | (88) | - | (1,788) | (1,788) | (120) | - | - | 107 | 8,135 | |
| Moulds, tools and equipment | 746 | 123 | - | - | (174) | (174) | - | - | - | - | 695 | |
| Construction-in-progress | 1,412 | 3,940 | - | (93) | - | - | - | (2,431) | - | - | 2,828 | |
| | 131,450 | 9,298 | (158) | (1,208) | (7,263) | (7,263) | (120) | - | 540 | 2,742 | 135,281 | |
| | | | | | | | | | | | | |
| <----- As at 31 December 2023 -----> | | | | | | | | | | | | |
| | | Cost RM'000 | | | | | | | | Accumulated depreciation and impairment RM'000 | Carrying amount RM'000 | |
| Freehold land | | 27,810 | | | | | | | | - | 27,810 | |
| Buildings | | 56,052 | | | | | | | | (17,179) | 38,873 | |
| Plant and machinery | | 94,637 | | | | | | | | (42,080) | 52,557 | |
| Office equipment | | 5,594 | | | | | | | | (4,220) | 1,374 | |
| Furniture, fittings and renovations | | 11,824 | | | | | | | | (8,815) | 3,009 | |
| Motor vehicles and forklifts | | 27,451 | | | | | | | | (19,316) | 8,135 | |
| Moulds, tools and equipment | | 2,025 | | | | | | | | (1,330) | 695 | |
| Construction-in-progress | | 4,182 | | | | | | | | (1,354) | 2,828 | |
| | | 229,575 | | | | | | | | (94,294) | 135,281 | |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group | Balance as at 1.1.2022 RM'000 | Additions RM'000 | Disposals RM'000 | Written off RM'000 | Depreciation charge for the financial year RM'000 | | Transfer to inventories (Note 9) RM'000 | Reclassifi-cation RM'000 | Reversal of Impairment RM'000 | Reclassifi-cation from right-of-use assets (Note 5) RM'000 | Balance as at 31.12.2022 RM'000 |
|-------------------------------------|-------------------------------|------------------|------------------|--------------------|---|----------------|---|--------------------------|-------------------------------|--|---------------------------------|
| | | | | | | | | | | | |
| Carrying amount | | | | | | | | | | | |
| Freehold land | 27,810 | - | - | - | - | - | - | - | - | - | 27,810 |
| Buildings | 40,900 | 298 | - | - | (1,170) | - | - | - | - | - | 40,028 |
| Plant and machinery | 34,730 | 3,083 | (176) | (202) | (2,838) | (1,709) | 15,974 | 313 | 1,402 | 1,402 | 50,577 |
| Office equipment | 1,330 | 226 | - | (5) | (287) | - | 20 | - | - | - | 1,284 |
| Furniture, fittings and renovations | 3,627 | 299 | - | - | (604) | - | 40 | - | - | - | 3,362 |
| Motor vehicles and forklifts | 6,296 | 881 | (7) | - | (1,742) | (117) | - | - | 920 | - | 6,231 |
| Moulds, tools and equipment | 762 | 147 | - | - | (163) | - | - | - | - | - | 746 |
| Construction-in-progress | 6,035 | 11,411 | - | - | - | - | (16,034) | - | - | - | 1,412 |
| | 121,490 | 16,345 | (183) | (207) | (6,804) | (1,826) | - | 313 | 2,322 | - | 131,450 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Freehold land | 27,810 | - | - | - | - | - | - | - | - | - | 27,810 |
| Buildings | 56,033 | - | - | - | (16,005) | - | - | - | - | - | 40,028 |
| Plant and machinery | 90,276 | 881 | (39,699) | - | (39,699) | - | 5,266 | - | - | - | 50,577 |
| Office equipment | 5,266 | 11,710 | (3,982) | - | (3,982) | - | 11,710 | - | - | - | 1,284 |
| Furniture, fittings and renovations | 11,710 | 24,984 | (8,348) | - | (8,348) | - | 24,984 | - | - | - | 3,362 |
| Motor vehicles and forklifts | 24,984 | 1,902 | (18,753) | - | (18,753) | - | 1,902 | - | - | - | 6,231 |
| Moulds, tools and equipment | 1,902 | 2,766 | (1,156) | - | (1,156) | - | 2,766 | - | - | - | 746 |
| Construction-in-progress | 2,766 | - | - | - | (1,354) | - | - | - | - | - | 1,412 |
| | 220,747 | | (89,297) | | | | | | | | 131,450 |

<----- As at 31 December 2022 ----->

Accumulated depreciation and impairment

Cost RM'000

RM'000

Carrying amount RM'000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Company | Balance as at 1.1.2023 RM'000 | Additions RM'000 | Transfer RM'000 | Depreciation charge for the financial year RM'000 | Balance as at 31.12.2023 RM'000 |
|-------------------------------------|--|---------------------|--------------------|--|--|
| Carrying amount | | | | | |
| Freehold land | 15,293 | - | - | - | 15,293 |
| Buildings | 31,738 | - | - | (926) | 30,812 |
| Office equipment | 147 | 5 | 18 | (45) | 125 |
| Furniture, fittings and renovations | 81 | 15 | - | (37) | 59 |
| Motor vehicles | 175 | - | - | (73) | 102 |
| Construction-in- progress | 9 | 9 | (18) | - | - |
| | 47,443 | 29 | - | (1,081) | 46,391 |

<----- As at 31 December 2023 ----->

| | Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|-------------------------------------|----------------|---------------------------------------|------------------------------|
| Freehold land | 15,293 | - | 15,293 |
| Buildings | 46,269 | (15,457) | 30,812 |
| Office equipment | 629 | (504) | 125 |
| Furniture, fittings and renovations | 2,522 | (2,463) | 59 |
| Motor vehicles | 1,004 | (902) | 102 |
| | 65,717 | (19,326) | 46,391 |

| Company | Balance as at 1.1.2022 RM'000 | Additions RM'000 | Transfer RM'000 | Reclassifi- cation from right-of-use assets (Note 5) RM'000 | Depreciation charge for the financial year RM'000 | Balance as at 31.12.2022 RM'000 |
|--|--|---------------------|--------------------|--|--|--|
| Carrying amount | | | | | | |
| Freehold land | 15,293 | - | - | - | - | 15,293 |
| Buildings | 32,361 | 299 | - | - | (922) | 31,738 |
| Office equipment | 167 | 25 | (2) | - | (43) | 147 |
| Furniture, fittings and renovations | 173 | 34 | - | - | (126) | 81 |
| Motor vehicles | 7 | - | - | 236 | (68) | 175 |
| Construction-in- progress | - | 9 | - | - | - | 9 |
| | 48,001 | 367 | (2) | 236 | (1,159) | 47,443 |

<----- As at 31 December 2022 ----->

| | Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|-------------------------------------|----------------|---------------------------------------|------------------------------|
| Freehold land | 15,293 | - | 15,293 |
| Buildings | 46,269 | (14,531) | 31,738 |
| Office equipment | 606 | (459) | 147 |
| Furniture, fittings and renovations | 2,507 | (2,426) | 81 |
| Motor vehicles | 1,004 | (829) | 175 |
| Construction-in-progress | 9 | - | 9 |
| | 65,688 | (18,245) | 47,443 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

- (b) After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

| | |
|-------------------------------------|---------------|
| Buildings | 20 - 50 years |
| Plant and machinery | 5 - 20 years |
| Office equipment | 5 - 10 years |
| Furniture, fittings and renovations | 5 - 10 years |
| Motor vehicles and forklifts | 5 - 6 years |
| Moulds, tools and equipment | 7 years |

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (c) At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period 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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

- (d) As at the end of the reporting period, certain freehold land and buildings of the Group with a carrying amount of RM60,355,000 (2022: RM61,332,000) and certain freehold land and buildings of the Company with a carrying amount of RM38,937,000 (2022: RM39,704,000) has been charged as securities for banking facilities granted to the Group and the Company as disclosed in Note 15(d) and (e) to the financial statements.

- (e) Impairment assessment

During the financial year, no impairment loss was recognised in the Group. There was a reversal of impairment loss amounting to RM540,000 (2022: RM313,000) on the property, plant and equipment following the disposal of certain plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

| Carrying amount | Balance as at 1.1.2023 RM'000 | Additions RM'000 | Modification RM'000 | Depreciation charge for the financial year RM'000 | Reclassification* (Note 4) RM'000 | Balance as at 31.12.2023 RM'000 |
|-----------------|-------------------------------|------------------|---------------------|---|-----------------------------------|---------------------------------|
| | | | | | | |
| Leasehold land | 11,585 | - | - | (126) | - | 11,459 |
| Buildings | 194 | - | 29 | (164) | - | 59 |
| Machineries | 2,692 | - | - | (57) | (2,635) | - |
| Motor vehicles | 318 | 1,114 | - | (150) | (107) | 1,175 |
| | 14,789 | 1,114 | 29 | (497) | (2,742) | 12,693 |

| Carrying amount | Balance as at 1.1.2022 RM'000 | Addition RM'000 | Modification RM'000 | Disposal RM'000 | Depreciation charge for the financial year RM'000 | Reclassification* (Note 4) RM'000 | Balance as at 31.12.2022 RM'000 |
|-----------------|-------------------------------|-----------------|---------------------|-----------------|---|-----------------------------------|---------------------------------|
| | | | | | | | |
| Leasehold land | 11,712 | - | - | - | (127) | - | 11,585 |
| Buildings | 56 | - | 297 | - | (159) | - | 194 |
| Machineries | 4,225 | - | - | - | (131) | (1,402) | 2,692 |
| Motor vehicles | 1,309 | 184 | - | (99) | (156) | (920) | 318 |
| | 17,302 | 184 | 297 | (99) | (573) | (2,322) | 14,789 |

* The assets previously acquired under hire purchase arrangement were reclassified to property, plant and equipment as the lease liabilities for these assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

The Group as lessee (cont'd)

Lease liabilities

| Carrying amount | Balance as at 1.1.2023 RM'000 | Additions RM'000 | Modifi- cation RM'000 | Lease payments RM'000 | Interest expense RM'000 | Balance as at 31.12.2023 RM'000 |
|-----------------|----------------------------------|---------------------|-----------------------------|-----------------------------|-------------------------------|------------------------------------|
| Buildings | 196 | - | 29 | (168) | 4 | 61 |
| Machineries | 268 | - | - | (272) | 4 | - |
| Motor vehicles | 236 | 1,114 | - | (481) | 22 | 891 |
| | 700 | 1,114 | 29 | (921) | 30 | 952 |

| Carrying amount | Balance as at 1.1.2022 RM'000 | Addition RM'000 | Modifi- cation RM'000 | Lease payments RM'000 | Interest expense RM'000 | Balance as at 31.12.2022 RM'000 |
|-----------------|----------------------------------|--------------------|-----------------------------|-----------------------------|-------------------------------|------------------------------------|
| Buildings | 61 | - | 297 | (168) | 6 | 196 |
| Machineries | 889 | - | - | (654) | 33 | 268 |
| Motor vehicles | 502 | 184 | - | (462) | 12 | 236 |
| | 1,452 | 184 | 297 | (1,284) | 51 | 700 |

Represented by:

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Current liabilities | 275 | 513 |
| Non-current liabilities | 677 | 187 |
| | 952 | 700 |
| Lease liabilities owing to financial institutions | 750 | 329 |
| Lease liabilities owing to non-financial institutions | 202 | 371 |
| | 952 | 700 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

The Company as lessee

| Right-of-use assets | Balance as at 1.1.2023 RM'000 | Depreciation charge for the financial year RM'000 | Balance as at 31.12.2023 RM'000 | |
|--------------------------|--|--|--|--|
| Carrying amount | | | | |
| Leasehold land | 11,585 | (126) | 11,459 | |
| | | | | |
| | | | | |
| Carrying amount | Balance as at 1.1.2022 RM'000 | Reclassifi- cation to property, plant and equipment (Note 4) RM'000 | Depreciation charge for the financial year RM'000 | Balance as at 31.12.2022 RM'000 |
| Leasehold land | 11,712 | - | (127) | 11,585 |
| Motor vehicles | 307 | (236) | (71) | - |
| | 12,019 | (236) | (198) | 11,585 |
| Lease liabilities | | | | |
| Carrying amount | Balance as at 1.1.2022 RM'000 | Lease payments RM'000 | Interest expense RM'000 | Balance as at 31.12.2022 RM'000 |
| Motor vehicles | 85 | (86) | 1 | - |

The Group and the Company as lessee

- (a) The Group and the Company leases buildings and leasehold land in the location which it operates. The lease of buildings and leasehold land comprised fixed payment over the lease term.

The Group also leases certain items of machineries and motor vehicles. Leases of machineries and motor vehicles comprise only fixed payments over the lease terms.

- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

| | |
|----------------|-------------|
| Leasehold land | 99 years |
| Buildings | 1 - 3 years |
| Machineries | 3 - 5 years |
| Motor vehicles | 1 - 7 years |

- (c) The Group and the Company have certain leases of machineries and office equipment with lease term of 12 months or less and low value leases of assets of RM20,000 and below. The Group and the Company applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

The Group and the Company as lessee (cont'd)

(d) The following are the amounts recognised in profit or loss:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Depreciation charge of right-of-use assets (included in cost of sales) | 497 | 573 | 126 | 198 |
| Interest expense on lease liabilities (included in finance costs) | 30 | 51 | - | 1 |
| Loss on disposal of right-of-use asset | - | 99 | - | - |
| Expense relating to short-term leases (included in administrative expenses) | 329 | 228 | - | - |
| Expense relating to leases of low-value assets (included in administrative expenses) | 6 | 7 | - | - |
| | <u>862</u> | <u>958</u> | <u>126</u> | <u>199</u> |

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Included in net cash used in operating activities: | | | | |
| Payments relating to short-term leases and low value assets | 335 | 235 | - | - |
| Included in net cash used in financing activities: | | | | |
| Payment of lease liabilities | 921 | 1,284 | - | 86 |
| Total cashflows for leases | <u>1,256</u> | <u>1,519</u> | <u>-</u> | <u>86</u> |

(f) The Group and the Company leases several assets that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. Management determines whether these extensions and termination options are reasonably certain to be exercised.

As at 31 December 2023, there is no undiscounted potential future rental payment that is not included in the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

The Group and the Company as lessor

The Group and the Company has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to six (6) years (2022: one (1) to seven (7) years) and one (1) to three (3) years (2022: one (1) to three (3) years) respectively and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

The Group and the Company has aggregate future minimum lease receivable as at the end of each reporting period as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Not later than one (1) year | 4,602 | 2,364 | 6,393 | 4,230 |
| Later than one (1) year and not later than two (2) years | 6,048 | 4,848 | 12,313 | 6,899 |
| Later than two (2) years and not later than three (3) years | 1,416 | 2,261 | - | 1,105 |
| Later than three (3) years and not later than four (4) years | 946 | 737 | - | - |
| Later than four (4) years and not later than five (5) years | 551 | 414 | - | - |
| Later than five (5) years | 240 | 169 | - | - |
| | 13,803 | 10,793 | 18,706 | 12,234 |

6. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At cost | | |
| Unquoted shares | 93,792 | 98,782 |
| Less: Accumulated impairment losses | - | - |
| | 93,792 | 98,782 |

(a) Details of the subsidiaries are as follows:

| Name of Company | Principal place of business/ Country of incorporation | Effective interest in equity held by the Group | | Principal activities |
|--|--|--|-----------|---|
| | | 2023 % | 2022 % | |
| Prestar Manufacturing Sdn. Bhd.* ("PMSB") | Malaysia | 100 | 100 | Investment holding. |
| Prestar Marketing Sdn. Bhd.* ("PMktgSB") | Malaysia | 100 | 100 | Importing and distributing of general hardware, tools and material handling equipment as well as being a local forklifts dealer for rental and sales. |
| Prestar Engineering Sdn. Bhd.* ("PESB") | Malaysia | 100 | 100 | Manufacturing, supply and install of guardrails and related products. |
| Prestar Steel Pipes Sdn. Bhd. ("PSPSB") *** | Malaysia | - | 100 | Struck off. |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows: (cont'd)

| Name of Company | Principal place of business/ Country of incorporation | Effective interest in equity held by the Group | | Principal activities |
|--|--|--|-----------|---|
| | | 2023 % | 2022 % | |
| Prestar Precision Tube Sdn. Bhd.* ("PPTSB") | Malaysia | 100 | 100 | Manufacture and supply of commercial and precision steel pipes and tubes. |
| Dai Dong Steel Sdn. Bhd.* ("DDSSB") | Malaysia | 100 | 100 | Importing and trading of steel materials and general hardware products. |
| Prestar Storage System Sdn. Bhd.* ("PSSSB") | Malaysia | 100 | 100 | Manufacture, installation of all kinds of structural steel works, storage and shelving systems, and exporting of material handling equipment such as wheelbarrows, hand trucks, pallet meshes and boltless shelving, etc. |
| Subsidiary of PESB | | | | |
| Prestar Galvanising Sdn. Bhd.* ("PGSB") | Malaysia | 100 | 100 | General hot-dip galvanising of metal products and threaded items. |
| Subsidiary of PMSB | | | | |
| PT Prestar MHE **^@ ("PTMHE") | Indonesia | - | 90 | Wound up. |
| Subsidiary of PSSSB | | | | |
| PT Prestar MHE **^@ ("PTMHE") | Indonesia | - | 10 | Wound up. |

* Subsidiaries audited by BDO PLT Malaysia.

** Consolidated based on its management accounts for the financial year ended 31 December 2023.

*** This subsidiary had been struck off the Register pursuant to Section 550 of the Companies Act, 2016 in the prior financial year.

^ Not required to be audited under the local legislation.

@ This subsidiary had been wound up in the current financial year.

(b) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

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

(c) During the financial year ended 31 December 2023:

- (i) On 10 October 2023, PMSB, a wholly owned subsidiary of the Company, had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of 4,990,000 shares of RM1.00 each. Pursuant to the capital reduction and repayments, PMSB's issued and fully paid up share capital was reduced from 5,000,000 to 10,000 comprising 10,000 ordinary shares of RM1.00 each. As a result of the capital reduction exercise, the cost of investment of the Company in PMSB decreased by RM4,990,000.
- (ii) On 15 December 2023, the Group has written off its investment in PTMHE amounting to RM684,000 which has been fully impaired during the previous financial year as the subsidiary has been wound up.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) In the previous financial year ended 31 December 2022:

- (i) On 13 April 2022, the Company had subscribed for 4,000,000 new ordinary shares in PSSSB, a wholly owned subsidiary of the Company at issue price of RM1.00 per share for a total cash consideration of RM4,000,000. The Company's equity interest in PSSSB remained at 100%.
- (ii) On 30 December 2022, the Company has written off its investment in PSPSB amounting to RM10,251,000 as the subsidiary has been struck off from the registrar upon the publication of the notice of striking off pursuant to Section 551 (3) of the Companies Act 2016 in the Gazette and is accordingly dissolved.

(e) The carrying amounts of assets to which significant restrictions apply are as follows:

| | 2023 RM'000 | 2022 RM'000 |
|---------------------------|----------------|----------------|
| Buildings | 10,341 | 10,552 |
| Cash and cash equivalents | 8,074 | 11,443 |
| Freehold land | 20,000 | 20,000 |
| | 38,415 | 41,995 |

The above restrictions arose from bank covenants as follows:

- (i) A covenant of banking facilities undertaken by PESB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary is making loss after tax, and any future dividend payments in excess of 50% of its net profit after tax for the financial year shall require the bank's consent.
- (ii) A covenant of banking facilities undertaken by DDSSB, PPTSB, PSSSB and PMktgSB, subsidiaries of the Company, restricts the ability of the subsidiaries to declare dividends of more than 50% of its current year profit after tax to its shareholders without the bank's consent.
- (iii) The covenant of banking facilities undertaken by PSSSB, a subsidiary of the Company, restricts the ability of the subsidiaries to dispose or transfer the ownership of their freehold land and building.

7. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At cost: | | | | |
| Unquoted equity shares | 16,965 | 16,965 | 16,965 | 16,965 |
| Share of post-acquisition reserves, net of dividends received | 60,259 | 53,297 | - | - |
| | 77,224 | 70,262 | 16,965 | 16,965 |
| Quoted equity shares | 68,821 | 68,821 | 8,193 | 8,193 |
| Share of post-acquisition reserves, net of dividends received | 20,733 | 21,010 | - | - |
| | 166,778 | 160,093 | 25,158 | 25,158 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

7. INVESTMENTS IN ASSOCIATES (cont'd)

| | Group and Company | |
|----------------------------------|-------------------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Market value: | | |
| Quoted equity shares in Malaysia | 43,903 | 45,090 |

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

(b) The details of the associates of which all are incorporated in Malaysia are as follows:

| Name of Company | Effective interest in equity held by the Group | | Principal activities |
|-----------------------------------|--|------|---|
| | 2023 | 2022 | |
| | % | % | |
| POSCO-MKPC Sdn. Bhd. ("MKPC") * | 30 | 30 | Slitting, shearing and sales of steel sheets and coils. |
| Tashin Holdings Berhad ("THB") ** | 34 | 34 | Investment holding company. |

* Associate not audited by BDO PLT Malaysia.

** Associate audited by BDO PLT Malaysia.

(c) The financial statements of the above associates are coterminous with those of the Group, which are 31 December 2023.

(d) The summarised financial information of the associates are as follows:

| 2023 | MKPC | THB | TOTAL |
|---|-----------|----------|-----------|
| | RM'000 | RM'000 | RM'000 |
| Assets and liabilities | | | |
| Non-current assets | 62,656 | 127,679 | 190,335 |
| Current assets | 399,476 | 209,629 | 609,105 |
| Non-current liabilities | (5,565) | (26,855) | (32,420) |
| Current liabilities | (198,833) | (52,406) | (251,239) |
| Net assets | 257,734 | 258,047 | 515,781 |
| Results | | | |
| Revenue | 832,874 | 362,450 | 1,195,324 |
| Profit for the financial year | 30,606 | 6,166 | 36,772 |
| Total comprehensive income | 30,606 | 6,166 | 36,772 |
| Cash flows from operating activities | 68,875 | 14,020 | 82,895 |
| Cash flows used in investing activities | (512) | (3,468) | (3,980) |
| Cash flows used in financing activities | (76,878) | (35,716) | (112,594) |
| Net decrease in cash and cash equivalents | (8,515) | (25,164) | (33,679) |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

7. INVESTMENTS IN ASSOCIATES (cont'd)

(d) The summarised financial information of the associates are as follows: (cont'd)

| 2022 | MKPC RM'000 | THB RM'000 | TOTAL RM'000 |
|--|----------------|---------------|-----------------|
| Assets and liabilities | | | |
| Non-current assets | 64,526 | 129,939 | 194,465 |
| Current assets | 456,955 | 247,622 | 704,577 |
| Non-current liabilities | (5,840) | (28,779) | (34,619) |
| Current liabilities | (281,112) | (89,920) | (371,032) |
| Net assets | 234,529 | 258,862 | 493,391 |
| Results | | | |
| Revenue | 827,251 | 434,303 | 1,261,554 |
| Profit for the financial year | 49,337 | 13,125 | 62,462 |
| Total comprehensive income | 49,337 | 13,125 | 62,462 |
| Cash flows from operating activities | 23,239 | 36,238 | 59,477 |
| Cash flows used in investing activities | (446) | (56,474) | (56,920) |
| Cash flows used in financing activities | (9,642) | (1,114) | (10,756) |
| Net increase/(decrease) in cash and cash equivalents | 13,151 | (21,350) | (8,199) |

(e) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

| 2023 | MKPC RM'000 | THB RM'000 | TOTAL RM'000 |
|---|----------------|---------------|-----------------|
| Share of net assets of the Group | 77,224 | 89,554 | 166,778 |
| Elimination of unrealised profits | - | - | - |
| Carrying amount in the statements of financial position | 77,224 | 89,554 | 166,778 |
| Share of results of the Group for the financial year | | | |
| Share of profit of the Group | 9,182 | 2,096 | 11,278 |
| Share of other comprehensive income or loss of the Group | - | - | - |
| Share of total comprehensive income of the Group | 9,182 | 2,096 | 11,278 |
| Other information | | | |
| Dividend income from associates | 2,220 | 2,373 | 4,593 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

7. INVESTMENTS IN ASSOCIATES (cont'd)

- (e) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows: (cont'd)

| 2022 | MKPC RM'000 | THB RM'000 | TOTAL RM'000 |
|---|----------------|---------------|-----------------|
| Share of net assets of the Group | 70,262 | 89,831 | 160,093 |
| Elimination of unrealised profits | - | - | - |
| Carrying amount in the statements of financial position | 70,262 | 89,831 | 160,093 |
| Share of results of the Group for the financial year | | | |
| Share of profit of the Group | 14,801 | 4,463 | 19,264 |
| Share of other comprehensive income or loss of the Group | - | - | - |
| Share of total comprehensive income of the Group | 14,801 | 4,463 | 19,264 |
| Other information | | | |
| Dividend income from associates | 1,434 | 3,560 | 4,994 |

- (f) As at 31 December 2023, the carrying amount of the net assets of THB is in excess of the related market capitalisation.

The Group has performed the impairment assessment of the carrying amount on cost of investment in THB.

The recoverable amount of the cost of investment in the associate assessed by the Group is the higher of its fair value less cost to sell and its value in use. The Group has determined the recoverable amount of the investment using discounted cash flows expected to be generated from the investment.

During the financial year, the key assumptions used in the value-in-use calculations are as follows:

- The anticipated annual revenue growth rates used in the cash flows projections ranged from 10% to 18% per annum;
- Profit margins are projected based on the historical profit margin achieved for the products; and
- Pre-tax discount rate of 10.97% was applied over the projection periods in determining the recoverable amount of the investment. The discount rate used is pre-tax, which is the weighted average cost of capital adjusted for specific risks relating to THB.

In assessing the value-in-use, the Directors are of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amount of the investment in THB to materially exceed its recoverable amount

8. INTANGIBLE ASSETS

| | Balance as at 1.1.2023 RM'000 | Amortisation charge for the financial year RM'000 | Balance as at 31.12.2023 RM'000 |
|------------------------|--|--|--|
| Group | | | |
| Carrying amount | | | |
| Goodwill | 1,675 | - | 1,675 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

| | | <----- As at 31 December 2023 -----> | | |
|-------------|----------------------------------|--------------------------------------|--|--------------------------------|
| | | Cost | Accumulated amortisation and impairment | Carrying amount |
| | | RM'000 | RM'000 | RM'000 |
| | Goodwill | 2,803 | (1,128) | 1,675 |
| | Development costs | 589 | (589) | - |
| | | 3,392 | (1,717) | 1,675 |
| | | Balance as at 1.1.2022 | Amortisation charge for the financial year | Balance as at 31.12.2022 |
| | | RM'000 | RM'000 | RM'000 |
| 2022 | | | | |
| | Group Carrying amount | | | |
| | Goodwill | 1,675 | - | 1,675 |
| | | 1,675 | - | 1,675 |
| | | <----- As at 31 December 2022 -----> | | |
| | | Cost | Accumulated amortisation and impairment | Carrying amount |
| | | RM'000 | RM'000 | RM'000 |
| | Goodwill | 2,803 | (1,128) | 1,675 |
| | Development costs | 589 | (589) | - |
| | | 3,392 | (1,717) | 1,675 |

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

(a) Goodwill (cont'd)

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ("CGU") for impairment testing, as follows:

| | Manufacturing (CGU 1) RM'000 | Trading (CGU 2) RM'000 | Total RM'000 |
|-------------------------|---|---------------------------------------|-------------------------|
| Goodwill, gross | 1,799 | 1,004 | 2,803 |
| Less: Impairment losses | (668) | (460) | (1,128) |
| Goodwill, net | <u>1,131</u> | <u>544</u> | <u>1,675</u> |

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using discounted cash flow projections from financial budgets approved by the Directors covering a five (5) year period. The pre-tax discount rate applied to the cash flow projections and forecasted growth rates used to extrapolate cash flows for the five (5) year period are as follows:

| | CGU1 | | CGU2 | |
|------------------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | % | % | % | % |
| Growth rates | 2.0 | 11.0 | 3.0 | 5.0 |
| Pre-tax discount rates | <u>11.0</u> | <u>10.1</u> | <u>11.0</u> | <u>10.1</u> |

The calculations of value-in-use for the CGUs are based on the following assumptions:

(i) Growth rates

The forecasted growth rates applied to the cash flow projections of CGU 1 and CGU 2 are based on the most recent financial budgets approved by the Directors covering a five (5) year period.

(ii) Pre-tax discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the respective CGUs and to evaluate future investment proposals. The discount rates used are pre-tax and reflect the overall weighted average cost of capital and specific risk adjustment relating to the relevant segments.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill assessed as at 31 December 2023 as their recoverable amounts were in excess of their carrying amounts.

The sensitivity of the impairment assessment to a reasonably possible change in the above assumptions are not disclosed as it is not significant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Capitalised development costs are amortised on a straight-line basis over a period of ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development costs represent costs incurred in the development of high quality steel pipes prior to the commencement of commercial production.

9. INVENTORIES

| | 2023 RM'000 | Group 2022 RM'000 |
|--------------------------------------|----------------|-------------------------|
| At cost | | |
| Raw materials | 41,696 | 65,394 |
| Work-in-progress | 12,474 | 26,097 |
| Manufactured and trading inventories | 56,449 | 56,874 |
| | 110,619 | 148,365 |
| At net realisable value | | |
| Raw materials | 2,410 | 8,703 |
| Work-in-progress | 311 | 283 |
| Manufactured and trading inventories | 5,742 | 9,843 |
| | 8,463 | 18,829 |
| | 119,082 | 167,194 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

9. INVENTORIES (cont'd)

- (a) Inventories are stated at the lower of cost and net realisable value. The cost of the inventories are determined using the weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location. Costs of work-in-progress and manufactured and trading inventories included the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM466,990,000 (2022: RM567,168,000). The Group had reversed RM21,371,000 of a write down of inventories which was subsequently not required as the Group was able to sell those inventories above their carrying amounts.
- (c) The Group had recognised inventories written down of RM60,000 (2022: RM13,980,000).
- (d) During the financial year, machineries and forklift under property, plant and equipment amounting to RM120,000 (2022: RM1,826,000) have been transferred to inventories.

10. DERIVATIVE FINANCIAL INSTRUMENTS

| Group | Contract/ Notional amount RM'000 | Assets RM'000 | Liabilities RM'000 |
|----------------------------|---|------------------|-----------------------|
| 2023 | | | |
| Forward currency contracts | 17,066 | - | (118) |
| 2022 | | | |
| Forward currency contracts | 16,236 | 31 | (455) |

- (a) Derivatives are initially recognised at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) Forward currency contracts have been entered into to operationally hedge receivables and forecast purchases denominated in foreign currencies that are expected to realise or occur at various dates within three (3) months (2022: five (5) months) from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.
- (c) During the financial year, the Group recognised a net gain of RM306,000 (2022: net loss of RM432,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 31 to the financial statements.

11. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | |
| Other receivables | | | | |
| Subsidiaries | - | - | 3,678 | 8,413 |
| Less: Impairment losses | - | - | - | (97) |
| Total other receivables (non-current) | - | - | 3,678 | 8,316 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current | | | | |
| Trade receivables | | | | |
| Third parties | 101,463 | 111,607 | - | - |
| Less: Impairment losses | (2,571) | (4,034) | - | - |
| | <u>98,892</u> | <u>107,573</u> | <u>-</u> | <u>-</u> |
| Other receivables | | | | |
| Third parties | 1,889 | 2,683 | 94 | 94 |
| Deposits | 152 | 184 | 13 | 14 |
| Subsidiaries | - | - | 808 | 1,678 |
| | 2,041 | 2,867 | 915 | 1,786 |
| Less: Impairment losses - subsidiaries | - | - | - | (16) |
| | <u>2,041</u> | <u>2,867</u> | <u>915</u> | <u>1,770</u> |
| Total receivables | 100,933 | 110,440 | 4,593 | 10,086 |
| Prepayments | 8,894 | 18,274 | 8 | 10 |
| Total trade and other receivables (current) | <u>109,827</u> | <u>128,714</u> | <u>923</u> | <u>1,780</u> |
| Total trade and other receivables (non-current and current) | <u>109,827</u> | <u>128,714</u> | <u>4,601</u> | <u>10,096</u> |

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 to 120 days (2022: 30 to 120 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) In the previous financial year, amounts owing by associates in trade receivables was non-interest bearing and were subjected to normal trade credit terms. They were recognised at their invoice amounts, which represented their fair values on initial recognition.
- (d) Non-current amounts owing by subsidiaries in other receivables of the Company represent loan and advances, which are unsecured, bear interest rate ranging from 2.55% to 5.19% (2022: 1.95% to 4.19%) per annum and are not repayable within the next twelve (12) months.
- (e) Current amounts owing by subsidiaries in other receivables of the Company represent advances, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (f) Included in prepayments of the Group is an amount of RM6,132,000 (2022: RM14,747,000) made to suppliers for purchase of raw materials.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

(g) The currency exposure profiles of total receivables are as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Ringgit Malaysia ("RM") | 98,578 | 108,299 | 4,593 | 10,086 |
| US Dollar ("USD") | 2,346 | 743 | - | - |
| Euro ("EURO") | - | 1,254 | - | - |
| Singapore Dollar ("SGD") | - | 118 | - | - |
| Thai Baht ("THB") | 9 | 26 | - | - |
| | <u>100,933</u> | <u>110,440</u> | <u>4,593</u> | <u>10,086</u> |

(h) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

(i) The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the average historical bad debts write-offs rate and general rate based on the length of time invoices are overdue. The trade receivables have been grouped based on shared credit risk characteristics and the days past due.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the gross domestic products ("GDP"), inflation rate, lending interest rate, unemployment rate, consumer price index ("CPI") and producer price index ("PPI") as the key macroeconomic factors. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

(j) Lifetime expected loss provision for trade receivables are as follows:

| Group | Gross carrying amount RM'000 | Impairment loss allowance RM'000 | Net carrying amount RM'000 |
|----------------------------|---------------------------------------|---|-------------------------------------|
| 2023 | | | |
| Current (not past due) | 87,336 | (1,104) | 86,232 |
| 1 to 30 days past due | 6,797 | (302) | 6,495 |
| 31 to 60 days past due | 3,439 | (289) | 3,150 |
| 61 to 90 days past due | 490 | (34) | 456 |
| More than 90 days past due | 3,024 | (465) | 2,559 |
| | <u>101,086</u> | <u>(2,194)</u> | <u>98,892</u> |
| Credit impaired | | | |
| Individually impaired | 377 | (377) | - |
| | <u>101,463</u> | <u>(2,571)</u> | <u>98,892</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

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

| Group | Gross carrying amount RM'000 | Impairment loss allowance RM'000 | Net carrying amount RM'000 |
|----------------------------|---------------------------------------|---|-------------------------------------|
| 2022 | | | |
| Current (not past due) | 90,453 | (583) | 89,870 |
| 1 to 30 days past due | 13,816 | (242) | 13,574 |
| 31 to 60 days past due | 3,017 | (128) | 2,889 |
| 61 to 90 days past due | 672 | (30) | 642 |
| More than 90 days past due | 734 | (136) | 598 |
| | 108,692 | (1,119) | 107,573 |
| Credit impaired | | | |
| Individually impaired | 2,915 | (2,915) | - |
| | 111,607 | (4,034) | 107,573 |

Individually impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- (i) when there is a breach of financial covenants by the counterparty; or
- (ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(k) As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group are summarised in the table below:

| | 2023 RM'000 | Group 2022 RM'000 |
|-----------------------------|----------------|-------------------------|
| Maximum exposure | 98,892 | 107,573 |
| Collateral obtained | (82,000) | (82,000) |
| Net exposure to credit risk | 16,892 | 25,573 |

The above collaterals are credit insurance obtained by the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

(l) The reconciliation of movements in the impairment losses for trade receivables are as follows:

| | 2023 RM'000 | Group 2022 RM'000 |
|-------------------------------|----------------|-------------------------|
| Balance as at 1 January | 4,034 | 3,417 |
| Charge for the financial year | 969 | 1,300 |
| Reversal of impairment losses | (10) | (285) |
| Written off | (2,422) | (398) |
| Balance as at 31 December | <u>2,571</u> | <u>4,034</u> |

(m) Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The Group and the Company have identified the gross domestic products ("GDP"), inflation rate, unemployment rate, lending interest rate, consumer price index ("CPI") and producer price index ("PPI") as the key macroeconomic factors. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised.

At the end of the reporting period, the Group and the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by subsidiaries and other receivables are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiaries and other receivables.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly and defaulted in payments which has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The reconciliation of movements in the impairment losses on amounts owing by subsidiaries are as follows:

| Company | 12-month ECL RM'000 | Lifetime ECL - not credit impaired RM'000 | Total RM'000 |
|---|---------------------------|--|-----------------|
| Balance as at 1 January 2023 | - | 113 | 113 |
| Reversal of impairment loss | - | (113) | (113) |
| 31 December 2023 | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance as at 1 January 2022/ 31 December 2022 | <u>-</u> | <u>113</u> | <u>113</u> |

(n) No expected credit loss is recognised arising from other receivables as it is negligible.

(o) Information on financial risks of trade and other receivables are disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

12. CASH AND BANK BALANCES

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash and bank balances | 23,787 | 37,403 | 2,998 | 3,549 |
| Fixed deposit with licensed bank | 2,000 | - | - | - |
| | <u>25,787</u> | <u>37,403</u> | <u>2,998</u> | <u>3,549</u> |

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The fixed deposit of the Group have maturity period for 1 month which bear interest of 3.15% per annum.
- (c) The currency exposure profiles of cash and bank balances are as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Ringgit Malaysia ("RM") | 25,201 | 36,644 | 2,998 | 3,549 |
| US Dollar ("USD") | 519 | 640 | - | - |
| Thai Baht ("THB") | 67 | 27 | - | - |
| Singapore Dollar ("SGD") | - | 2 | - | - |
| Chinese Renminbi ("CNY") | - | 90 | - | - |
| | <u>25,787</u> | <u>37,403</u> | <u>2,998</u> | <u>3,549</u> |

- (d) No expected credit losses were recognised arising from cash and bank balances because the probability of default by these financial institutions were negligible.
- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash and bank balances | 25,787 | 37,403 | 2,998 | 3,549 |
| Less: | | | | |
| Bank overdrafts (Note 15) | - | (500) | - | - |
| As reported in statements of cash flows | <u>25,787</u> | <u>36,903</u> | <u>2,998</u> | <u>3,549</u> |

- (f) Information on financial risks of cash and bank balances are disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

13. SHARE CAPITAL

| | Group and Company | | | |
|--|-----------------------|---------|-----------------------|---------|
| | 2023 | | 2022 | |
| | Number of shares '000 | RM'000 | Number of shares '000 | RM'000 |
| Issued and fully paid ordinary shares with no par value | | | | |
| Balance as at 1 January | 360,589 | 126,966 | 360,551 | 126,950 |
| Issuance of ordinary shares pursuant to ESOS | - | - | 38 | 16 |
| Balance as at 31 December | 360,589 | 126,966 | 360,589 | 126,966 |

- (a) Ordinary shares are classified as equity instruments and recorded at the nominal value.
- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (c) Treasury shares
- (i) When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently it shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

- (ii) The shareholders of the Company, by an ordinary resolution passed at its Annual General Meeting held on 26 June 2003, approved the plan of the Company to repurchase its own shares and the approval had been renewed in subsequent Annual General Meetings. The Directors are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan is in the best interests of the Company and its shareholders.

Of the total 360,589,000 (2022: 360,589,000) issued and fully paid ordinary shares as at 31 December 2023, 1,521,000 (2022: 18,030,000) amounting to RM725,000 (2022: RM8,634,000) are held as treasury shares by the Company. As at 31 December 2023, the number of outstanding ordinary shares in issue net of treasury shares is 359,068,000 (2022: 342,559,000) ordinary shares.

During the financial year, the Company repurchased 590,000 (2022: 500,000) of its issued ordinary shares from the open market at an average price of RM0.41 (2022: RM0.43) per share. The total consideration paid for the repurchased shares was RM241,000 (2022: RM214,000). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

A total number of 17,098,449 treasury shares were distributed on 18 July 2023 via a distribution of treasury shares on the basis of five (5) treasury shares for every one hundred (100) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2022.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

13. SHARE CAPITAL (cont'd)

- (d) At the Annual General Meeting held on 15 June 2023, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:
- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
 - (ii) The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company at the time of purchase(s); and
 - (iii) The shares so repurchased be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees' share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Act.

The Company has the rights to retain, distribute, resell, cancel and or transfer for the purposes of or under an employees' share scheme and or such other purpose as allowed under the Act. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Details of the treasury shares are disclosed in Note 13(c) to the financial statements.

14. RESERVES

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-distributable | | | | |
| Exchange translation reserve | - | (6) | - | - |
| Share options reserve | 1,091 | 1,091 | 1,091 | 1,091 |
| | 1,091 | 1,085 | 1,091 | 1,091 |
| Distributable | | | | |
| Retained earnings | 311,232 | 297,075 | 28,359 | 35,450 |
| | 312,323 | 298,160 | 29,450 | 36,541 |

- (a) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

- (b) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

Details of the Group's Employee Share Option Scheme is disclosed in Note 28 to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

15. BORROWINGS

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current liabilities | | | | |
| <u>Secured</u> | | | | |
| Term loans | 8,054 | 11,147 | 1,995 | 3,855 |
| Current liabilities | | | | |
| <u>Secured</u> | | | | |
| Bankers' acceptance | 2,164 | 3,528 | - | - |
| Revolving credits | 23,000 | 34,850 | 19,000 | 30,500 |
| Term loans | 3,093 | 3,306 | 1,860 | 1,860 |
| <u>Unsecured</u> | | | | |
| Bank overdrafts | - | 500 | - | - |
| Bankers' acceptance | 63,476 | 124,741 | - | - |
| Revolving credits | 500 | 10,500 | - | - |
| | 92,233 | 177,425 | 20,860 | 32,360 |
| Total | 100,287 | 188,572 | 22,855 | 36,215 |

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Total borrowings | | | | |
| Bank overdrafts (Note 12(e)) | - | 500 | - | - |
| Bankers' acceptance | 65,640 | 128,269 | - | - |
| Revolving credits | 23,500 | 45,350 | 19,000 | 30,500 |
| Term loans | 11,147 | 14,453 | 3,855 | 5,715 |
| | 100,287 | 188,572 | 22,855 | 36,215 |

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

(b) The currency exposure profile of borrowings are as follows:

| | Group | | Company | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Ringgit Malaysia ("RM") | 100,287 | 184,300 | 22,855 | 36,215 |
| US Dollar ("USD") | - | 4,272 | - | - |
| | 100,287 | 188,572 | 22,855 | 36,215 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

15. BORROWINGS (cont'd)

- (c) The weighted average effective interest rates per annum of borrowings as at the end of each reporting period are as follows:

| | Group | | Company | |
|----------------------|-----------|-----------|-----------|-----------|
| | 2023 % | 2022 % | 2023 % | 2022 % |
| Bank overdrafts | - | 6.67 | - | - |
| Bankers' acceptances | 4.92 | 4.63 | - | - |
| Revolving credits | 5.58 | 5.11 | 5.74 | 5.09 |
| Term loans | 5.61 | 5.12 | 5.72 | 5.32 |

- (d) Bankers' acceptances, revolving credits and bank overdrafts of are secured by means of:

Group

- (i) registered legal charge over the Group's freehold land and buildings as disclosed in Note 4(d) to the financial statements;
- (ii) negative pledges; and
- (iii) corporate guarantee issued by the Company.

Company

- (i) negative pledges.

- (e) Term loans are secured by means of:

Group

- (i) registered legal charge over the Group's freehold land and buildings as disclosed in Note 4(d) to the financial statements; and
- (ii) corporate guarantee issued by the Company.

Company

Registered legal charge over the freehold land and buildings of the Company as disclosed in Note 4(d) to the financial statements.

- (f) Restriction arose from bank covenants is as follow:

A covenant of banking facilities undertaken by the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary is making loss after tax.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

15. **BORROWINGS (cont'd)**

(g) Term loans are repayable as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Facility of RM13 million, repayable in 84 instalments of RM155,000, commenced on 1 February 2019 and expiring on 1 January 2026 | 3,855 | 5,715 | 3,855 | 5,715 |
| Facility of RM6 million, repayable in 84 instalments of RM71,429, commenced on 1 January 2016 and expiring on 1 March 2023 | - | 214 | - | - |
| Facility of RM12 million, repayable in 120 instalments of RM102,709, commenced on 1 September 2019 and expiring on 1 November 2029 | 7,292 | 8,524 | - | - |
| | <u>11,147</u> | <u>14,453</u> | <u>3,855</u> | <u>5,715</u> |
| Current liabilities | | | | |
| - not later than one (1) year | 3,093 | 3,306 | 1,860 | 1,860 |
| Non-current liabilities | | | | |
| - later than one (1) year and not later than five (5) years | 8,054 | 11,147 | 1,995 | 3,855 |
| | <u>11,147</u> | <u>14,453</u> | <u>3,855</u> | <u>5,715</u> |

(h) Information on financial risks of the borrowings of the Group and of the Company are disclosed in Note 32 to the financial statements.

16. **DEFERRED TAX LIABILITIES**

Deferred tax liabilities are made up of the following:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Balance as at 1 January | 4,138 | 6,395 | 1,338 | 1,264 |
| Recognised in profit or loss (Note 24) | 1,242 | (2,257) | 50 | 74 |
| Balance as at 31 December | <u>5,380</u> | <u>4,138</u> | <u>1,388</u> | <u>1,338</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

16. DEFERRED TAX LIABILITIES (cont'd)

- (a) Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

- (b) The movements of deferred tax liabilities during the financial year are as follows:

Deferred tax liabilities of the Group

| | Property, plant and equipment RM'000 |
|--------------------------------|---|
| Balance as at 1 January 2023 | 4,138 |
| Recognised in profit or loss | 1,242 |
| | <hr/> |
| Balance as at 31 December 2023 | 5,380 |
| | <hr/> |
| Balance as at 1 January 2022 | 6,395 |
| Recognised in profit or loss | (2,257) |
| | <hr/> |
| Balance as at 31 December 2022 | 4,138 |
| | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

16. DEFERRED TAX LIABILITIES (cont'd)

(b) The movements of deferred tax liabilities during the financial year are as follows: (cont'd)

Deferred tax liabilities of the Company

| | Property, plant and equipment RM'000 |
|--------------------------------|---|
| Balance as at 1 January 2023 | 1,338 |
| Recognised in profit or loss | 50 |
| | <hr/> |
| Balance as at 31 December 2023 | 1,388 |
| | <hr/> |
| Balance as at 1 January 2022 | 1,264 |
| Recognised in profit or loss | 74 |
| | <hr/> |
| Balance as at 31 December 2022 | 1,338 |
| | <hr/> |

17. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statements of financial position are determined as follows:

| | Group | | Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Present value of unfunded defined benefit obligations | 6,323 | 6,020 | 2,039 | 1,947 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Represented by | | | | |
| Non-current liabilities | 6,260 | 6,020 | 2,003 | 1,947 |
| Current liabilities | 63 | - | 36 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 6,323 | 6,020 | 2,039 | 1,947 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligation are as follows:

| | Group | | Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Balance as at 1 January | 6,020 | 5,852 | 1,947 | 1,856 |
| Past service costs recognised in profit or loss | 303 | 375 | 92 | 91 |
| Payment for the year | - | (207) | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December | 6,323 | 6,020 | 2,039 | 1,947 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

17. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The principal actuarial assumptions used are as follows:

| | Group and Company 2023 | 2022 |
|-----------------------|---------------------------|-------|
| Discount rate | 4.60% | 4.60% |
| Salary increment rate | 5.00% | 5.00% |

Sensitivity analysis

The impact on changes of each significant actuarial assumption while holding all other assumptions constant as at the end of the reporting period are as follows:

| | Group | | Company | |
|--------------------------------------|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Discount rate increase by 1% | -408 | -434 | -150 | -150 |
| Discount rate decrease by 1% | +456 | +487 | +167 | +168 |
| Salary increment rate increase by 1% | +448 | +428 | +164 | +148 |
| Salary increment rate decrease by 1% | -407 | -389 | -149 | -135 |

- (a) The Group and the Company operates an unfunded defined benefit plan for eligible employees of the Group and of the Company. The benefits payable on retirement are generally based on the length of service and basic monthly salary of the eligible employee. The first valuation was carried out on 21 November 2017 and subsequently updated on 26 January 2021. Re-measurement on the defined benefit plan was updated on 13 December 2021.
- (b) The amount recognized as a liability in respect of defined benefit plan is the present value of the defined benefit obligations at the reporting date.
- (c) The defined benefit obligation is measured using the projected unit credit actuarial cost method.
- (d) The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- (e) The net changes in the defined benefit liabilities are recognised as a cost of defined benefit plan.
- (f) Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

18. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|-----------------------|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | | | | |
| Third parties | 10,224 | 10,465 | - | - |
| Associates | 1,552 | 3,768 | - | - |
| | 11,776 | 14,233 | - | - |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

18. TRADE AND OTHER PAYABLES (cont'd)

| | Group | | Company | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other payables | | | | |
| Third parties | 7,509 | 12,153 | 116 | 115 |
| Subsidiaries | - | - | 493 | 480 |
| Associate | 324 | 324 | 324 | 324 |
| Accruals | 11,772 | 9,312 | 1,352 | 1,090 |
| | 19,605 | 21,789 | 2,285 | 2,009 |
| | 31,381 | 36,022 | 2,285 | 2,009 |

- (a) Trade and other payables are classified as financial liabilities and measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2022: 30 to 120 days) from date of invoice.
- (c) Amounts owing to associates in trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranged from 30 to 120 days (2022: 30 to 120 days) from date of invoice.
- (d) Non-trade amounts owing to subsidiaries and an associate represent advances and payments made on behalf which are unsecured, interest-free and payable in cash and cash equivalents within next twelve (12) months.
- (e) The currency exposure profiles of trade and other payables are as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Ringgit Malaysia ("RM") | 27,912 | 31,664 | 2,285 | 2,009 |
| US Dollar ("USD") | 3,250 | 4,349 | - | - |
| Indonesia Rupiah ("IDR") | - | 6 | - | - |
| Chinese Renminbi ("CNY") | - | 3 | - | - |
| Singapore Dollar ("SGD") | 219 | - | - | - |
| | 31,381 | 36,022 | 2,285 | 2,009 |

- (f) Information on financial risks of trade and other payables are disclosed in Note 32 to the financial statements.

19. CAPITAL COMMITMENTS

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Capital expenditure in respect of purchase of property, plant and equipment: | | |
| - Contracted but not provided for | 414 | 2,170 |
| - Approved but not contracted for | 69 | 383 |
| | 483 | 2,553 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

20. FINANCIAL GUARANTEE CONTRACTS

| | Company | |
|--|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Unsecured: | | |
| Financial guarantees given to financial institutions for credit facilities granted to subsidiaries | | |
| - Limit of guarantee | 480,640 | 482,883 |
| - Amount utilised | 114,724 | 165,694 |

Information on financial risks of financial guarantee contracts are disclosed in Note 32 to the financial statements.

21. REVENUE

| | Group | | Company | |
|--|----------------|----------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers | | | | |
| Recognised at point in time | | | | |
| Sales of goods | 522,814 | 602,396 | - | - |
| Other revenue: | | | | |
| Gross dividend income from: | | | | |
| - unquoted subsidiaries | - | - | 2,050 | 10,300 |
| - quoted associate | - | - | 2,373 | 3,560 |
| - unquoted associate | - | - | 2,220 | 1,434 |
| Rental income | 5,053 | 4,561 | 5,469 | 5,588 |
| | <u>527,867</u> | <u>606,957</u> | <u>12,112</u> | <u>20,882</u> |

Revenue of the Group and of the Company are predominantly generated in Malaysia.

(a) Sales of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Dividend income

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

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight-line basis.

(d) Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

22. PROFIT BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the profit before taxation is arrived at:

| | Note | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| After charging: | | | | | |
| Auditors' remuneration: | | | | | |
| - statutory audit | | 230 | 219 | 43 | 41 |
| - other assurance services | | 20 | 20 | 20 | 20 |
| Interest expense on: | | | | | |
| - bankers' acceptance | | 4,053 | 6,983 | - | - |
| - revolving credits | | 1,683 | 2,253 | 1,227 | 1,459 |
| - bank overdrafts | | 21 | 67 | 1 | 10 |
| - term loans | | 673 | 713 | 257 | 302 |
| - lease liabilities | 5 | 30 | 51 | - | 1 |
| - amounts owing by subsidiaries | | - | - | 103 | 78 |
| Net losses on disposal of: | | | | | |
| - right-of-use asset | | - | 99 | - | - |
| Net loss on foreign exchange: | | | | | |
| - realised | | - | 32 | - | - |
| - unrealised | | - | 95 | - | - |
| And crediting: | | | | | |
| Interest income from: | | | | | |
| - deposits with licensed banks | | 566 | 601 | 35 | 59 |
| - amounts owing by subsidiaries | | - | - | 416 | 539 |
| Net gain on disposals of: | | | | | |
| - property, plant and equipment | | 218 | 138 | - | - |
| Net gain on foreign exchange: | | | | | |
| - realised | | 198 | - | - | - |
| - unrealised | | 138 | - | - | - |
| Impairment losses on | | | | | |
| - trade receivables | 11(l) | 969 | 1,300 | - | - |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | 11(l) | (10) | (285) | - | - |
| - amount owing by subsidiaries | 11(m) | - | - | (113) | - |
| Net losses/(gain) on impairment of financial assets | | 959 | 1,015 | (113) | - |

Interest income

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

23. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Directors of the Group and the Company: | | | | |
| Executive: | | | | |
| Fees | 82 | 80 | 82 | 80 |
| Salaries, bonuses and other benefits | 7,666 | 7,083 | 1,168 | 1,101 |
| Defined contribution plan | 1,132 | 929 | 157 | 119 |
| Sales commission | 37 | - | - | - |
| Non-executive: | | | | |
| Fees | 194 | 215 | 194 | 215 |
| Salaries, bonuses and other benefits | 36 | 35 | 13 | 12 |
| Defined contribution plan | 4 | 4 | - | - |
| | 9,151 | 8,346 | 1,614 | 1,527 |

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM91,000 (2022: RM104,000) and RM23,000 (2022: RM27,000) respectively.

24. TAXATION

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current tax expense based on profit for the financial year: | | | | |
| - income tax | 3,140 | 1,830 | 570 | 700 |
| - (over)/under-provision in prior years | (61) | (180) | 5 | 1 |
| | 3,079 | 1,650 | 575 | 701 |
| Deferred tax (Note 16) | | | | |
| Relating to origination and reversal of temporary differences | | | | |
| Under-provision in prior year | 1,176 | (2,263) | 50 | 74 |
| | 66 | 6 | - | - |
| | 1,242 | (2,257) | 50 | 74 |
| | 4,321 | (607) | 625 | 775 |

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

24. TAXATION (cont'd)

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit before tax | 30,219 | 14,584 | 5,275 | 14,400 |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | 7,253 | 3,500 | 1,266 | 3,456 |
| Tax effects in respect of: | | | | |
| - Non-allowable expenses | 955 | 1,566 | 939 | 2,121 |
| - Non-taxable income | (3,892) | (5,499) | (1,585) | (4,803) |
| | 4,316 | (433) | 620 | 774 |
| (Over)/Under-provision of tax expenses in prior years | (61) | (180) | 5 | 1 |
| Under-provision of deferred tax in prior year | 66 | 6 | - | - |
| | 4,321 | (607) | 625 | 775 |

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

| Group | Before tax | 2023 Tax effect | After tax | Before tax | 2022 Tax effect | After tax |
|--|------------|-----------------|-----------|------------|-----------------|-----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Items that may be reclassified subsequently to profit or loss | | | | | | |
| Foreign currency translations | 6 | - | 6 | (7) | - | (7) |

- (d) The amount of temporary difference for which the deferred tax assets have not been recognised in the statement of financial position are as follows:

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Other deductible temporary differences | 626 | 2,192 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

25. DIVIDENDS

| | Group and Company | | | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | 2023 | | 2022 | |
| | Dividend per share sen | Amount of dividend RM'000 | Dividend per share sen | Amount of dividend RM'000 |
| In respect of financial year ended 31 December 2022 | | | | |
| Final single tier dividend, declared on 27 April 2022, and paid on 25 August 2022 | - | - | 2.0 | 6,860 |
| Final dividend by way distribution of treasury shares (Note 13) | - | 8,150 | - | - |
| In respect of financial year ended 31 December 2023 | | | | |
| First interim single tier dividend, declared on 24 August 2023 and paid on 6 October 2023 | 1.0 | 3,591 | - | - |
| | <u>1.0</u> | <u>11,741</u> | <u>-</u> | <u>6,860</u> |

On 27 February 2024, the Company declared the second interim single tier dividend of 1.5 sen per ordinary share amounted to RM5,386,000 in respect of the financial year ended 31 December 2023, which was paid on 27 March 2024. This dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

26. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

The following table reflects the profit and share data used in the computation of basic earnings per ordinary share:

| | Group | |
|---|----------------|----------------|
| | 2023 | 2022 |
| Profit for the financial year attributable to equity holders of the parent (RM'000) | <u>25,898</u> | <u>15,191</u> |
| Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000) | <u>359,245</u> | <u>342,995</u> |
| Basic earnings per ordinary share (sen) | <u>7.21</u> | <u>4.43</u> |

(b) Diluted earnings per share

Diluted earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares and adjusted for the number of ordinary shares that could have been issued under the Employees' Share Option Scheme ("ESOS"). The details of ESOS are disclosed in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

26. EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share (cont'd)

The following table reflects the profit and share data used in the computation of diluted earnings per ordinary share:

| | 2023 | Group 2022 |
|--|---------|---------------|
| Profit for the financial year attributable to equity holders of the parent (RM'000) | 25,898 | 15,191 |
| Weighted average number of ordinary shares used in the calculation of basic earnings per ordinary share ('000) | 359,245 | 342,995 |
| Effects of dilution due to the ESOS ('000) | 21 | 25 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 359,266 | 343,020 |
| Diluted earnings per ordinary share (sen) | 7.21 | 4.43 |

27. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Wages, salaries and bonuses | 44,552 | 38,382 | 2,673 | 2,627 |
| Contribution to defined contribution plan | 4,189 | 3,960 | 335 | 318 |
| Defined benefit plan | 303 | 375 | 92 | 91 |
| Other benefits | 3,700 | 3,406 | 284 | 44 |
| | 52,744 | 46,123 | 3,384 | 3,080 |

Included in employee benefits of the Group and of the Company are Directors' remuneration amounting to RM9,151,000 and RM1,614,000 respectively (2022: RM8,346,000 and RM1,527,000) as disclosed in Note 23 to the financial statements.

28. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in equity, with the introduction of the Companies Act 2016 effective 31 January 2017.

The Employees Share Options Scheme ("ESOS") came into effect on 21 April 2014. The ESOS shall be in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows:

- (a) Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

28. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

The Employees Share Options Scheme ("ESOS") came into effect on 21 April 2014. The ESOS shall be in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows: (cont'd)

- (b) The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2023 for ordinary shares previously issued under the ESOS is 26,077,100;
- (c) The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;
- (d) The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;
- (e) The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or at the par value of the ordinary shares, whichever is higher;
- (f) The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- (g) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the options period.

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

| | [----- Number of options over ordinary shares -----] | | | | |
|--|--|---------------------------------------|--------|------------------------------------|------------------------------------|
| | Outstanding as at 1.1.2023 | Movement during the financial year | | Outstanding as at 31.12.2023 | Exercisable as at 31.12.2023 |
| | | Exercised | Lapsed | | |
| 2023 | | | | | |
| 2014 options ('000) | 267 | - | - | 267 | 267 |
| Weighted average exercise prices (RM) | 0.46 | - | - | - | 0.46 |
| Weighted average remaining contractual life (months) | 16 | | | | 4 |
| 2022 | | | | | |
| [----- Number of options over ordinary shares -----] | | | | | |
| | Outstanding as at 1.1.2022 | Movement during the financial year | | Outstanding as at 31.12.2022 | Exercisable as at 31.12.2022 |
| | | Exercised | Lapsed | | |
| 2014 options ('000) | 329 | (38) | (24) | 267 | 267 |
| Weighted average exercise prices (RM) | 0.43 | 0.33 | 0.52 | 0.46 | 0.46 |
| Weighted average remaining contractual life (months) | 28 | | | | 16 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

28. EMPLOYEES SHARE OPTION SCHEME (“ESOS”) (cont'd)

The details of the options over ordinary shares of the Company are as follows: (cont'd)

| | Weighted average exercise price | | Exercise period |
|--------------|---------------------------------|------------|----------------------|
| | 2023 RM | 2022 RM | |
| 2014 options | 0.33 | 0.33 | 9.5.2014 - 20.4.2024 |

The fair value of share options was estimated by an independent professional valuer using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities (“MGSs”). The fair value of share options measured at grant date and the assumptions are as follows:

| | 2014 |
|--|-------------|
| Fair value of share options at the following grant dates (RM): | |
| 9 May 2014 | 0.09 |
| Weighted average share price (RM) | 0.56 |
| Weighted average exercise price (RM) | 0.53 - 1.04 |
| Expected volatility (%) | 28.73 |
| Expected life (years) | 10 |
| Risk free rate (%) | 3.17 |
| Expected dividend yield (%) | 3.45 |

29. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationships with its direct, indirect subsidiaries, and its associate as disclosed in Notes 6 and 7 to the financial statements respectively.

The Group also has related party relationships with the following parties:

| Related parties | Relationship |
|-----------------------------------|---|
| Chiho Hardware Sdn. Bhd. | A company in which Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat and Toh Yew Kar are also Directors and shareholders |
| Syarikat Kwong Nam Hing Sdn. Bhd. | A company in which Dato' Toh Yew Peng and Toh Yew Keat are also Directors and shareholders |
| YK Toh (M) Sdn. Bhd. | A company in which Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar and Toh Yew Seng are also Directors and shareholders |
| YK Toh Marketing (S) Pte. Ltd. | A company in which Toh Yew Chin is a shareholder |
| Tashin Steel Sdn. Bhd. | A subsidiary of an associate, Tashin Holdings Berhad |
| Tashin Hardware Sdn. Bhd. | A subsidiary of an associate, Tashin Holdings Berhad |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

29. RELATED PARTIES DISCLOSURES (cont'd)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

| | 2023 RM'000 | Group 2022 RM'000 |
|--|----------------|-------------------------|
| Transactions with an associate: | | |
| <i>POSCO-MKPC Sdn. Bhd.</i> | | |
| Sales of goods | (329) | (40) |
| Purchase of goods | 9,522 | 14,829 |
| Rental income | (1,419) | (1,607) |
| Transactions with subsidiaries of an associate: | | |
| <i>Tashin Steel Sdn. Bhd.</i> | | |
| Sales of goods | (2) | (15) |
| Purchase of goods | 1,425 | 124 |
| <i>Tashin Hardware Sdn. Bhd.</i> | | |
| Purchase of goods | 162 | - |
| Transactions with companies in which the substantial shareholders have financial interests: | | |
| <i>Chiho Hardware Sdn. Bhd.</i> | | |
| Sales of goods | (558) | (595) |
| Purchases | 40 | 46 |
| <i>YK Toh (M) Sdn. Bhd.</i> | | |
| Rental paid | 30 | 30 |
| Transactions with a company in which Dato' Toh Yew Peng and Toh Yew Keat have financial interest: | | |
| <i>Syarikat Kwong Nam Hing Sdn. Bhd.</i> | | |
| Sales of goods | (24) | (35) |
| Transactions with company in which Toh Yew Chin has financial interest: | | |
| <i>YK Toh Marketing (S) Pte. Ltd.</i> | | |
| Sales of goods | (5,842) | (5,429) |
| Purchases | 1,770 | 1,174 |
| | <hr/> | <hr/> |
| | 2023 | Company 2022 |
| | RM'000 | RM'000 |
| Transactions with subsidiaries: | | |
| Interest paid | 103 | 78 |
| Gross dividend income | (2,050) | (10,300) |
| Rental income | (4,050) | (3,981) |
| Interest income | (416) | (539) |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

29. RELATED PARTIES DISCLOSURES (cont'd)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year: (cont'd)

| | Company | |
|-------------------------------------|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Transactions with associates | | |
| <i>POSCO-MKPC Sdn. Bhd.</i> | | |
| Rental income | (1,419) | (1,607) |
| Dividend income | (2,220) | (1,434) |
| <i>Tashin Holdings Berhad</i> | | |
| Dividend income | (2,373) | (3,560) |

The related parties transactions described above were carried out on agreed contractual terms and conditions and in the negotiated terms of business between the related parties of the Group and the Company.

Information regarding outstanding balances arising from related parties transactions as at 31 December 2023 are disclosed in Notes 11 and 18 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Directors (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

| | Group | | Company | |
|--|---------------|---------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Short term employee benefits | 9,874 | 9,017 | 2,277 | 2,364 |
| Contributions to defined contribution plan | 1,416 | 1,192 | 297 | 286 |
| | <u>11,290</u> | <u>10,209</u> | <u>2,574</u> | <u>2,650</u> |

Executive Directors of the Group and the Company and other key management personnel have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

| | Group | | Company | |
|--------------------------------------|-----------|-----------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | '000 | '000 | '000 | '000 |
| Balance as at 1 January/ 31 December | <u>42</u> | <u>42</u> | <u>-</u> | <u>-</u> |

The terms and conditions of the share options are detailed in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

30. OPERATING SEGMENTS

Prestar Resources Berhad and its subsidiaries are principally engaged in investment holding, trading and manufacturing of steel related products.

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

| | | |
|---------------|---|---|
| Investment | : | Investment holding, long term investment in quoted shares and property investment |
| Trading | : | Sales of hardware and steel related products |
| Manufacturing | : | Manufacturing of steel related products |

The Group evaluates performance on the basis of profit or loss from operations before tax.

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

Segment assets exclude tax assets and goodwill. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period for each reportable segment.

| 2023 | Investment RM'000 | Trading RM'000 | Manufacturing RM'000 | Total RM'000 |
|--|----------------------|-------------------|-------------------------|-----------------|
| Revenue | | | | |
| Total revenue | 12,113 | 135,189 | 431,283 | 578,585 |
| Inter-segment revenue | (10,694) | (2,563) | (37,461) | (50,718) |
| Revenue from external customers | 1,419 | 132,626 | 393,822 | 527,867 |
| Results | | | | |
| Finance costs | (1,485) | (869) | (4,106) | (6,460) |
| Interest income | 35 | 139 | 392 | 566 |
| Net finance expense | (1,450) | (730) | (3,714) | (5,894) |
| Depreciation | 1,206 | 1,905 | 4,649 | 7,760 |
| Segment profit before income tax | 9,485 | 18,791 | 1,943 | 30,219 |
| Share of results of associates | 11,278 | - | - | 11,278 |
| Taxation | (626) | (129) | (3,566) | (4,321) |
| Other material non-cash items: | | | | |
| Impairment losses on trade receivables | - | 336 | 633 | 969 |
| Reversal of impairment losses on trade receivables | - | - | (10) | (10) |
| Bad debts written off | - | (1) | (2,421) | (2,422) |
| Net gain on disposal of: | | | | |
| - plant and equipment | - | (196) | (22) | (218) |
| Inventories written down | - | 36 | 24 | 60 |
| Reversal of inventories written down | - | (1,792) | (19,579) | (21,371) |
| Unrealised gain on foreign exchange | - | (39) | (99) | (138) |
| Capital expenditure | 29 | 3,867 | 5,402 | 9,298 |
| Segment assets | 227,741 | 80,820 | 260,887 | 569,448 |
| Segment liabilities | 27,178 | 24,004 | 87,879 | 139,061 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

30. OPERATING SEGMENTS (cont'd)

| 2022 | Investment RM'000 | Trading RM'000 | Manufacturing RM'000 | Total RM'000 |
|--|----------------------|-------------------|-------------------------|-----------------|
| Revenue | | | | |
| Total revenue | 20,882 | 170,520 | 490,452 | 681,854 |
| Inter-segment revenue | (19,275) | (7,167) | (48,455) | (74,897) |
| Revenue from external customers | 1,607 | 163,353 | 441,997 | 606,957 |
| Results | | | | |
| Finance costs | (1,311) | (1,329) | (7,427) | (10,067) |
| Interest income | 59 | 159 | 383 | 601 |
| Net finance expense | (1,252) | (1,170) | (7,044) | (9,466) |
| Depreciation | 1,357 | 1,744 | 4,276 | 7,377 |
| Segment profit before income tax | 18,372 | 555 | (4,343) | 14,584 |
| Share of results of associates | 19,264 | - | - | 19,264 |
| Taxation | (775) | (364) | 1,746 | 607 |
| Other material non-cash items: | | | | |
| Impairment losses on trade receivables | - | 21 | 1,279 | 1,300 |
| Reversal of impairment losses on trade receivables | - | (15) | (270) | (285) |
| Bad debts written off | - | (398) | - | (398) |
| Net (gain)/loss on disposal of: | | | | |
| - plant and equipment | - | (16) | (122) | (138) |
| - right-of-use assets | - | - | 99 | 99 |
| Inventories written down | - | 1,586 | 12,394 | 13,980 |
| Unrealised loss on foreign exchange | - | 61 | 34 | 95 |
| Capital expenditure | 367 | 865 | 15,113 | 16,345 |
| Segment assets | 222,787 | 87,783 | 329,104 | 639,674 |
| Segment liabilities | 40,171 | 32,138 | 159,460 | 231,769 |

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Revenue | | |
| Total revenue for reportable segments | 578,585 | 681,854 |
| Elimination of inter-segmental revenues | (50,718) | (74,897) |
| Revenue of the Group per statements of profit or loss and other comprehensive income | 527,867 | 606,957 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

30. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows: (cont'd)

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Profit for the financial year | | |
| Total profit for reportable segments | 30,219 | 14,584 |
| Profit before tax | 30,219 | 14,584 |
| Taxation | (4,321) | 607 |
| | <hr/> | <hr/> |
| Profit for the financial year of the Group per statements of profit or loss and other comprehensive income | 25,898 | 15,191 |
| | <hr/> | <hr/> |
| Assets | | |
| Total assets for reportable segments | 569,448 | 639,674 |
| Tax assets | 12,527 | 11,281 |
| Goodwill | 1,675 | 1,675 |
| | <hr/> | <hr/> |
| Assets of the Group per statements of financial position | 583,650 | 652,630 |
| | <hr/> | <hr/> |
| Liabilities | | |
| Total liabilities for reportable segments | 139,061 | 231,769 |
| Tax liabilities | 6,025 | 4,369 |
| | <hr/> | <hr/> |
| Liabilities of the Group per statements of financial position | 145,086 | 236,138 |
| | <hr/> | <hr/> |

Geographical information

The business activities of the Group are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

Major customers

The Group does not have major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.

31. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital on the basis of the Group's consolidated gearing ratio which is total external debts divided by consolidated net tangible assets. The Group has a target gearing ratio of 1.50 times. External debts comprise borrowings and lease liabilities owing to financial institutions. Consolidated net tangible assets represents shareholders' funds (excluding non-controlling interests) less intangible assets and net deferred tax.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(a) Capital management (cont'd)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Borrowings | 100,287 | 188,572 | 22,855 | 36,215 |
| Lease liabilities | 750 | 329 | - | - |
| | <u>101,037</u> | <u>188,901</u> | <u>22,855</u> | <u>36,215</u> |
| Shareholders' funds (excluding non-controlling interests) | 438,564 | 416,492 | 155,691 | 154,873 |
| Less: Intangible assets | (1,675) | (1,675) | - | - |
| Add: Deferred tax liabilities | 5,380 | 4,138 | 1,388 | 1,338 |
| Net tangible assets | <u>442,269</u> | <u>418,955</u> | <u>157,079</u> | <u>156,211</u> |
| Gearing ratio | <u>0.23</u> | <u>0.45</u> | <u>0.15</u> | <u>0.23</u> |

The Group maintains a gearing ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement for the financial year ended 31 December 2023.

(b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.

- (ii) Non-current amount owing by subsidiaries

The fair value of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of lending at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(b) Methods and assumptions used to estimate fair value (cont'd)

(iii) Derivatives

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of the reporting period.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

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).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

| | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|---|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | | |
| Group 2023 | | | | | | | | |
| Financial liabilities | | | | | | | | |
| Financial liabilities at fair value through profit or loss | | | | | | | | |
| - Forward currency contracts | - | 118 | - | 118 | - | - | 118 | 118 |
| Unrecognised financial liabilities | | | | | | | | |
| - Financial guarantee contract | - | - | - | - | - | - | - | # |

The Directors are of the view that the chances of the financial institutions to call upon the financial guarantee contract are remote.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. (cont'd)

The table below analyses other financial instruments at fair value. (cont'd)

| Group 2022 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|---|--|-------------------|-------------------|--|-------------------|-------------------|-------------------------------|------------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Financial assets | | | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | | | |
| - Forward currency contracts | - | 31 | - | - | - | - | - | 31 |
| Financial liabilities | | | | | | | | |
| Financial liabilities at fair value through profit or loss | | | | | | | | |
| - Forward currency contracts | - | 455 | - | - | - | - | - | 455 |
| Unrecognised financial liabilities | | | | | | | | |
| - Financial guarantee contract | - | - | - | - | - | - | - | - |

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. (cont'd)

The table below analyses other financial instruments at fair value. (cont'd)

| | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|---|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Company 2023 | | | | | | | | |
| Financial assets | | | | | | | | |
| Amount owing by subsidiaries | - | - | - | - | 4,164 | - | 4,164 | 3,678 |
| Unrecognised financial liabilities | | | | | | | | |
| - Financial guarantee contract | - | - | - | - | - | # | # | - |
| 2022 | | | | | | | | |
| Financial assets | | | | | | | | |
| Amount owing by subsidiaries | - | - | - | - | 9,053 | - | 9,053 | 8,413 |
| Unrecognised financial liabilities | | | | | | | | |
| - Financial guarantee contract | - | - | - | - | - | # | # | - |

The Directors are of the view that the chances of the financial institutions to call upon the financial guarantee contract are remote.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity risk and cash flow risk, interest rate risk and foreign currency risk.

Financial risk management is carried out through risk review programmes, internal control systems and adherence to the Group financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks. The exposure of the Group to financial risks and the management of its related exposures are as follows:

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with their customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Certain subsidiaries of the Group have bought the collateral insurance for turnover of RM82,000,000 in the financial year ended 31 December 2023 (2022: RM82,000,000) to minimise the credit risk. Trade receivables are monitored on an ongoing basis through the management reporting procedures of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding trade and other receivables is disclosed in Note 11 to the financial statements. The Group does not have any significant concentration of credit risk related to any individual customers or counterparty.

Financial guarantees

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (i) the amount of the loss allowance; and
- (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

As at 31 December 2023, the fair value of and expected credit loss of the financial guarantees have been assessed as negligible.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they are fall due. The exposure of the Group and the Company to liquidity risk arises principally from various lease liabilities, payables and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. The Company has net current liability of RM19,401,000 (2022: RM29,271,000) as at 31 December 2023. The Directors have assessed the Company's cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.

Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

The table below summaries the maturity profile of the liabilities of the Group and the Company at the end of each reporting period based on contractual undiscounted repayment obligations:

| 2023 | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|--|-----------------------------------|---------------------------------|-----------------|
| Group | | | | |
| Financial liabilities | | | | |
| Borrowings | 92,473 | 6,990 | 1,130 | 100,593 |
| Lease liabilities | 312 | 725 | - | 1,037 |
| Trade and other payables | 31,381 | - | - | 31,381 |
| Derivatives liabilities | 118 | - | - | 118 |
| Total undiscounted financial liabilities | 124,284 | 7,715 | 1,130 | 133,129 |
| Company | | | | |
| Financial liabilities | | | | |
| Borrowings | 21,089 | 2,060 | - | 23,149 |
| Financial guarantee contract | 114,724 | - | - | 114,724 |
| Trade and other payables | 2,285 | - | - | 2,285 |
| Total undiscounted financial liabilities | 138,098 | 2,060 | - | 140,158 |
| 2022 | | | | |
| Group | | | | |
| Financial liabilities | | | | |
| Borrowings | 169,024 | 9,695 | 2,446 | 181,165 |
| Lease liabilities | 751 | 319 | - | 1,070 |
| Trade and other payables | 36,022 | - | - | 36,022 |
| Derivatives liabilities | 455 | - | - | 455 |
| Total undiscounted financial liabilities | 206,252 | 10,014 | 2,446 | 218,712 |
| Company | | | | |
| Financial liabilities | | | | |
| Borrowings | 32,670 | 4,031 | - | 36,701 |
| Financial guarantee contract | 165,694 | - | - | 165,694 |
| Trade and other payables | 2,009 | - | - | 2,009 |
| Total undiscounted financial liabilities | 200,373 | 4,031 | - | 204,404 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The income and operating cash flows of the Group and of the Company are independent of changes in market interest rates. Interest rate exposure arises mainly from the bank borrowings of the Group and of the Company is managed through effective negotiation with financial institutions for best available rates.

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

Group

As at 31 December 2023, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM84,000 (2022: RM113,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM84,000 (2022: RM113,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for interest rate risk

Company

As at 31 December 2023, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM29,000 (2022: RM43,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM29,000 (2022: RM43,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

| 31 December 2023 | | Within 1 year | 1 - 2 | 2 - 3 | 3 - 4 | 4 - 5 | More than | Total |
|-------------------------------|------------|------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------|
| Group | WAEIR % | RM'000 | years RM'000 | years RM'000 | years RM'000 | years RM'000 | 5 years RM'000 | RM'000 |
| Fixed rate | | | | | | | | |
| Lease liabilities | 4.68 | (275) | (293) | (155) | (129) | (100) | - | (952) |
| Bankers' acceptances | 4.92 | (65,640) | - | - | - | - | - | (65,640) |
| Revolving credits | 5.58 | (23,500) | - | - | - | - | - | (23,500) |
| Floating rate | | | | | | | | |
| Term loans | 5.61 | (3,093) | (3,093) | (4,961) | - | - | - | (11,147) |
| Company | | | | | | | | |
| Fixed rate | | | | | | | | |
| Amounts owing by subsidiaries | 3.43 | 808 | 836 | 865 | 896 | 927 | 154 | 4,486 |
| Revolving credits | 5.74 | (19,000) | - | - | - | - | - | (19,000) |
| Floating rate | | | | | | | | |
| Term loan | 5.72 | (1,860) | (1,995) | - | - | - | - | (3,855) |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

| 31 December 2022 | WAEIR % | Within 1 year RM'000 | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|-------------------------------|------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | | | | | | | | |
| Fixed rate | | | | | | | | |
| Lease liabilities | 4.55 | (513) | (82) | (37) | (38) | (30) | - | (700) |
| Bankers' acceptances | 4.63 | (128,269) | - | - | - | - | - | (128,269) |
| Revolving credits | 5.11 | (45,350) | - | - | - | - | - | (45,350) |
| Floating rate | | | | | | | | |
| Bank overdrafts | 6.67 | (500) | - | - | - | - | - | (500) |
| Term loans | 5.12 | (3,306) | (3,093) | (3,093) | (4,961) | - | - | (14,453) |
| Company | | | | | | | | |
| Fixed rate | | | | | | | | |
| Amounts owing by subsidiaries | 3.64 | 1,678 | 1,736 | 1,795 | 1,856 | 1,529 | 1,497 | 10,091 |
| Revolving credits | 5.09 | (30,500) | - | - | - | - | - | (30,500) |
| Floating rate | | | | | | | | |
| Term loan | 5.32 | (1,860) | (1,860) | (1,860) | (135) | - | - | (5,715) |

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arise from transactions that are denominated in currencies other than functional currency of the operating entity.

The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM586,000 (2022: RM759,000) for the Group.

Transactional currency exposures of the Group mainly arise from transactions entered into by subsidiaries in currencies other than their functional currency. The Group enters into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 December 2023 and 31 December 2022 are as follows:

| 2023 | Currency | Contract amount in foreign currency '000 | RM'000 equivalent | Maturities Within |
|---|-----------------|---|--------------------------|--------------------------|
| Forward contracts used to hedge trade receivables | USD | 109 | 498 | 1 month |
| Forward contracts used to hedge trade payables | USD | 3,577 | 16,555 | 3 months |
| Forward contracts used to hedge trade payables | CNY | 16 | 10 | 1 month |
| Forward contracts used to hedge trade payables | SGD | 1 | 3 | 1 month |
| 2022 | | | | |
| Forward contracts used to hedge trade receivables | EURO | 268 | 1,261 | 5 months |
| Forward contracts used to hedge trade receivables | USD | 75 | 328 | 3 months |
| Forward contracts used to hedge trade receivables | SGD | 36 | 117 | 3 months |
| Forward contracts used to hedge trade payables | USD | 3,155 | 14,345 | 5 months |
| Forward contracts used to hedge trade payables | THB | 700 | 92 | 1 month |
| Forward contracts used to hedge trade payables | CNY | 137 | 90 | 3 months |
| Forward contracts used to hedge trade payables | SGD | 1 | 3 | 3 months |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit after tax to a reasonably possible change in US Dollar ("USD"), Thai Baht ("THB"), Euro ("EURO"), Singapore Dollar ("SGD") and Chinese Renminbi ("CNY") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | | 2023 | Group 2022 |
|-------------------------|------------------------------|--------|---------------|
| | | RM'000 | RM'000 |
| Profit after tax | | | |
| USD | - strengthen by 3% (2022:3%) | -370 | -452 |
| | - weaken by 3% (2022:3%) | +370 | +452 |
| THB | - strengthen by 3% (2022:3%) | +2 | -6 |
| | - weaken by 3% (2022:3%) | -2 | +6 |
| EURO | - strengthen by 3% (2022:3%) | - | +57 |
| | - weaken by 3% (2022:3%) | - | -57 |
| SGD | - strengthen by 3% (2022:3%) | - | +5 |
| | - weaken by 3% (2022:3%) | - | -5 |
| CNY | - strengthen by 3% (2022:3%) | - | -2 |
| | - weaken by 3% (2022:3%) | - | +2 |

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

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

| Title | Effective Date |
|--|---------------------------------|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i> | Refer paragraph 98M of MFRS 112 |

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (cont'd)

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

| Title | Effective Date |
|---|-----------------------|
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 121 <i>Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments since the effects would only be observable for future financial years.

LIST OF PROPERTIES FOR FINANCIAL YEAR ENDED 31 December 2023

| | Tenure | Built-up Area | Year of Expiry | Description /Existing Use | Carrying Amount (RM'000) | Age of Building (years) | Date of Acquisition/ Revaluation |
|---|--------------------------------|---------------|----------------|--|--------------------------|-------------------------|----------------------------------|
| PRESTAR RESOURCES BERHAD | | | | | | | |
| GM 4895, Lot 1298 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan | Freehold | 583,602 sq ft | nil | Corporate office cum manufacturing site for subsidiaries | 38,937 | 16 to 28 | 5 April 2001 |
| P.M. 5176, Lot 72471 and P.M. 5177, Lot 72470, Pekan Subang, Daerah Petaling, Negeri Selangor Darul Ehsan | 99 years Leasehold *(92 years) | 58,022 sq ft | 2115 | Office cum Warehouse for Prestar Marketing Sdn Bhd | 18,627 | 6 | 9 Jan 2019 |
| PRESTAR STORAGE SYSTEM SDN. BHD. | | | | | | | |
| Geran 86261, Lot 162 (Lot 39), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan | Freehold | 92,836 sq ft | nil | Office cum manufacturing site | 14,245 | 30 | 17 Aug 2015 |
| Geran 86347, Lot 202 (Lot 3), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan | Freehold | 43,930 sq ft | nil | Office cum manufacturing site | 16,097 | 24 | 18 Oct 2019 |
| PRESTAR MARKETING SDN. BHD. | | | | | | | |
| Lot 1113, 65A, Jalan Perak, 10150 Penang | Freehold | 2,904 sq ft | nil | Office cum warehouse | 719 | 61 | 29 Dec 1993 |

* Balance of Leasehold Tenure

STATISTICS OF SHAREHOLDINGS AS AT 29 MARCH 2024

| | |
|-------------------------------|---|
| Total number of issued shares | : 360,589,156 ordinary shares (including treasury shares) |
| Class of Shares | : Ordinary shares |
| Number of Shareholders | : 5,292 (excluding treasury shares) |
| Voting Rights | : One (1) vote per ordinary share on a poll |

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| Substantial Shareholders | [----- No. of Shares Held -----] | | | |
|-----------------------------|----------------------------------|-------|----------------------------|-------|
| | Direct | % | Indirect | % |
| Fabulous Essence Sdn. Bhd. | 88,354,896 | 24.61 | - | - |
| Y.K. Toh Property Sdn. Bhd. | 34,606,656 | 9.64 | - | - |
| Toh Yew Keat | 7,369,684 | 2.05 | ⁽¹⁾ 122,961,552 | 34.24 |
| Dato' Toh Yew Peng | 17,100,000 | 4.76 | ⁽¹⁾ 122,961,552 | 34.24 |
| Soh Tik Siew | 18,114,936 | 5.04 | - | - |

Note:

- (1) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Issued Capital |
|---------------------------|---------------------|-------------------|--------------------|---------------------|
| 1 - 99 | 328 | 6.20 | 15,214 | 0.00 |
| 100 - 1,000 | 257 | 4.86 | 95,422 | 0.03 |
| 1,001 - 10,000 | 2,220 | 41.95 | 10,856,797 | 3.02 |
| 10,001 - 100,000 | 2,187 | 41.33 | 59,900,887 | 16.68 |
| 100,001 - 17,953,400 (*) | 297 | 5.61 | 164,689,633 | 45.87 |
| 17,953,401 and above (**) | 3 | 0.05 | 123,510,072 | 34.40 |
| Total | 5,292 | 100.00 | 359,068,025 | 100.00 |

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

| Directors | Nationality | [----- Direct Interest -----] | | [---- Indirect Interest ----] | |
|------------------------------|-------------|-------------------------------|------|-------------------------------|-------|
| | | No. of shares held | % | No. of shares held | % |
| Shamsudin @ Samad Bin Kassim | Malaysian | 1,200,000 | 0.33 | 0 | 0 |
| Dato' Toh Yew Peng | Malaysian | 17,100,000 | 4.76 | *123,297,552 | 34.34 |
| Toh Yew Seng | Malaysian | 5,917,503 | 1.65 | 0 | 0 |
| Kenny Toh Jin Tat | Malaysian | 168,000 | 0.05 | 0 | 0 |
| Toh Hui Yi | Malaysian | 0 | 0 | 0 | 0 |
| Andy Toh Jin Hong | Malaysian | 120,960 | 0.03 | 0 | 0 |
| Dato' Siew Mun Wai | Malaysian | 215,950 | 0.06 | 0 | 0 |
| Dato' Quah Thain Khan | Malaysian | 0 | 0 | 0 | 0 |
| Wang Eng Lon | Malaysian | 0 | 0 | 0 | 0 |

Note:

- * Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 and the shareholdings of his son, Mr. Alan Toh Jin Joo in Prestar Resources Berhad pursuant to Section 59(11) of the Companies Act 2016.

STATISTICS OF SHAREHOLDINGS AS AT 29 MARCH 2024 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

| No. | Shareholders | No. of Shares Held | Percentage (%) |
|-----|---|--------------------|----------------|
| 1. | FABULOUS ESSENCE SDN. BHD. | 84,322,896 | 23.48 |
| 2. | Y.K. TOH PROPERTY SDN. BHD. | 21,072,240 | 5.87 |
| 3. | SOH TIK SIEW | 18,114,936 | 5.04 |
| 4. | Y.K. TOH PROPERTY SDN. BHD. | 13,534,416 | 3.77 |
| 5. | <i>RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. (PLEGDED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)</i> | 11,862,900 | 3.30 |
| 6. | TOH YEW KEAT | 7,369,684 | 2.05 |
| 7. | TOH YEW SENG | 5,638,503 | 1.57 |
| 8. | TOH YEW KEONG | 4,653,933 | 1.30 |
| 9. | TAN LYE HUAT | 4,578,000 | 1.27 |
| 10. | TOH YEW CHIN | 4,531,423 | 1.26 |
| 11. | <i>RHB NOMINEES (TEMPATAN) SDN. BHD. (PLEGDED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)</i> | 4,391,100 | 1.22 |
| 12. | TOH POH KHUAN | 4,049,186 | 1.13 |
| 13. | FABULOUS ESSENCE SDN. BHD. | 4,032,000 | 1.12 |
| 14. | TOH YEW HOE | 3,807,306 | 1.06 |
| 15. | TAN AIK CHOON | 3,380,655 | 0.94 |
| 16. | TOH YEW KAR | 2,903,503 | 0.81 |
| 17. | MD NAHAR BIN NOORDIN | 2,100,050 | 0.58 |
| 18. | TOH YEW KAR | 2,005,920 | 0.56 |
| 19. | TAY YING LIM @ TAY ENG LIM | 1,883,824 | 0.52 |
| 20. | <i>KENANGA NOMINEES (TEMPATAN) SDN. BHD. (PLEGDED SECURITIES ACCOUNT FOR GOH CHING MUN)</i> | 1,785,000 | 0.50 |
| 21. | <i>HLB NOMINEES (TEMPATAN) SDN. BHD. (PLEGDED SECURITIES ACCOUNT FOR YEE WAI LENG)</i> | 1,732,500 | 0.48 |
| 22. | <i>PUBLIC NOMINEES (TEMPATAN) SDN. BHD. [PLEGDED SECURITIES ACCOUNT FOR LIM HOCK FATT (E-SS2)]</i> | 1,690,000 | 0.47 |
| 23. | NG WEE TIEW @ NG WEE CHIEW | 1,524,756 | 0.42 |
| 24. | MAH SIEW HOE | 1,323,000 | 0.37 |
| 25. | KOH KWEE HOOI | 1,216,750 | 0.34 |
| 26. | <i>CIMSEC NOMINEES (TEMPATAN) SDN. BHD. [CIMB FOR SHAMSUDIN @ SAMAD BIN KASSIM (PB)]</i> | 1,200,000 | 0.33 |
| 27. | FAM KEAT HONG | 1,200,000 | 0.33 |
| 28. | <i>CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. [PLEGDED SECURITIES ACCOUNT FOR GOALKEY SYSTEM SDN. BHD. (MY14 61)]</i> | 1,197,000 | 0.33 |
| 29. | <i>MAYBANK NOMINEES (TEMPATAN) SDN. BHD. (YAP THONG YEE)</i> | 1,160,000 | 0.32 |
| 30. | <i>HLB NOMINEES (TEMPATAN) SDN. BHD. (PLEGDED SECURITIES ACCOUNT FOR YEOH POH CHOO)</i> | 1,155,000 | 0.32 |

Note : The analysis of shareholdings is based on the total number of issued shares of the Company after deducting 1,521,131 ordinary shares bought back by the Company and held as treasury shares as at 29 March 2024.

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PRESTAR RESOURCES BERHAD

[Registration no. 198401010527 (123066-A)]
 (Incorporated in Malaysia)

| No. of Shares Held | CDS Account No. |
|--------------------|-----------------|
| | |

FORM OF PROXY

*I/We (full name in block capitals),

NRIC/Passport No./Registration No. Contact No..... Email

of (full address)

being a *member/members of PRESTAR RESOURCES BERHAD, hereby appoint:

First Proxy "A"

| Full Name (in Block) | NRIC/ Passport No. | Proportion of Shareholdings Represented | |
|----------------------|--------------------|---|---|
| | | No. of Shares | % |
| Full Address | Email: | | |
| | Contact No.: | | |

*and/or

Second Proxy "B"

| Full Name (in Block) | NRIC/ Passport No. | Proportion of Shareholdings Represented | |
|----------------------|--------------------|---|---|
| | | No. of Shares | % |
| Full Address | Email: | | |
| | Contact No.: | | |

*or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Thirty-Ninth Annual General Meeting of the Company to be held on a virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 12 June 2024 at 10:00 a.m. or at any adjournment thereof.

The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

| Resolution No. | Resolutions | For | Against |
|----------------|--|-----|---------|
| 1. | To approve the payment of Directors' fees. | | |
| 2. | To approve the benefits payable to the Non-Executive Directors. | | |
| 3. | To re-elect Mr. Andy Toh Jin Hong. | | |
| 4. | To re-elect Dato' Toh Yew Peng. | | |
| 5. | To re-elect Encik Shamsudin @ Samad Bin Kassim. | | |
| 6. | To re-elect Mr. Kenny Toh Jin Tat. | | |
| 7. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 8. | Authority to Issue Shares pursuant to the Companies Act 2016 and Waiver of Pre-Emptive Rights. | | |
| 9. | Proposed Renewal of Share Buy-Back Authority. | | |
| 10. | Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. | | |

* Strike out whichever not applicable.

Signed this day of 2024

.....
 Signature of Member/Common Seal

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- A proxy may but does not need to be a member of the Company and a member may appoint any person to be his/her proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
 As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders, proxies and/or corporate representatives shall communicate with the main venue of the Meeting via real-time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders, proxies and/or corporate representatives may email their questions to eservices@sshbsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders, proxies and/or corporate representatives will be broadcast and responded to by the Chairman/Board of Directors/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting via email.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Appointment of proxy and registration for remote participation and voting**
 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via the Securities Services e-Portal at <https://sshbsb.net.my/>. The lodging of the proxy form will not preclude you from attending and voting at the Meeting should you subsequently wish to do so provided a notice of termination of authority to act as a proxy is given to the Company and deposited at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. All resolutions set out in this Notice of Meeting are to be voted by poll.
 Should you wish to personally participate in the Meeting remotely, please register electronically via the Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting ("Administrative Guide") for further details.
 The Administrative Guide is available for download at <https://www.prestar.com.my/investor-relations>.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

The Company Secretaries
PRESTAR RESOURCES BERHAD
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

FOLD HERE



PRESTAR RESOURCES BERHAD
鴻達資源有限公司



We are an established investment holding company with subsidiary companies mainly engaged in the steel-processing and steel-products manufacturing activities since 1984. Today, we are one of the leading steel-processing / manufacturing Group focusing on the following main activities:-

STEEL PROCESSING UNIT

- Hot-Rolled & Cold-Rolled Steel Pipes and Hollow Sections
- ERW and Cold-Drawn Automotive Tubes
- Slitting, shearing and supplies of Hot-Rolled, Cold-Rolled, Galvanized, Electro-Galvanized, Silicon and Stainless Steel Coils/Sheets
- Mild Steel Flat Bars and Expanded Metal

PRODUCT MANUFACTURING UNIT

- Wheelbarrows and Platform Trucks
- Boltless Shelving, Pallet Racking, Drive-In, ASRS and other Racking Systems
- Galvanized Highway Guardrails and Handrails
- Hot-Dip Galvanizing Services



LOT 1298, RAWANG INDUSTRIAL ESTATE, 16 ½ MILES JALAN IPOH, 48000 RAWANG, SELANGOR, MALAYSIA

Tel : (603) 6090 8218

Fax : (603) 6090 8231

E-Mail : info@prestar.com.my

Website : www.prestar.com.my



PRESTAR RESOURCES BERHAD

198401010527 (123066-A)

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur
Malaysia

T: 03 2084 9000 • F: 03 2094 9940/2095 0292
www.prestar.com.my