LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

Laporan Tahunan

2024

Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 42nd Annual General Meeting of Lion Posim Berhad ("42nd AGM") will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 27 May 2025 at 10.30 am for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 and the Reports of the Directors and Auditors thereon. **Note 1**

2. To approve the payment of Directors' fees amounting to RM168,700 for the financial year ended 31 December 2024. **Resolution 1**

3. To approve the payment of Directors' benefits of up to RM87,000 for the period commencing after the 42nd AGM until the next annual general meeting of the Company. **Resolution 2**

4. To re-elect Dr Folk Jee Yoong who retires by rotation in accordance with Clause 110 of the Company's Constitution and who being eligible, has offered himself for re-election. **Resolution 3**

5. To re-elect Mr Liew Jee Min @ Chong Jee Min who was appointed during the financial year and retires in accordance with Clause 111 of the Company's Constitution and who being eligible, has offered himself for re-election. **Resolution 4**

6. To re-appoint Messrs Forvis Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

7. Special Business

   To consider and, if thought fit, pass the following Ordinary Resolutions:

7.1 Authority to Directors to Issue and Allot Shares

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being ("Mandate") and that such Mandate shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 6**

7.2 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given for the renewal of the mandate, for the Company and its subsidiaries (collectively, the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 28 April 2025 ("Related Parties"), provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 7**

THAT authority conferred by this ordinary resolution will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the Shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution which shall include, without limitation, taking any action which the Directors may, in their absolute discretion deem fit, to recover any sums due to the Company under the said transactions or to settle the same."

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

By Order of the Board

WONG PHOOI LIN (MAICSA 7013812)
SSM PC NO. 202008002964

KONG SIEW FOON (MAICSA 7044962)
SSM PC NO. 202008002081
Secretaries

Kuala Lumpur
28 April 2025

Notes:

- *Proxy*

  (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 May 2025 shall be eligible to attend the Meeting.*

  (ii) *A member entitled to attend and vote at the Meeting is entitled to appoint not more than 2 proxies to attend and vote instead of him. A proxy need not be a member of the Company.*

  (iii) *If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*

  (iv) *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*

  (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 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.*

  (vi) *The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*

  (vii) *Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*

1. *Audited Financial Statements for the financial year ended 31 December 2024*

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.

2. *Resolution 2*

   The benefits payable to the Directors of up to RM87,000 for the period commencing after the 42nd AGM until the next annual general meeting of the Company comprise estimated meeting allowance in respect of Directors' attendance at Board and Board Committees meetings which have been scheduled and special meetings. The Board is of the view that it is just and equitable for the Directors to be paid the meeting allowance as and when incurred in discharging their responsibilities and rendering their services to the Company throughout the relevant period.

3. *Resolutions 3 and 4*

   The following Directors ("Retiring Directors") retire in accordance with Clause 110 and Clause 111 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (i) *Dr Folk Jee Yoong*
   (ii) *Mr Liew Jee Min @ Chong Jee Min*

   The Nomination Committee ("NC") had reviewed the performance and contribution of each of the Retiring Directors during the annual assessment for the financial year ended 31 December 2024. Based on the results of the assessment, the NC was satisfied with the performance and contribution of the Retiring Directors who had performed their duties as Directors and members of the respective Board Committees of the Company; and had discharged their duties and responsibilities effectively at all times.

   The NC was also satisfied that the Retiring Directors, who are also independent non-executive Directors, have displayed independent judgement and acted in the best interests of the Company and the minority shareholders of the Company.

   The Board had concurred with the NC's recommendation to seek Shareholders' approval for the re-election of the Retiring Directors.

   The profiles of the Retiring Directors are set out on pages 9 to 10 of the 2024 Annual Report.

4. Resolution 6

The approval pursuant to Sections 75 and 76 of the Companies Act 2016 will allow the Company to procure the renewal of the general mandate which will empower the Directors of the Company to issue and allot new shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) ("Mandate"). The Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 28 May 2024 which will lapse at the conclusion of the 42nd AGM.

5. Resolution 7

This approval will allow the Group to continue to enter into recurrent related party transactions of a revenue or trading nature with those Related Parties, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

Details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 28 April 2025 which is made available on the websites of the Company at www.lion.com.my/posim-agm and Bursa Malaysia Berhad at www.bursamalaysia.com.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri Cheng Heng Jem *(Chairman)* Ms Cheng Hui Ya, Serena *(Executive Director)* Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar Dr Folk Jee Yoong Mr Liew Jee Min @ Chong Jee Min
Secretaries	:	Ms Wong Phooi Lin (MAICSA 7013812) SSM PC No. 202008002964 Ms Kong Siew Foon (MAICSA 7044962) SSM PC No. 202008002081
Registration No	:	198201002310 (82056-X)
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Website : www.lion.com.my/lionpsim Email : posim@lion.com.my
Share Registrar	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan Tel No : 03-20849000 (general) Fax Nos : 03-20949940, 03-20950292 Email : info@sshsb.com.my
Auditors	:	Forvis Mazars PLT Wisma Golden Eagle Realty 11th Floor, South Block 142-A Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan
Principal Bankers	:	CIMB Bank Berhad Public Bank Berhad HSBC Bank Malaysia Berhad OSK Capital Sdn Bhd
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad (“Bursa Securities”)
Stock Name	:	LIONPSIM
Bursa Securities Stock No	:	8486
Reuters Code	:	LIOP.KL

DIRECTORS' PROFILE

Tan Sri Cheng Heng Jem
Non-Independent Non-Executive Chairman

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 82, was appointed to the Board on 15 January 1991 and has been the Chairman of the Company since 27 August 1997.

Tan Sri Cheng has more than 60 years of experience in the business operations of the Lion Group encompassing steel, mining, property and industrial parks, agriculture, retail, financial services, tyre manufacturing, motor vehicle assembly, brewery and computer industries.

Tan Sri Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012 and is now a Life Honorary President of ACCCIM and KLSCCCI. He was also the President of Malaysia Retailers Association ("MRA") from May 2016 to May 2018, and was its Honorary President from June 2018 to July 2020. He was again appointed the President of MRA from July 2020 to May 2022 and in June 2022, he was appointed an Honorary President of MRA. He was the Chairman of the Federation of Asia-Pacific Retailers Associations from October 2017 to September 2019, and was its Vice Chairman from September 2019 to November 2022. He is a Trustee of ACCCIM's Socio-Economic Research Trust and the President of Malaysia Steel Association.

Tan Sri Cheng's other directorships in public companies are as follows:

- Chairman and Managing Director of Parkson Holdings Berhad, a public listed company
- Managing Director of Lion Industries Corporation Berhad, a public listed company
- Founding Member and Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes

Tan Sri Cheng has a direct shareholding of 400 ordinary shares in the Company ("LPB Shares") and a deemed interest in 170,186,190 LPB Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 70 of this Annual Report.

Tan Sri Cheng is the father of Ms Cheng Hui Ya, Serena, the Executive Director of the Company.

Tan Sri Cheng attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2024.

Cheng Hui Ya, Serena
Executive Director

Ms Cheng Hui Ya, Serena, a Malaysian, female, aged 38, was appointed an Executive Director of the Company on 24 August 2015.

Ms Serena Cheng obtained her Higher Diploma in Multimedia Design and Technology from Hong Kong Polytechnic University in 2010 and thereafter completed her internship with a marketing company in Taiwan.

Upon returning to Malaysia in 2011, she started her career in the property development industry with Sunsuria Development Sdn Bhd, a member of the Sunsuria Group which is now listed on the Main Market of Bursa Malaysia Securities Berhad, as a Sales & Marketing Executive carrying out sales and marketing including new projects launching, roadshows and fairs. This was followed by a stint in the Projects Department with exposure to and involvement in project planning and construction of the various developments undertaken by the Sunsuria Group.

Ms Cheng joined the Lion Group Property Division in 2013 and is part of the team responsible for property development in Malaysia and Cambodia. Her current portfolio as General Manager - Projects since May 2018 involves dealing with property and construction, and building requirements. She is actively engaged in other business operations of Lion Group, namely manufacturing, retail, mining, steel manufacturing, and operations and management of a golf club. Ms Cheng is also entrusted to oversee certain head office functions of the Lion Group.

Ms Cheng is a Director of Lion Industries Corporation Berhad, a public listed company which is the holding company of the Company, and Hy-Line Berhad, a public company which involves in operations and management of a golf club.

Ms Cheng is the daughter of Y. Bhg. Tan Sri Cheng Heng Jem who is the Chairman and a major shareholder of the Company.

Ms Cheng attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2024.

Tan Sri Abd Karim bin Shaikh Munisar
Independent Non-Executive Director

Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar, a Malaysian, male, aged 74, was appointed to the Board on 15 February 2019. He is also the Chairman of the Audit and Risk Management Committee, and a member of the Nomination Committee and the Remuneration Committee of the Company.

Tan Sri Abd Karim holds a Masters in Business Administration (Business Finance) from the University of Edinburgh Scotland, a Bachelor of Economics (Honours) from the University of Malaya and an Advanced Diploma in Economic Development (with Distinction) from the University of Manchester, United Kingdom. He also attended an Advance Course in Urban Planning JICA in Tokyo, Japan.

Tan Sri Abd Karim first joined the Malaysian public service in 1974 as the Assistant Director with the Ministry of Finance. From 1975 to 1982, he held various positions in the District Office of various districts in the state of Perak and Pahang which included Assistant State Secretary of Perak (Economy Planning Unit); Assistant District Officer of Kampar and South Kinta, Perak; Chief Assistant State Secretary, Pahang; and Chief Assistant District Officer of Kuantan District Office, Pahang. Between 1982 and 2004, Tan Sri Abd Karim held the position of Deputy Director of Klang Valley Planning Secretariat at the Prime Minister's Department (4 years); Chief Assistant State Secretary of Selangor (Local Government Division) (5 years); First President of Ampang Jaya Municipal Council (6 years); District Officer of Sepang/President of Sepang District Council (5 years); and President of Petaling Jaya Municipal Council (2 years).

During his service with the Government, he led a team in creating and introducing the Quit Rent Information System (QRAS) for Klang Valley Land Offices to facilitate efficiency in revenue collections. As a Sepang District Officer and President of Sepang District Council, he was involved in facilitating the creation and implementation of mega projects such as Putrajaya/Cyberjaya/F1 and KLIA.

Tan Sri Abd Karim opted an early retirement from the Government sector when he was offered to join the corporate sector as the President and Chief Executive Officer of Kumpulan Darul Ehsan Berhad. He was subsequently appointed the Executive Chairman of Kumpulan Perangsang Selangor Berhad and Kumpulan Hartanah Selangor Berhad; Chairman of Taliworks Corporation Berhad; and a Director of Syarikat Bekalan Air Selangor Sdn Bhd (Syabas) and Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash). He served as the Executive Adviser of the Malaysia Tsinghua University Council from 2021 to 2023.

Tan Sri Abd Karim is currently the Chairman of JAKS Resources Berhad, a public listed company.

Tan Sri Abd Karim attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2024.

Dr Folk Jee Yoong
Independent Non-Executive Director

Dr Folk Jee Yoong, a Malaysian, male, aged 63, was appointed to the Board on 15 February 2019. He is also the Chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee, and the Nomination Committee of the Company.

Dr Folk received his Bachelor of Business degree in Accounting and Secretarial Administration from the Curtin University of Technology in Perth, Western Australia; Bachelor of Economics degree from the University of Western Australia; Master of Commerce in Accounting from the University of Auckland, New Zealand; Doctor of Business Administration from the University of South Australia; and Doctor of Philosophy from the University of Malaya. He is a Fellow of Certified Public Accountant (CPA) Australia and the Malaysian Institute of Accountants. He also holds a Certificate in Investor Relations from the IR Society, United Kingdom.

Dr Folk has over 30 years of experience in academia, corporate finance, restructuring, audit and financial management in diversified industries such as mortgage banking, property development, construction, seafood trawling and processing, pulp and paper, jewellery, office furniture, multi-level marketing, plastic injection moulding, timber plantation and processing, hospitality, and thermovacuum forming. Between 1984 and 1990, amongst other public accounting firms, he was attached to Deloitte, Haskins & Sells, New Zealand and McLaren & Stewart, Perth, Australia. He had also worked with multi-national firms such as Sinar Mas Group, Raja Garuda Mas Group and Fletcher Challenge Group in various countries such as New Zealand, India and Indonesia. He had also sat on the Board of various public listed companies which included Parkson Holdings Berhad (2001-2012); Inix Technologies Holdings Berhad (2013-2015); Parlo Berhad (2014-2019); and AHB Holdings Berhad (2013-2022).

Dr Folk is currently the Chairman of MDSB Education Berhad, a company limited by guarantee.

Dr Folk has a direct shareholding of 105 ordinary shares in the Company.

Dr Folk attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2024.

Liew Jee Min @ Chong Jee Min
Independent Non-Executive Director

Mr Liew Jee Min @ Chong Jee Min, a Malaysian, male, aged 66, was appointed to the Board on 28 May 2024. He is also the Chairman of the Nomination Committee, and a member of the Audit and Risk Management Committee, and the Remuneration Committee of the Company.

Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. Mr Chong is a co-founder of the legal firm, Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors, which was established in December 1986 and specialises in various practices of law such as real estate, banking, corporate and commercial. He has accumulated more than 35 years of experience as a legal practitioner and is currently the managing partner of the firm.

As a prominent legal advisor of his profession, Mr Chong also serves in various organisations and associations in Malaysia:

- Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI")
- Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor
- Council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and Chairman of its Legal Affairs Committee
- Member of the Legal Affairs Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia
- Council member of The Kuala Lumpur & Selangor Hopo Association
- Legal advisor of Malaysia Used Vehicle Autoparts Traders Association, The Kuala Lumpur & Selangor Furniture Entrepreneur Association, Zhang Association Selangor & Kuala Lumpur, Federation of Malaysian Manufacturers and Sekolah Menengah Chung Hua (PSDN) Klang

Mr Chong had held directorships in various public companies and at present, he holds directorships in the following public listed companies:

- Chairman of Hextar Healthcare Berhad
- Director of Parkson Holdings Berhad, Hextar Global Berhad and Hextar Industries Berhad

Mr Chong attended the remaining 2 Board Meetings of the Company held during the financial year ended 31 December 2024 subsequent to his appointment.

Notes:

1. Details of the potential conflict of interest ("COI") situations involving Tan Sri Cheng, Ms Serena Cheng, Tan Sri Abd Karim and Mr Chong are disclosed in the Audit and Risk Management Committee Report on pages 32 to 33 of this Annual Report.

2. Save as disclosed under the Directors' Profile and Note 1 above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any COI or potential COI, including interest in any competing business with the Company or its subsidiaries; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

Poon Sow Har, Valerie
Malaysian, female, 60 years of age

Ms Poon Sow Har, Valerie was appointed the General Manager for the Lubricants, Petroleum Products and Automotive Products Division on 1 October 2014. She is responsible for managing the Division, including the expansion of the businesses in both the domestic and export markets.

Ms Valerie Poon obtained her professional qualification from the Chartered Institute of Management Accountants in 1984.

Ms Poon joined the Lion Group in 1988 and had served in the Corporate Head Office as well as the Retail, Properties, Motor, Trading and Building Materials Divisions of the Lion Group before assuming her current position.

Cheah Chee Ngen
Malaysian, male, 62 years of age

Mr Cheah Chee Ngen was appointed on 1 August 2018 as the Executive Director responsible for the Building Materials and Steel Products Division.

Mr Cheah obtained his Diploma in Civil Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

Mr Cheah started his career as a site supervisor cum clerk of works in Greatwall Construction Sdn Bhd from 1986 to 1988 and later as a credit officer with KCB Finance Berhad (now part of the Hong Leong Bank Berhad Group). In 1991, he joined Ipmuda Berhad as a Sales Representative and by 1994 he was promoted as the Sales Manager. In September 2000, he assumed the position of General Manager - Sales in charge of the general building material trading in the Central region. From 2008 to 2018, he was a Director - Sales & Marketing of Ipmuda Berhad overseeing the overall sales and marketing of the various products range of the group, new product development as well as creating new agency lines to complement the group's existing wide range of products. His last position held in Ipmuda Berhad before he left was Senior Vice President of Nationwide Sales and Marketing responsible for the overall trading operations of the entire group which included the Central, Northern, Southern regions as well as East Coast and East Malaysia.

None of the Key Senior Management has (i) any directorship in public companies and listed issuers; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interest ("COI") or potential COI, including interest in any competing business with the Company or its subsidiaries; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 31 December 2024. This CG Overview Statement is prepared pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of CG practices by the Company and its subsidiaries to promote a holistic adoption of CG practices and culture within the Group in the best efforts while ensuring compliance with the Listing Requirements and the Companies Act 2016 ("CA 2016") in addition to monitoring developments in industry practice and other relevant regulations.

The CG Overview Statement provides a summary of the Company's CG practices during the financial year, with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company's structure, processes, business environment and industry practices:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement should be read together with the CG Report, which is available on the Company's website at www.lion.com.my/lionpsim. It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control, the Audit and Risk Management Committee Report and the Sustainability Statement.

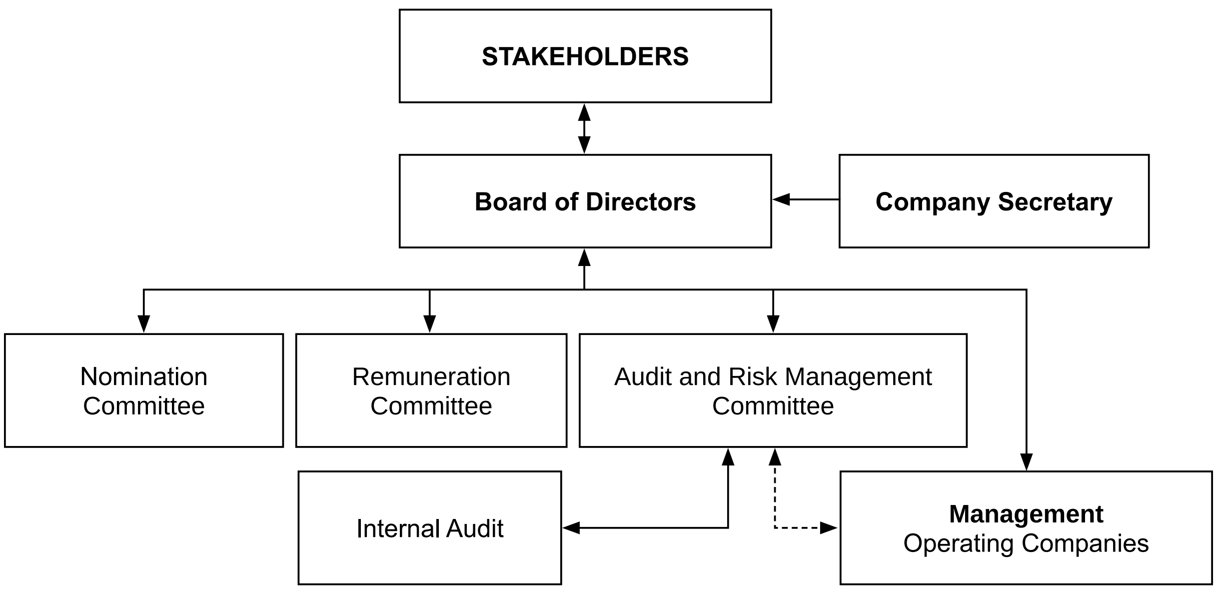
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review except for the following practices:

- Practice 5.9 : The board comprises at least 30% women directors.
- Practice 5.10 : Company's policy on gender diversity for the board and senior management.
- Practice 8.2 : Disclosure on a named basis, the remuneration of top 5 senior management.

A detailed explanation of how the Company has applied each CG practice as set out in the MCCG, taking into consideration the specific circumstances affecting the Group, including alternative measures taken to achieve the intended outcomes and the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 31 December 2024.

CORPORATE GOVERNANCE FRAMEWORK

The governance structure of the Company where the responsibilities of the Board are delegated to the relevant Board Committees and the Management of the Company is illustrated below:



BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Responsibilities for Leadership and Meeting Objectives and Goals

The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals, delivering sustainable value and realising long-term shareholders value. The Board is primarily responsible for overseeing the implementation of strategies and plans by the Management, promoting good corporate governance culture and the governance of sustainability within the Group, overseeing the conduct of the Group's businesses, monitoring and evaluating the implementation of appropriate systems and framework to identify, analyse, manage and monitor principal risks, reviewing the adequacy and integrity of the Group's system of internal control, and ensuring effective communications with stakeholders.

The Chairman is primarily responsible in ensuring Board effectiveness and leading the Board in its collective oversight of management whereas the Executive Director ("ED") is responsible for day-to-day management of the Group's businesses and operations including the implementation of business plans, strategies and policies. The distinct and separate roles of the Chairman and ED with clear division of responsibilities are set out in the Company's Board Charter. The positions of Chairman and ED are held by 2 individuals. In line with the recommendation of the MCCG, the Chairman is not a member of any Board Committees.

The Company Secretaries who have the requisite credentials and qualifications are available and provide support to the Board and Board Committees in ensuring that all of their meetings as well as general meetings are properly convened in accordance with applicable rules and procedures and that the records of the proceedings and resolutions are properly maintained. The Company Secretaries also facilitate the communication of decisions made by the Board and Board Committees to the relevant Management for appropriate actions.

The Directors also have access to the Company Secretaries for advice on their duties and obligations under the CA 2016 and updates on corporate governance matters, statutory and regulatory requirements, and other relevant legislations in addition to administrative matters.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Board, as a whole and its members in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the matters to be deliberated upon. Senior Management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

Besides direct interactions with the Management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board whenever deemed necessary and under appropriate circumstances or at the request of the Board.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year, 4 Board Meetings were held.

Demarcation of Responsibilities between Board, Board Committees, Individual Directors and Management

As part of the corporate governance process, the Board had formalised and adopted the Board Charter which clearly sets out the composition, roles, responsibilities, powers and processes of the Board, and matters reserved for decision of the Board. In facilitating the discharge of duties by the Board, the Board Charter provides for delegation of responsibilities by the Board to Board Committees via approved Terms of Reference of each Board Committee and the reporting obligations by the Board Committees. The Board Charter sets out responsibilities of the Board to ensure effective interactions between the Management and the Board. The Board Charter also serves as reference criteria for the Board in the assessment of its own performance, individual Directors and the Board Committees. Ultimately, the Board Charter reinforces the overall accountability of both the Board and the Management towards the Company and the stakeholders.

The Board Charter is subject to review by the Board at least once in every 3 years or as and when the need arises and in tandem with any new or revision of relevant statutory and regulatory requirements impacting the responsibilities and discharge of duties by the Board. The Company's Board Charter is available on the Company's website.

In assisting the Board to discharge its oversight functions, the Board delegates certain responsibilities to 3 committees, namely the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee. The Terms of Reference which regulate the affairs and conduct of these Committees spell out their composition, responsibilities, authority and duties. The respective Committees report to the Board on matters considered and their recommendations thereon. The Board may also form other committees delegated with specific authority to act on its behalf whenever required. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Terms of Reference of the respective Committees are available on the Company's website.

The Board delegates to the ED, the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The ED may delegate aspects of her authority and powers but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units and operations.

Commitment to Good Business Conduct and Healthy Corporate Culture

The Board in discharging its functions has observed Part A of Code of Ethics for Company Director & Company Secretary issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, the provisions of the CA 2016, and the principles of the MCCG.

The Group has in place, a Code of Business Ethics and Conduct ("CoBEC") which covers the ethical values and principles of the Group and provides guidance on acceptable behaviour to all Directors and employees of the Group in operating and managing the Group's businesses and affairs. The CoBEC also sets out key processes and procedures for the managing and reporting of conflict of interest ("COI"), potential COI and related activities in compliance with the Listing Requirements. The CoBEC is further supported by other policies which include the Whistleblower Policy, Anti-Bribery and Corruption Policy ("ABC Policy"), Competition Policy, Sexual Harassment Policy, Sustainability Policy, Procurement Framework, Integrity and Fraud Risk Policy, and Personal Data Protection Framework of the Group.

The ABC Policy reflects the Group's stand of zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy further elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The key policies are available on the Company's website under the section "Governance".

Commitment to Address Sustainability Risks and Opportunities in an Integrated and Strategic Manner

The Board shoulders the responsibility of driving economic growth by empowering businesses, and serving in the best interests of the employees, customers, suppliers, community and society at large, while continuously committed to understanding and implementing sustainable practices to achieve the right balance between the objectives of the Shareholders, attaining economic success, protecting the environment and fulfilling ethical obligations to other stakeholders and the wider community (in which the Group has a presence).

Full details of the Group's commitment to sustainability in the aspects of Economic, Environmental and Social impacts are found in the Sustainability Statement in pages 47 to 66 of this Annual Report.

II. BOARD COMPOSITION

Objectivity in Board Decision-Making

The objectivity in decision-making by the Board is driven by its composition, role of independent non-executive directors and competencies of its members. Following the retirement of an independent Director at the conclusion of the 41st Annual General Meeting of the Company held on 28 May 2024, a new independent Director had been appointed during the financial year. Hence, the Board currently comprises 5 Directors, 4 of whom are non-executive. Represented on the Board are 3 independent non-executive Directors, effectively constituting more than half of the Board and whose presence and participation provide independent advice, views and judgement to bear on the decision-making process of the Group in ensuring that a balanced and unbiased deliberation process is in place to safeguard the interests of all stakeholders. As and when a potential COI arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

In accordance with the Company's Constitution, 1/3 of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every 3 years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the Shareholders at the next annual general meeting following their appointment.

The MCCG provides that the tenure of an independent Director shall not exceed a cumulative period of 9 years. Upon completion of the 9 years, an independent Director may continue to serve on the Board as a non-independent Director. In the event such Director is to be retained as an independent Director beyond 9 years, the Board must provide justification and obtain Shareholders' approval through a two-tier voting process. None of the independent Directors has served on the Board for a cumulative term of more than 9 years.

The Nomination Committee is responsible for recommending to the Board the re-election of Directors and the retention of the independent Directors whose tenure of service will exceed 9 years or has exceeded 9 years. Further, the Board, assisted by the Nomination Committee, assesses the independence of the independent Directors and tenure of each Director on annual basis. In addition, the independent Directors affirm their independence annually to the Board.

In optimising the collective leadership by the Board in providing clear direction and opportunities for the Group, the Board, in its appointments and composition, pays due recognition to the mix of competencies, expected contributions and diversity representation of the Board. The Board, from time to time, undertakes a review of the merit of the appointment criteria in the context of the Group's businesses and strategies for appropriateness.

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates to be appointed to the Board and Board Committees.

As an enhancement to its process of sourcing suitable candidates for the Board, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the broad fit and proper, and independence criteria as set out in the Directors' Fit and Proper Policy and the following:

- Competencies – qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements;
- Expected contributions – appointment scope, role, commitment level, professionalism and integrity; and
- Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background.

While recognising the importance of providing fair and equal opportunities for appointment of Board and Senior Management, the Board is supportive of the Government's target of having at least 30% women participation on boards of public listed companies in Malaysia. The Board currently has a woman Director.

The process and criteria to identify and nominate candidates for appointment as a Director, re-election of existing Directors, and retention of independent Directors are set out in the Board Charter.

A brief description of each Director's background is presented in the respective profile under Directors' Profile on pages 6 to 10 of this Annual Report.

The Nomination Committee comprises 3 members, all of whom are non-executive Directors. The Nomination Committee is chaired by an independent Director. The composition and the Terms of Reference of the Nomination Committee are presented on page 38 of this Annual Report and are available on the Company's website.

Effectiveness of the Board and Individual Directors

The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors and Audit and Risk Management Committee members based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

In the evaluation of the performance of the Board for the financial year, the Directors were also assessed on their commitment in ensuring that Environmental, Social and Governance ("ESG") risks and opportunities as well as stakeholders engagement were considered in the organisation's vision and strategy and that the organisation's sustainability initiatives were communicated to its internal and external stakeholders.

The assessment criteria for review of performance and effectiveness of the Board, Board Committees and individual Directors are set out in the Board Charter.

<u>Time Commitment</u>

A Director shall notify the Chairman of the Board of his/her acceptance of any new directorship in public listed companies. In any event, the maximum number of appointments in public listed companies shall be limited to 5 or any other number as set out in the Listing Requirements.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

Directors' Training

The Board is mindful of the need for continuous training to keep abreast of matters affecting the changing business environment within which the Group operates, and is encouraged to attend training programmes/forums/seminars and external programmes facilitated by external professionals in accordance with their respective needs in discharging their duties and roles as Directors pertaining to the laws and regulations which may affect the Group. The Board will continue to evaluate and determine training needs of each Director to enhance Directors' skills and knowledge including financial literacy and sustainability matters. The Company Secretary keeps a complete record of the trainings attended by the Directors.

All Directors had attended the Mandatory Accreditation Programme ("MAP") Part I in relation to a director's roles, duties and liabilities as required by Bursa Securities. Bursa Securities also requires Directors to attend MAP Part II which aims to provide directors with the foundation to address sustainability risks and opportunities effectively, and a better oversight over the company's material sustainability matters. Accordingly, 3 Directors of the Company had attended the MAP Part II during the financial year, while the remaining 2 Directors will attend in due course.

The Directors are kept up-to-date with market developments and relevant requirements covering corporate governance, regulatory compliance, accounting standards, taxation and other related areas through Board discussion meetings with Management and by email communication. In addition, the Company may arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

Newly appointed Directors are required to attend a familiarisation programme which also serves as a platform to establish effective channel of communication and interaction with Management. Mr Liew Jee Min @ Chong Jee Min who was appointed during the financial year, had attended a familiarisation programme where the Company Secretaries had briefed on the statutory and regulatory requirements, and responsibilities as a Director, while key senior management had briefed on the core businesses and operations of the Group.

During the financial year, the Directors had attended the following webinars, seminar, workshop and other training programmes including the MAP Part II (collectively referred to as the "Programmes") on topics in relation to board leadership and ethics; corporate governance; business opportunities, investment and prospects in various industries; statutory and regulatory updates and requirements; financial and accounting knowledge and updates; sustainability covering ESG; and integrity, anti-bribery and corruption:

Name of Directors	Programme
Tan Sri Cheng Heng Jem	• Bursa Malaysia – Conflict of Interest ("COI") and Governance of COI
Cheng Hui Ya, Serena	• REHDA Institute – 2days Event: How to Develop Award Winning Industrial Parks and Real Estate in Malaysia? • ICDM – Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • CeDR Corporate Consulting Sdn Bhd – Anti-Bribery and Corruption- Bribery Precaution Refresher Workshop
Tan Sri Abd Karim bin Shaikh Munisar	• Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – Preparing for IFRS Sustainability Disclosure Standards in Malaysia
Dr Folk Jee Yoong	• ICDM – Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Liew Jee Min @ Chong Jee Min	• ICDM – Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Bursa Malaysia & ICDM – Board Ethics: Growing Concerns from New Technology, Stakeholder Interests & Conflict Of Interest • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – Preparing for IFRS Sustainability Disclosure Standards in Malaysia

The Directors are also updated and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements ("Continuing Updates").

The Board, after having undertaken an assessment, viewed that the Directors, having attended the Programmes and having been updated with market developments and relevant requirements, and apprised with the Continuing Updates, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and roles as a Director.

III. REMUNERATION

Level and Composition of Remuneration that Attract and Retain Talents

The Company has a formal remuneration policy for the Board of Directors and Senior Management respectively to ensure that it attracts, retains and motivates experienced, well qualified and high calibre Directors and Senior Management to manage the Company's and the Group's businesses and operations effectively. Directors do not participate in decisions regarding their own remuneration. The Board continues to apply the criteria set for determining the remuneration packages of executive Directors whilst the recommendation made by the Board on the non-executive Directors' fees for approval by Shareholders at the Company's annual general meeting was reflective of the market competitiveness and responsibilities undertaken by the Directors.

The Board delegates the oversight of the remuneration of the ED to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 40 of this Annual Report and are available on the Company's website.

Remuneration Factoring in Individual and Company's Performance

Details of the remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2024 are as follows:

The Group and the Company	**Fees RM'000**	**Meeting Allowance RM'000**	**Salaries RM'000**	**Total RM'000**
Executive Director				
Cheng Hui Ya, Serena	20	4	–	24
Non-executive Directors				
Tan Sri Cheng Heng Jem	25	4	–	29
Tan Sri Abd Karim bin Shaikh Munisar	42	10	–	52
Dr Folk Jee Yoong	40	10	–	50
Liew Jee Min @ Chong Jee Min (1)	24	4	–	28
Dato' Eow Kwan Hoong (2)	18	5	–	23
	169	37	–	206

Notes:

(1) Appointed on 28 May 2024
(2) Retired on 28 May 2024

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

Effective and Independent Audit and Risk Management Committee

The Board affirms its responsibility for the presentation of a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements.

The Audit and Risk Management Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Board discusses and reviews the recommendations proposed by the Audit and Risk Management Committee prior to the adoption of the quarterly financial results and the annual audited financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit and Risk Management Committee comprises 3 members, all of whom are independent Directors and financially literate. The Chairman of the Audit and Risk Management Committee is elected among the members of the Committee who is not the Chairman of the Board. The Terms of Reference and the main works undertaken by the Audit and Risk Management Committee for the financial year under review are set out in the Audit and Risk Management Committee Report on pages 30 to 37 of this Annual Report.

The Board has established a formal and transparent relationship with the External Auditors through the Audit and Risk Management Committee. The Audit and Risk Management Committee evaluates the performance and assesses the suitability, objectivity and independence of the External Auditors based on the policies and procedures which are in place. The Audit and Risk Management Committee had also considered information presented in the Audit Quality Commitment Newsletter published by the External Auditors. The Audit and Risk Management Committee also recommends the re-appointment of External Auditors and their remuneration to the Board. The re-appointment of the External Auditors is subject to the approval of Shareholders at the annual general meeting whilst their remuneration is determined by the Board.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Informed Decisions on Level of Risks and Implementation of Controls in Pursuit of Objectives

The Board has the oversight responsibility of the adequacy and effectiveness of the Group's system of internal control which comprises the governance, risks and controls aspects. The Board believes that effective maintenance of the system is important to help the Group to achieve its various objectives at many levels and having considered the risks that the Group faces whilst balancing out the interests of its many stakeholders and protecting the Group's assets and investments.

The Board fulfils its oversight function of risk management and internal control system via the Audit and Risk Management Committee. An approved Enterprise Risk Management ("ERM") Framework which was developed based on ISO31000 is in place and provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools. The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic, Business, Financial and Operational Risks based on the risk appetite set. In addition to the ERM Framework, the Group has in place an approved Compliance Framework which defines the roles and responsibilities to manage compliance risks via the establishment of internal policies, procedures and related framework. It dictates the spheres of compliance governance and promotes effective compliance mechanism in accordance with applicable laws, regulations, rulings, directives and guidelines.

The Internal Audit Function assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework and provide confirmation of the effectiveness of internal control and risk assessment process by the respective Heads of Operating Companies ("OC") and Heads of accounts and finance of the OC (on financial related matters) with signing-off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

An overview of the Board's responsibility, the state and descriptions of the key components of the Group's system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management are set out in the Statement on Risk Management and Internal Control on pages 22 to 29 of this Annual Report.

Effectiveness of Governance, Risk Management and Internal Control System

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control, anti-corruption, whistleblowing and governance processes. Oversight of the Internal Audit Function is delegated to the Audit and Risk Management Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently. The Internal Audit Function is led by the Group Chief Internal Auditor ("CIA") who reports directly to the Audit and Risk Management Committee. Following the resignation of the former Group CIA, the appointment of a successor is in progress. In the interim, a Senior Manager is handling the relevant internal audit functions. The Internal Auditors attend all meetings of the Audit and Risk Management Committee. The Audit and Risk Management Committee's review of the scope of work, budget, reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the Audit and Risk Management Committee Report on pages 36 and 37 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on pages 24 and 25 in the Statement on Risk Management and Internal Control and pages 36 and 37 in the Audit and Risk Management Committee Report of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Continuous Communication between the Company and Stakeholders to Facilitate Mutual Understanding of Objectives and Expectations

The Board acknowledges the importance of timely and equal dissemination of material information to the Shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Malaysia Berhad ("Bursa Malaysia").

The Company's Shareholders and members of the public may gain access to any latest corporate information of the Company on its website at www.lion.com.my/lionpsim which is linked to the announcements published on the website of Bursa Malaysia at www.bursamalaysia.com. The Company's website also provides easy access to the Company's Board Charter, Terms of Reference of Board Committees, key policies and annual reports.

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request through meetings, teleconferencing and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the ED.

II. CONDUCT OF GENERAL MEETINGS

Participation by Shareholders and Informed Voting Decisions

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with Shareholders.

The annual general meetings and other meetings of Shareholders are the principal forum for dialogue with Shareholders. The Company has leveraged technology to facilitate remote participation at general meetings and remote voting by Shareholders. The Remote Participation and Voting facilities provided by a third party Poll Administrator also allow Shareholders to pose questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's financial and non-financial performance, long-term strategies, businesses and affairs. The Shareholders may also pose questions prior to the meetings via email. The Chairman, the Board members, Senior Management as well as the External Auditors are in attendance at the meetings to respond to Shareholders' queries. The Chairman ensures that meaningful responses are provided to relevant questions posed by the Shareholders. Minutes of the general meetings of the Company are made available on the Company's website within 30 business days after the meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders' investments) and the Group's assets. The Board is pleased to present the Statement on Risk Management and Internal Control of the Group covering key subsidiaries, which outlines the nature and scope of its internal control and risk management during the financial year under review.

Board Responsibility

The Board affirms its overall responsibility for the Group's internal control system and for reviewing the adequacy and effectiveness of this system which covers governance, enterprise risk management, financial, strategy, organisational, operational, regulatory and compliance controls. However, in view of the inherent limitations in any system, such systems of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board delegates the oversight of internal control and risk management to the Audit and Risk Management Committee ("ARMC"). The ARMC deliberated at its meetings, the adequacy and effectiveness of internal controls based on the findings and outcomes of the audits which were conducted and reported by the Group Internal Audit ("GIA") during the financial year. The reports by the GIA described the issues discovered during the audits and actions taken by Management in addressing them. The Chairman of the ARMC thereafter briefed the Board members on the proceedings of the ARMC meetings including highlighting any material matters on internal control or risk management that warranted the Board's attention. Minutes of the ARMC meetings which recorded these deliberations were also presented to the Board for notation.

Key Components of Internal Control System

The Group's key components of internal control system are as follows:

1. **Integrity and Ethical Values**

   - A Code of Business Ethics and Conduct ("CoBEC") which sets out the principles to guide Directors' and employees' conduct to the highest standards of personal and corporate integrity. The CoBEC covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies, prohibition of kickbacks as well as provisions which cover personal data protection, competition, anti-money laundering and anti-terrorism financing. The CoBEC had been reviewed by the Board on 27 February 2024.

   - A groupwide integrity framework which accentuates the Group's commitment to uphold integrity in all manner of conduct by its employees at all times in their interaction with various stakeholders, both internal and external. This framework includes Integrity and Fraud Risk Policy which interphases with many of the existing policies adopted within the Group and also addresses fraud reporting and investigation.

   - An Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery, fraud and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

   - Annual e-declarations on Conflict of Interest and acknowledgement on the understanding and compliance with the ABC Policy among executive employees being part of the Group's effort in creating awareness and ensuring that the employees understand, observe and uphold high integrity and ethical values in all their business dealings.

- Pursuant to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 which imposes corporate liability on companies for the corrupt practices of its employees and/or any person associated with the companies in cases where such corrupt practices are carried out for the companies' benefit or advantage, the Group had conducted a series of trainings and workshops to brief employees on the adequate procedures (as per guidelines issued under MACC Act 2009) that had been put in place and to equip them with the required understanding of their duties, responsibilities and obligations under this section. The Board and the Management will continue to strengthen the adequate procedures to prevent acts of corruption related to the organisation.

The CoBEC and the ABC Policy are published on the Company's website at www.lion.com.my/lionpsim.

2. Authority and Responsibility

- The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' value. The Group's business strategic directions are also reflected in the respective operating companies' ("OCs") Corporate Performance Scorecard ("CPS") which are reviewed half-yearly. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, setting policies, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group's system of internal control. The Board is also responsible for ensuring financial integrity, setting the Group's risk appetite, reviewing and approving material transactions, related party transactions, capital financing and succession planning, and overseeing the implementation of stakeholder communication.

- The Board delegates to the Executive Director ("ED"), the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The ED may delegate aspects of their authority and powers but remain accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units and operations. Delegation of responsibilities and accountability by the ED further down the structure of the Group is communicated and formalised via respective operational structure and organisational chart as well as the authority matrix.

- Board Committees which are guided by respective Terms of Reference were set up to fulfil certain responsibilities delegated by the Board. These Committees assist the Board in promoting governance and accountability as well as overseeing internal controls, Board effectiveness, and nomination and remuneration of Directors and key positions:

  - Audit and Risk Management Committee
  - Nomination Committee
  - Remuneration Committee

- The Management of each operating company is responsible and accountable to the Senior Management, ED and the Board for implementing the frameworks, policies and procedures on risk and internal control as approved or directed by the Board.

3. Organisation Structure

- An operational structure and organisational chart which defines the lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability.

- The authority matrix outlines the decision areas and the persons empowered to requisite, authorise, and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.

4. **Frameworks, Policies and Procedures**

- A set of Group level internal policies and procedures which is maintained centrally and accessible to employees via the intranet. The policies and procedures at both Group level and business or operational level are regularly reviewed for updates to resolve operational deficiencies and to meet new compliance requirements. Enhancement efforts to streamline local policies, guidelines or procedures at business or operational level to key Group Policies and Procedures are continuing.

- A Group Procurement Framework which provides a fairly standardised, uniform and consistent set of controls by promoting accountability, ownership and transparency. This increases the ability of the Group to develop a pool of reliable and competent vendors through proper governance, selection of appropriate procurement methods and vendor management.

- A Group Personal Data Protection Framework which provides guidelines on implementation of controls in business and operations processes in meeting the requirements of data protection principles of Personal Data Protection Act 2010.

- Other key policies such as Competition Policy and Sexual Harassment Policy which complement the Group's CoBEC and ABC Policy. These policies direct the employees to behave ethically and professionally in ensuring compliance with relevant laws and creation of a conducive working environment.

- A Group Sustainability Policy that outlines the general principles and fundamentals governing the Group's commitment to sustainability, establishing a foundation for its strategic approach to integrating economic, social and environmental considerations.

5. **Planning, Monitoring and Reporting**

- An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the companies within the Group can be measured and evaluated.

- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the ARMC.

6. **Internal Audit**

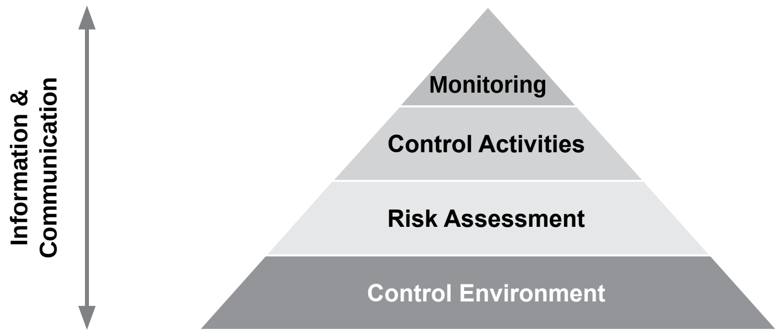
- Internal Audit Charter that is approved by the ARMC articulates the purpose, responsibility and authority of the GIA function as well as the nature of assurance activities provided by the function.

- Annual Audit Plan that is approved by the ARMC provides a basis for audit engagements which also considers feedback from the Management. The GIA adopts a risk-based audit approach, assesses the selected areas within the audit scope for risk exposures, compliance with approved policies and procedures, adherence to relevant laws and regulations and where applicable, benchmarking against industry best practices.

- The GIA reviews business processes and internal control and risk management system, submitting reports to the ARMC quarterly. The GIA also conducts follow-up reviews to ensure effective implementation of internal audit recommendations.

- Confirmation of the effectiveness of internal control and risk assessment process by the respective Heads of OC and Heads of Accounts and Finance of the OC (on financial related matters) through the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC- SAQ) on an annual basis.

- The GIA assesses and reports on the adequacy and effectiveness of the Group's governance, risk management, and internal control systems in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The following 5 inter-related COSO components are considered during the assessment:



7. Risk Management

- The Group has in place a risk management framework, Enterprise Risk Management ("ERM") Framework that is modelled after the widely adopted standard ISO31000 Risk Management – Principles and Guidelines to guide the implementation of a consistent risk management practice across the Group by both the Board and the Management. It recognises that risks are inherent in businesses and views them within the context of risk as an opportunity, uncertainty or hazard.

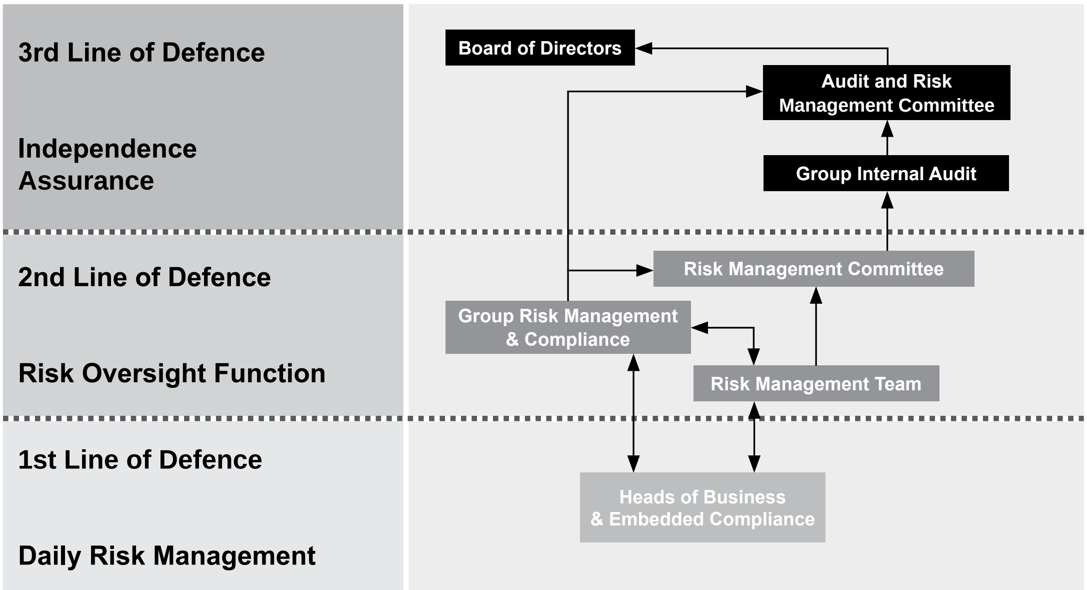
- The ERM Framework provides guidelines on risk governance, risk management process, risk reporting and generic tools to be used by the Group. The design of the risk governance structure therein is premised on 3 lines of defence concept with clear functional responsibilities and accountabilities for the management of risk:

  – The first line of defence under the framework is found at the OCs level where the Head of each OC assumes the overall accountability for the respective OCs' risk management implementation. Each OC's Heads of department would provide support to the Head of OC and supervision of risk management practices in key processes under their respective areas of responsibilities. The Heads of OC, in their half-yearly updates and reporting of respective CPS and Corporate Risk Scorecard ("CRS"), provided confirmation that the risk management process with regard to identification of material issues together with relevant controls and management actions have been adequately complied with.

  – The second line of defence provides oversight function via the establishment and roles vested in the OC's Risk Management Team ("RMT") and Risk Management Committee ("RMC") both of which are supported by the Group Risk Management and Compliance ("GRC") department. The RMTs establish their strategy roadmap for every financial year via the CPS and identified, analysed and reported risks to the RMC and ARMC via the CRS. The GRC provides the reporting templates, updated tools, maintenance of Q-Radar system and facilitation or review of OC's scorecards development or updates with OCs' risk representatives. The RMC receives and reviews the scorecards reports from OCs together with the ARMC.

  – The third line of defence is realised through the provision of objective and independent challenge by GIA with regard to the level of assurance as provided by business operations and oversight functions. The Board, through the deliberations and recommendations of the ARMC, sets the overall risk appetite for the Group.

- The risk management organisational structure adopted by the Group is illustrated as follows:



- The Group employs a Risk Universe Listing to facilitate identification of risk across 4 risk themes which are Strategic, Business, Financial and Operational as shown in the illustration below:

RISK UNIVERSE

- Most OCs of the Group have set risk tolerance ranges, either qualitative or semi-quantitative, for selected result areas via a self-defined risk impact severity table. Such table is referred to together with a risk matrix which provides measurement scales on possibility of risk occurrence and impact. The use of these tools facilitates the measurement of each risk analysed and evaluated at 3 different levels; Inherent, Nett and Target, thereby enabling the RMTs to focus more on the management of high risk areas in line with their risk tolerance.

8. Compliance Management

- Half-yearly Compliance Risk Self-Assessment (CRSA) exercises with mitigations identified to address breaches or material non-compliances.

- Joint review of existing operational practices and selected policies or procedures for possible and appropriate control enhancements. Such exercises may result in revisions of relevant policies or procedures, new policies or procedures, introduction of control tools such as standard templates/forms and even development of special purpose automated processes.

- A compliance programme reviewed by the ARMC on an annual basis addressing key compliance areas of statutory and regulatory requirements, codes and internal ethics/standards/policies and procedures. The results and status of the compliance programme were reported by the Compliance Function on a half-yearly basis to the Compliance Committee to monitor and address ongoing changes and implementations in the legislative and regulatory requirements affecting the Group.

9. Safety and Hazards Management

- The Group has established an Occupational Safety and Health (OSH) Committee to support the implementation of safety obligations under the Occupational Safety and Health (Amendment) Act 2022, effective 1 June 2024.

- The OSH Committee plays a key role in promoting safety and health awareness, identifying potential risks, continuously communicating with operating companies, recommending precautionary measures to ensure the safety, health, and welfare of employees, and proactively addressing the increased penalties for safety violations.

- The Group has also established Safety and Health Manual to administer health and safety programmes, and to handle any emergency or crisis, to ensure disaster recovery and business continuity.

- The Emergency Response Plan (ERP) developed for the Group's operations includes measures for safety and security of personnel, property and facilities that mitigate the damage of potential emergency events such as fire, explosion, accident, oil/chemical spill/release, radiological spill and other related incidents. The Central Control Team comprising employees representing various departments is tasked to ensure all staff and visitors in the premises comply with the health and safety procedures at all times.

- The Group continues to priortise a safe and healthy workplace for all employees, alongside business continuity concerns. Workplace health and safety procedures, along with the National Security Council's Standard Operating Procedures on preventive measures to mitigate health risks, are in place and communicated to employees, business associates, and other stakeholders.

- At the Group level, there is an Issues Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of communications, internal and external, in the event of any issue/crisis/disaster.

10. Information and Communication Technology/Management Information System

- A quarterly IT Steering Committee meeting is held where all IT Managers from various operating companies meet. It is a platform which enables collaboration among the operating companies, sharing of experiences and consolidation of standard IT platforms.

- A set of Group IT Policies and Guidelines is in place to govern the operations of IT within the Group. Due to the diversity of businesses, each operating company has its own set of IT Policy adopting the standard Group IT Policy wherever possible and adding policies that are peculiar to the business they are in.

- The Group Human Resources Management System runs off a cloud infrastructure where a single system is used across the Lion Group of Companies. Cloud infrastructure is hosted offsite to protect the sensitivity of data and is supported by a hot Disaster Recovery site to enable quick recovery of data in the event of any unforeseen incident. An annual Disaster Recovery test is carried out to ensure service quality as per agreed service level agreement.

- As part of Lion Group's Cyber Security strategy to mitigate cyber security risks and threats, Group IT had provided and shall continue to provide Cyber Security Awareness and related initiatives to educate employees with the objective of safeguarding our businesses and employees.

11. Insurance

- An insurance programme to safeguard major assets against financial loss resulting from property damage, machinery breakdown, business interruption and general liability, which is reviewed annually.

- A yearly exercise to ensure the adequacy and renewal of the Group's Directors' and Officers' Liability insurance.

12. Whistleblowing

- A Whistleblower Policy which provides the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address such concerns that may adversely affect the reputation and interests of the Group more effectively.

- The oversight by the Board and its engagement with the Management in the handling of reported wrongdoings are also set out in the Integrity and Fraud Risk Policy.

Risk Management Process

The OCs' CPS which are prepared every financial year are updated on a half-yearly basis to provide a clear and proper context within which performance-related risks are to be identified, analysed and managed in line with the respective OCs' strategic direction and business objectives. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the Heads of the OC.

In establishing a bottom-up reporting of the risk profile of the OCs, the RMT in the respective OCs identified possible and actual risks faced by the OC together with an analysis of the causes, impact and mitigating actions.

The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the CRS.

The GRC conducted reviews of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or Heads of OC for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the ARMC on a half-yearly basis for reviews on the status of the performance objectives and management action plans implementation. These reviews may result in identification of new risks or re-assessment of reported risks. The ARMC reviewed significant risks, if any, across the risk themes and guided the OCs on further mitigations, where required.

The Heads of the OC, at the half-yearly reporting, had confirmed that the respective OCs' RMT had reviewed and updated the CPS and CRS with the status of all related material information, controls and management actions and that the risk management process had been complied with and information provided therein fairly reflected the position of the OC for the financial year under review.

In all material transactions such as acquisitions and disposals of assets or business and corporate proposals, risks associated with such transactions as analysed by the project team and RMC are presented to the ARMC and Board for their deliberation and decision making. The ARMC will review the proposals together with the risks associated therewith after which the Board may approve, decline or modify the proposals in line with the Group's risk appetite and the Group's strategic and business directions.

Conclusion

The Board is satisfied with the adequacy and effectiveness of the system of risk management and internal control in place throughout the Group for the financial year under review, and up to the date of approval of this Statement. The ED and the Head of respective OCs have provided reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

Implementation measures are continuously being taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

Review by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scopes set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 December 2024, and reported to the Board that nothing has come to their attention that has caused them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide, Corporate Governance Guide and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"), nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and the Management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Listing Requirements and for no other purposes or parties.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee of Lion Posim Berhad is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 December 2024.

COMPOSITION

As at the date of this Annual Report, the composition of the Audit and Risk Management Committee is as follows:

- **Members**

  Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar
  (Chairman, Independent Non-Executive Director)

  Dr Folk Jee Yoong
  (Independent Non-Executive Director)

  Mr Liew Jee Min @ Chong Jee Min
  (Appointed as a member on 28 May 2024)
  (Independent Non-Executive Director)

  The respective profiles of the members are set out under Directors' Profile in the Annual Report.

- **Secretaries**

  The Secretaries of Lion Posim Berhad, Ms Wong Phooi Lin and Ms Kong Siew Foon, are also Secretaries of the Audit and Risk Management Committee.

MEMBERSHIP

The Audit and Risk Management Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The members of the Audit and Risk Management Committee shall elect a chairman among themselves who is an independent Director and who is not the chairman of the Board. The composition of the Audit and Risk Management Committee shall fulfil the requirements as prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

None of the members of the Audit and Risk Management Committee was a former partner of the External Auditors of the Group.

MEETINGS AND MINUTES

The Audit and Risk Management Committee shall meet at least 4 times annually, and the Group Chief Internal Auditor and the Chief Accountant shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum. The Audit and Risk Management Committee shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

Minutes of each Audit and Risk Management Committee Meeting were recorded and tabled for confirmation and adoption at the next Audit and Risk Management Committee Meeting and subsequently presented to the Board for notation. The Chairman of the Audit and Risk Management Committee shall report on each meeting to the Board.

TERMS OF REFERENCE

The Terms of Reference of the Audit and Risk Management Committee which are in line with the provisions of the Listing Requirements, the Malaysian Code on Corporate Governance and other best practices are available for reference on the Company's website at www.lion.com.my/lionpsim.

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, 4 Audit and Risk Management Committee Meetings were held. While Mr Liew Jee Min @ Chong Jee Min attended the remaining 2 Meetings held subsequent to his appointment, the other members attended all the 4 Meetings held during the financial year.

The Chief Accountant was present at all the Meetings. While the Group Chief Internal Auditor has not been appointed, a Senior Manager from the Group Management Audit Department attended the Audit and Risk Management Committee Meetings, representing the Internal Audit Function.

The Audit and Risk Management Committee carried out its duties for the financial year in accordance with its Terms of Reference.

The main works undertaken by the Audit and Risk Management Committee for the financial year are as follows:

- **Financial Results**

  Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of material accounting policies and compliance with MFRS Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB"), IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"), provisions of the Companies Act 2016 and requirements under the Listing Requirements; significant matters highlighted including financial reporting matters, significant transactions and judgements made by Management; and main factors contributing to the financial performance of the Group in terms of revenue and earnings.

  Discussed with Management and External Auditors, and had obtained reasonable assurances that all changes in material accounting policies had been implemented; MFRS Accounting Standards issued by MASB, IFRS Accounting Standards issued by IASB, provisions of the Companies Act 2016 and requirements under the Listing Requirements had been complied with; significant matters including Key Audit Matters and critical accounting judgements and key sources of estimation uncertainties made by Management had been evaluated by the External Auditors; and impact of new accounting standards for the following financial year, where relevant, had been assessed.

- **Internal Audit**

  (a) Reviewed and approved the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas and ensured that key and high risk areas were audited annually.

  (b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the Internal Auditors for the financial year and assessed the performance of the Internal Audit Function.

  (c) Reviewed the internal audit reports, audit recommendations made and Management's response and actions taken to improve the system of internal control and procedures. Where appropriate, the Audit and Risk Management Committee had directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.

  Audit approach had been determined in areas with weaknesses in control as revealed by the Internal Auditors during their previous audit reviews.

  (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls had been addressed.

(e) Reviewed the risk and control profile changes of the annual Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management. The Internal Auditors had validated the ratings during their audit review, and adjustments to the ratings, if any, had been made accordingly and reported to the Audit and Risk Management Committee.

(f) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders' Mandate and ensured that the transactions were undertaken on an arm's length basis and on normal commercial terms which were consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

All recurrent related party transactions of a revenue or trading nature undertaken were in compliance with the Listing Requirements and the Group's policies and procedures as well as the Shareholders' Mandate.

(g) Reviewed the quarterly reports on situations of conflict of interest ("COI"), potential COI and interest in competing business involving the Directors and Key Senior Management that arose or persist in addition to those that may arise; and the measures taken to resolve, eliminate, or mitigate such conflicts.

The Code of Business Ethics and Conduct was enhanced in March 2024 to include additional provisions on COI and potential COI requirements and disclosures by employees, Directors and Key Senior Management. The Group has in place (i) processes and procedures to mandate the Directors and Key Senior Management encountering a situation of COI to disclose the nature, extent and scope of the conflict as and when any such conflicts arise in addition to submitting their COI Declaration annually; and (ii) measures to resolve, eliminate, or mitigate COI and potential COI situations.

In addition, Whistleblower Policy has been in place to provide an avenue or course of action an employee, customer, supplier or third party, may take to escalate any wrong doing committed by employees, Directors and Key Senior Management.

Below is a summary of potential COI situations disclosed by Directors and measures taken to address thereon:

(1) Y. Bhg. Tan Sri Cheng Heng Jem ("TSWC") has substantial interest in the Company and is deemed to be interested in the subsidiaries of the Company. He also has interest in companies which conduct similar businesses with the Group in the following areas where potential COI may arise:

Business of the Group	Nature and Extent of Interest	Potential COI
Mixed property development in Shah Alam	By virtue of his interest and/or directorships in Lion Industries Corporation Berhad ("LICB"), Lion Corporation Berhad ("LCB") and certain privately owned property development companies with projects in Malim Jaya Melaka, Taman Supreme, Bandar Mahkota Cheras, Banting, Lenggeng and Bandar Bukit Mahkota Bangi.	May arise due to the similar nature of the business. Nevertheless, the Group does not have any current development where the location is conflicting with the property development of LICB, LCB and TSWC's privately owned companies.

(2) Ms Cheng Hui Ya, Serena is the Executive Director of the Company. She is also the daughter of TSWC and holds directorship in certain companies declared by TSWC under (1) above. As such, potential COI may occur in all companies and projects declared by TSWC under (1) above.

(3) Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar ("Tan Sri Karim") is an independent non-executive Director of the Company. He is also an independent non-executive Chairman and President of companies which conduct similar businesses with the Company in the following areas where potential COI may arise:

Business of the Group	Nature and Extent of Interest	Potential COI
Trading and distribution of building materials and steel products	By virtue of his directorship in JAKS Resources Berhad ("JAKS"), a public listed company which conducts similar businesses with the Group in trading and distribution of building materials and steel products.	May compete in supplying building materials. By virtue of his position as an independent non-executive Director in the Company and the Chairman of JAKS, Tan Sri Karim does not participate in or influence any operation and management decisions.
Provision of training services	By virtue of his designation as President in a private company which conducts similar business with the Group in the provision of training services.	May compete in provision of training services. By virtue of his position as an independent non-executive Director of the Company, Tan Sri Karim does not participate in or influence any operation and management decisions of the Company.

(4) Mr Liew Jee Min @ Chong Jee Min ("Mr JM Chong") is an independent non-executive Director of the Company. He is also an independent non-executive director of a company which conducts similar business with the Company in the following areas where potential COI may arise:

Business of the Group	Nature and Extent of Interest	Potential COI
Trading and distribution of building materials and steel products	By virtue of his directorship in ASTEEL Group Berhad ("ASTEEL"), a public listed company which conducts similar business with the Group in trading of building materials.	May compete in supplying building materials. By virtue of his position as an independent non-executive Director in the Company and the Chairman of ASTEEL, Mr JM Chong does not participate in or influence any operation and management decisions. Mr JM Chong had retired as the Chairman of ASTEEL on 28 February 2025.

(h) Reviewed the Sustainability Statement together with the Statement of Assurance issued by the Internal Auditors, before recommending the same for Board's approval for inclusion in the Annual Report.

(i) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 22 to 29 of this Annual Report.

The Audit and Risk Management Committee was satisfied that the system of risk management and internal control in place throughout the Group as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The Audit and Risk Management Committee also acknowledged that implementation measures were continuously being taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

(j) Reviewed the Group Compliance Framework for the financial year under review with regard to the scope of activities and their progress as set out in the Compliance Program/Work Plan for the financial year.

(k) Approved an annual budget for the Internal Audit Function to effectively carry out its audit plan.

(l) Approved the Audit and Risk Management Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

- **External Audit**

(a) Reviewed and discussed with External Auditors the audit strategy memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

(b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements of the Group and of the Company.

(c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.

(d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the financial year taking into consideration information presented in the Audit Quality Commitment Newsletter published by the External Auditors, in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit and Risk Management Committee.

The Audit and Risk Management Committee had received from the External Auditors written confirmation that they have complied with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, and that they have policies and procedures in place which were designed to ensure that they carry out their work with integrity, objectivity and independence.

Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.

(e) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors.

(f) Met with the External Auditors twice to discuss matters in relation to their audit planning and audit review of the financial results. The External Auditors met with the Audit and Risk Management Committee without executive Board members and Management after their audit review of the financial results to discuss matters in relation thereto and arising therefrom.

- **Compliance Management**

(a) Conformance to Group policies and procedures

Noted the status and outcome of the half-yearly Compliance Risk Self-Assessment ("CRSA") exercises which seek to identify gaps in compliance with regard to applicable laws, regulations, codes, guidelines and standards, market/industry best practices and Group policies and procedures, and discussed the adequacy of measures to address such gaps or non-compliance. The CRSA questionnaire sets and declarations were completed by the identified Heads of Business, Finance Officers of the Operating Companies ("OCs"), Group Accountants, Company Secretaries, Group Tax, Group Treasury and Group Corporate Planning.

(b) Noted the status of the activities of Group Risk Management and Compliance Department which included monitoring on a half-yearly basis the scope of activities and status of implementation as driven and coordinated by the Group Risk Management and Compliance Department as set out in the Compliance Program/Work Plan for the financial year.

- **Risk Management**

(a) The Audit and Risk Management Committee together with the Risk Management Committee:

- Monitored the progress on the achievement of targets set for business objectives of OCs for the financial year via review of the Corporate Performance Scorecards updates on a half-yearly basis. The Audit and Risk Management Committee sought explanation/understanding from the Risk Management Team ("RMT") of OCs on non-performance.

- Reviewed the key risks as reported by the RMTs in their Corporate Risk Scorecards across the wide spectrum of risk facing the businesses and operations which included strategic risk, business risk, financial risk and operational risk. The Audit and Risk Management Committee provided comments on the adequacy and effectiveness of controls and/or management actions identified and/or implemented by the OCs in addressing the identified risks.

(b) The Audit and Risk Management Committee provided assurance to the Board on the risk reporting and review activities that took place during the financial year.

- **Related Party Transactions**

  (a) Reviewed related party transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.

  (b) Reviewed the renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature for Shareholders' approval to undertake transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Group with related parties ("RRPTs").

  The Audit and Risk Management Committee reviewed the review procedures and had opined that they were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the Group had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.

  The review on RRPTs by the Internal Auditors was reported to the Audit and Risk Management Committee on a quarterly basis.

  The Management had given assurance to the Audit and Risk Management Committee that related party transactions and mandate for recurrent related party transactions were in compliance with the Listing Requirements and the Group's policies and procedures.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is undertaken by the Group Management Audit Department ("GMA Department") and is independent from Management of the Company and the function which it audits. Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

Following the resignation of the former Group Chief Internal Auditor, the appointment of a successor is in progress. In the interim, a Senior Manager from the GMA Department is carrying out relevant internal audit functions and overseeing audit assignments.

The purpose, authority and responsibility of the Internal Audit Function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter approved by the Audit and Risk Management Committee. The Audit and Risk Management Committee is of the opinion that the Internal Audit Function is appropriate to its size and the nature and scope of its activities.

In discharging its function, the GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit and Risk Management Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the RMIC-SAQ, the Corporate Performance Scorecard and the Corporate Risk Scorecard.

During the financial year, the Internal Auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews
- Adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework
- Compliance aspects of the Anti-Bribery and Corruption Policy and its programmes
- Disclosures of COI and potential COI situations involving the Directors and Key Senior Management
- Issuance of Statement of Assurance in relation to the Sustainability Statement

The Internal Auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented. Significant matters were reported directly to the Audit and Risk Management Committee and Senior Management to ensure improvement and corrective actions are taken.

The internal audit works had been carried out according to the internal audit plan approved by the Audit and Risk Management Committee for the financial year.

An annual assessment for evaluating the adequacy and effectiveness of the Internal Audit Function was carried out in the financial year.

The Internal Auditors are updated on the improvement and development in internal auditing standards, procedures, techniques, corporate governance and the Listing Requirements through the attendance of seminars and talks organised by the Institute of Internal Auditors Malaysia, the Malaysian Institute of Accountants, Bursa Malaysia Berhad and the Securities Commission Malaysia as well as core competency courses organised by professional training establishments. The Audit and Risk Management Committee was also satisfied that pending the appointment of the new Group Chief Internal Auditor, the Internal Audit Function, overseen by a Senior Manager and backed by 4 staff at the managerial and executive levels who possessed the relevant qualifications and experience, has adequate resources to fulfil the internal audit plan for the next financial year.

The Internal Auditors had confirmed that they are free from any relationships or conflict of interest which could impair their objectivity and independence in their audit assignments.

The total cost incurred in managing the Internal Audit Function of the Group for the financial year was RM182,194.

NOMINATION COMMITTEE

Chairman : Mr Liew Jee Min @ Chong Jee Min
(Appointed on 28 May 2024)
(Independent Non-Executive Director)

Members : Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar
(Independent Non-Executive Director)

Dr Folk Jee Yoong
(Independent Non-Executive Director)

Terms of Reference :

1. To consider and recommend to the Board, candidates for directorships in the Company.

2. To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and from independent sources.

   In making a recommendation to the Board on the candidate for directorship, the Committee shall consider the broad Fit and Proper, and Independence Criteria as set out in the Board Charter.

   The candidate for an independent non-executive Director should be a person of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board.

3. To recommend to the Board, Directors to fill the seats on Board Committees.

4. To assist the Board in reviewing on an annual basis, the composition, the required mix of skills, knowledge, experience, diversity and other qualities, including core competencies which each individual Director including the independent non-executive Director should bring to the Board, to enable the Board to function effectively, and strengthen board leadership and oversight of sustainability issues.

5. To establish and implement processes to assess, on an annual basis, the effectiveness of the Board as a whole and the committees of the Board; the independence of the independent Directors; the contribution of each individual Director; and the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their Terms of Reference, based on the process and procedure laid out by the Board.

6. To recommend to the Board:

   (a) the re-election of those Directors who are retiring at an annual general meeting ("AGM") of the Company and to put forward their re-election for approval at the AGM; and

   (b) the continued retention of any independent non-executive Director who has served for a cumulative period of more than 9 years as an independent non-executive Director or otherwise. Any retention of an independent Director who has served a cumulative period of 9 years shall be subject to Shareholders' approval in line with the recommendation of the Malaysian Code on Corporate Governance. Notwithstanding, the tenure of an independent Director shall not exceed a cumulative period of more than 12 years.

7. To review the induction and training needs of Directors.

8. To consider other matters as referred to the Committee by the Board from time to time.

NOMINATION COMMITTEE REPORT

The Nomination Committee comprises 3 members, all of whom are independent non-executive Directors. The Nomination Committee is chaired by Mr Liew Jee Min @ Chong Jee Min who is an independent Director.

Appointment to the Board and the Effectiveness of the Board

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, knowledge, experience and competencies for appointment to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. The Nomination Committee shall conduct skills and gap analyses from time to time or when required in identifying candidatures for appointment. As an enhancement to its process, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable. The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors and Audit and Risk Management Committee members based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to (i) identify and nominate candidates for appointment as a Director; (ii) re-elect existing Directors; and (iii) retain independent Directors, are set out in the Directors' Fit and Proper Policy included in the Board Charter.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, expected contributions and diversity representation covering the qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements, appointment scope, role, commitment level, professionalism and integrity, and the appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background which would contribute to the overall desired composition of the Board.

The Directors' mix of skills are set out in the respective profile under Directors' Profile on pages 6 to 10 of this Annual Report.

Activities of the Nomination Committee for the Financial Year

The Nomination Committee met twice since the date of the last Annual Report and all the members attended the Meetings.

The Nomination Committee had carried out the following duties for the financial year in accordance with its Terms of Reference:

(i) Assessed and recommended for Board's consideration, the appointment of Mr Liew Jee Min @ Chong Jee Min as an independent non-executive Director, a member of the Audit and Risk Management Committee and the Remuneration Committee, and the Chairman of the Nomination Committee of the Company.

(ii) Reviewed and assessed the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors and Audit and Risk Management Committee members based on the broad fit and proper, and independence criteria as set out in the Directors' Fit and Proper Policy using a set of quantitative and qualitative performance evaluation forms adopted by the Nomination Committee, and was satisfied that (a) the Board composition in term of size, mix of competencies and diversity representation and the balance between executive, non-executive and independent Directors was adequate and in line with the Group's business operations and needs; and (b) the Board as a whole and the Board Committees had discharged their duties and responsibilities effectively at all times. The Nomination Committee was also satisfied with the level of independence of the independent non-executive Directors and their ability to act in the best interests of the Company and the minority shareholders of the Company.

(iii) Reviewed the term of office and performance of the Audit and Risk Management Committee as a whole and each of its members including an assessment of their financial literacy, and assessed and evaluated the effectiveness of the Audit and Risk Management Committee in conducting its activities in accordance with its Terms of Reference, and was satisfied that the Audit and Risk Management Committee and its members had carried out their duties effectively and were financially literate and able to understand matters under the purview of the Audit and Risk Management Committee including financial reporting process.

(iv) Reviewed the retirement by rotation of Dr Folk Jee Yoong, and the retirement of Mr Liew Jee Min @ Chong Jee Min who was appointed during the financial year, and having satisfied that they had discharged their duties and responsibilities effectively at all times, recommended their re-election for Board's consideration, which shall be tabled for approval of the Shareholders at the forthcoming 42nd Annual General Meeting of the Company.

(v) Reviewed the training needs of the Directors and was satisfied that the Directors having attended the relevant training programmes and having been updated with market developments and relevant requirements through Board discussion meetings with Management and by email communication, and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and roles as a Director.

(vi) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the 2024 Annual Report.

REMUNERATION COMMITTEE

Chairman : Dr Folk Jee Yoong
(Independent Non-Executive Director)

Members : Y. Bhg. Tan Sri Abd Karim bin Shaikh Munisar
(Independent Non-Executive Director)

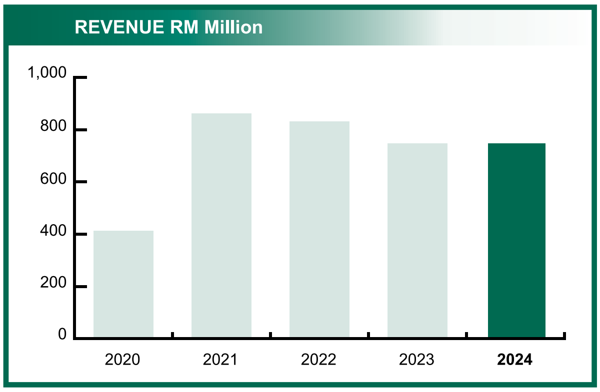
Mr Liew Jee Min @ Chong Jee Min
(Appointed on 28 May 2024)
(Independent Non-Executive Director)

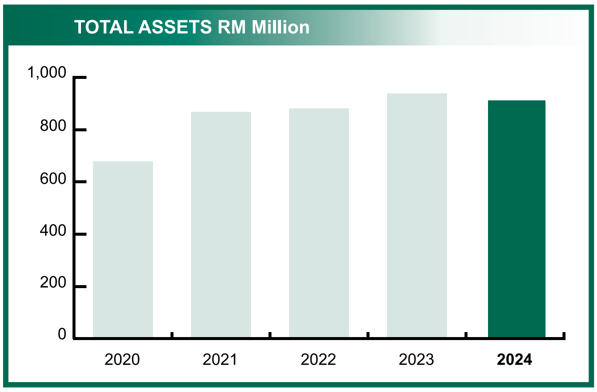
Terms of Reference :

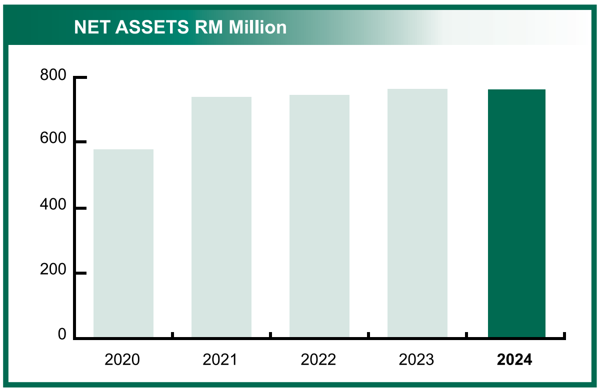
- To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary.
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

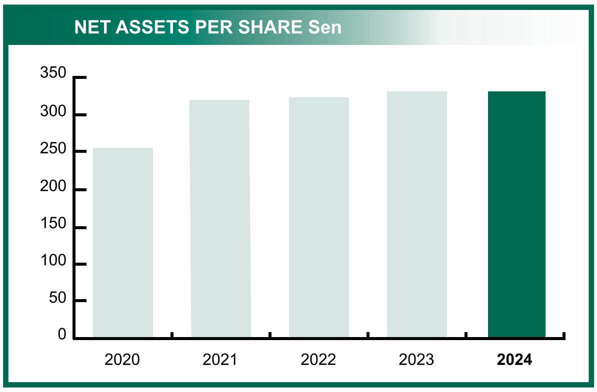
5 YEARS GROUP FINANCIAL HIGHLIGHTS

		12 months ended 30 June 2020	18 months ended 31 December 2021	12 months ended 31 December 2022	2023	2024
Revenue	(RM'000)	411,505	871,808	838,773	755,137	**753,085**
Profit before tax	(RM'000)	36,845	145,601	2,681	16,285	**14,546**
Profit after tax	(RM'000)	31,745	141,195	601	13,552	**10,799**
Net profit attributable to owners of the Company	(RM'000)	31,745	144,021	659	13,553	**10,799**
Total assets	(RM'000)	679,179	870,642	883,448	941,438	**915,668**
Net assets	(RM'000)	577,995	739,096	740,662	762,129	**762,751**
Total borrowings	(RM'000)	16	16,860	18,711	35,280	**25,003**
Earnings per share	(Sen)	13.9	63.2	0.3	5.9	**4.7**
Net assets per share	(Sen)	254	324	325	335	**335**









THE GROUP'S BUSINESSES

- Posim Petroleum Marketing Sdn Bhd distributes a wide range of petroleum-based products under "HI-REV", "torQe" and "T-TRAX" brands which meet specifications required by American Petroleum Institute (API), Japanese Automotive Standards Organization (JASO) and European Automobile Manufacturers' Association (ECEA) for exceptional performance in engine lubrication and protection against thermal stress to maintain excellent performance in high power density engines.

- The Building Materials Division is involved in the trading and distribution of building and construction materials such as (top left, clockwise) roofing, sanitarywares, BRC mesh, steel bars, bricks, ironmongery, cement, and floor tiles.

- The Group is the distributor for ACCA KAPPA, an Italian brand that offers premium hair brushes, body care products and fragrances for men and women.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of Lion Posim Berhad ("the Group" or "the Company") for the financial year ended 31 December 2024.

FINANCIAL PERFORMANCE

In 2024, our business operations persevered through economic and trade challenges both globally and locally. The operating environment remained challenging, impacted by prolonged geopolitical conflicts that disrupted global trade flows, sustained inflationary pressures that drove up costs, and volatility in global commodity prices; adding complexities to the operating environment.

Despite these headwinds, the Building Materials Division and the Lubricants Division, the main contributors to the Group, maintained their positive performance. Although revenue saw a marginal decline, the Group recorded a profit from operations of RM16.2 million. This was partly attributable to the RM3.2 million (2023: RM1.4 million) insurance claim received by the Lubricants Division, and driven by the Group's ongoing efforts to improve operational efficiency.

Associated companies contributed a profit of RM0.9 million, largely due to a one-off gain arising from a business acquisition by an associated company. Consequently, the Group's profit before tax for the year under review amounted to RM14.5 million.

PROSPECTS

The Group acknowledges the challenges posed by both global and local economic conditions which may affect the operating environment of its businesses. However, the Group believes that through continuous efforts to control operating costs, enhanced operational efficiencies, and remaining vigilant and responsive to market changes, it will be able to navigate these challenges.

BOARD OF DIRECTORS

On behalf of the Board, I would like to extend a warm welcome to Mr Liew Jee Min @ Chong Jee Min who joined the Board as an independent non-executive Director of the Company on 28 May 2024. The Board believes that the Group will benefit from his extensive experience and expertise.

APPRECIATION

On behalf of the Board of Directors, I wish to express my appreciation to our customers, business partners and associates, financiers, shareholders, and the Government authorities for their continuing support and cooperation.

I would like to convey my appreciation and gratitude to my fellow Directors for their invaluable guidance, support and contribution.

Last but not least, my sincere thanks go to the management and staff for their continuing hard work and dedication in coping with the challenges faced throughout these demanding times.

TAN SRI CHENG HENG JEM
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Consolidated Statement of Profit or Loss	2024 RM'000	2023 RM'000	Change
Revenue	**753,085**	755,137	-0.3%
Profit from operations	**16,229**	9,549	70%
Profit before tax	**14,546**	16,285	-11%
Profit after tax	**10,799**	13,552	-20%
Consolidated Statement of Financial Position			
Total assets	**915,668**	941,438	-3%
Fixed deposits, cash and bank balances	**76,752**	69,385	11%
Total liabilities	**152,917**	179,309	-15%
Bank borrowings	**25,003**	35,280	-29%
Net assets	**762,751**	762,129	0.1%

Segment Results

	Revenue			Segment Profit/(Loss) *		
	2024 RM'000	2023 RM'000	Change	2024 RM'000	2023 RM'000	Change
Building materials and steel products ("Building Materials")	**630,040**	635,434	-1%	**7,929**	4,050	96%
Lubricants, petroleum products and automotive products ("Lubricants")	**120,303**	117,488	2%	**14,146**	12,243	16%
Others	**2,742**	2,215	24%	**(5,846)**	(6,744)	13%
	753,085	755,137	-0.3%	**16,229**	9,549	70%

* *"Segment profit/(loss)" refers to profit from operations.*

The Group is principally engaged in:
- Trading and distribution of building materials and steel products;
- Manufacturing and trading of lubricants, trading and distribution of petroleum-based products and automotive components; and
- Other businesses which include mainly provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding.

For the financial year ended 31 December 2024 ("FYE 2024"), the Building Materials Division and the Lubricants Division, the main contributors to the Group, sustained their positive performance.

Despite fluctuations in operating costs, the Group's Building Materials Division achieved a higher profit of RM7.9 million in the FYE 2024, driven by ongoing improvements in operational efficiency. This was achieved even as revenue declined marginally to RM630.0 million.

Meanwhile, the Lubricants Division saw a 2% increase in revenue, reaching RM120.3 million, while profit rose to RM14.1 million from RM12.2 million a year ago. Included in this was RM3.2 million (2023: RM1.4 million) recovered from an insurance claim for losses caused by the floods in December 2021.

Results from other businesses were mainly derived from the provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding. These activities collectively contributed slightly higher revenue of RM2.7 million in the FYE 2024.

Associated companies contributed a profit of RM0.9 million, largely due to a one-off gain arising from a business acquisition by an associated company. Consequently, the Group recorded a profit before tax of RM14.5 million for the year under review.

As at 31 December 2024, the Group's net assets stood at RM762.8 million, or RM3.35 per share.

REVIEW OF OPERATIONS

Building Materials and Steel Products

The construction sector experienced strong growth in 2023, maintaining positive momentum in 2024, fuelled by the government allocation for development projects and steady economic expansion. This growth has driven increased demand for residential, commercial, and industrial structures, coupled with rising private and public investments in energy and infrastructure projects. The construction sector's contribution to Malaysia's Gross Domestic Product (GDP) reached 17.3% in 2024, reflecting its resilience and post-pandemic recovery. Additionally, sustained demand for data centres and advanced manufacturing facilities continues to propel industry growth.

Nevertheless, fluctuations in core building material prices continue to present challenges. The Division recorded a revenue of RM630.0 million for FYE 2024, slightly lower than RM635.4 million in the previous year, mainly due to intensified price competition among distributors.

Looking ahead, the construction industry is set for further expansion in 2025, driven by the revival and acceleration of mega infrastructure and renewable energy projects, as well as rising private-sector investments in data centres. The government's allocation for affordable housing, targeted for completion by year-end, further supports industry growth. The Public-Private Partnership Master Plan 2030, unveiled in September 2024, is expected to boost infrastructure development, data centre expansion, and foreign direct investment (FDI), with key projects such as the Penang Light Rail Transit (LRT), the revived Kuala Lumpur-Singapore High-Speed Rail (KL-SG HSR), and Mass Rapid Transit (MRT 3).

Operating in a highly competitive and evolving environment, the Division remains vigilant and responsive to market changes. It continues to strengthen its operations by fostering strategic relationships with principal suppliers, trading partners, key customers, and developers while expanding its distribution network for in-house brands, including sanitary wares, tap fittings, tiles, and ironmongery, to drive revenue growth and enhance margins. To further expand its market presence in the hardware sector, the Division currently operates warehouses in Selangor, Perak, and Melaka, with plans to establish additional facilities in major cities nationwide. Existing proactive measures remain in place to mitigate potential business disruptions, ensuring long-term resilience and sustainable growth for the Division.

Lubricants, Petroleum Products and Automotive Products

The Division experienced a relatively soft market throughout 2024. This was mainly due to consumers' cautiousness in their spending. Escalating costs of daily necessities had consequently reduced consumers' spending power, thus placing vehicles maintenance expenditure at a lesser priority.

Likewise, our business operations also encountered escalating production and distribution costs. We remain vigilant to these challenges and work closely with suppliers and dealers through collaboration and co-creation to offer an optimal range of products and services that benefit all stakeholders, including end-users.

We are pleased to see encouraging growth in certain regions that had progressively bounced back, exceeding pre-Covid 19 economic levels. As our customers in these markets registered improved business activities, we too benefitted from being their preferred business partners.

Overall, despite ongoing challenges across various areas, the Division maintained stable revenues and income for the year. Moving forward, we will continue to strategise and pursue emerging business opportunities to build a sustainable and resilient base for our business growth.

SUSTAINABILITY STATEMENT

Lion Posim Berhad ("Company") is pleased to present its Sustainability Statement which provides an overview its Economic, Environmental and Social ("EES") impacts for financial year ended 31 December 2024 ("FY2024").

The Company is primarily engaged in investment holding, and through its subsidiaries, Posim Marketing Sdn Bhd ("PMSB"), Posim Petroleum Marketing Sdn Bhd ("PPMSB"), and Lion Petroleum Products Sdn Bhd ("LPPSB"); it is involved in the trading and distribution of building materials and steel products, and petroleum-based products and automotive components.

BASIS OF SCOPE

This Sustainability Statement covers the Company's operations in the trading and distribution of building materials and steel products by PMSB, and petroleum-based products and automotive components by PPMSB and LPPSB.

REPORTING FRAMEWORK AND STANDARDS

We have taken steps to incorporate standard disclosures in accordance to the Global Reporting Initiative ("GRI") Standards and Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("Listing Requirements") with reference to its Sustainability Reporting Guidelines. The standard disclosures are also aligned with the United Nations Sustainable Development Goals ("UNSDGs").

The Company is working to adopt the recommendations of the IFRS Sustainability Disclosures Standards and the National Sustainability Reporting Framework ("NSRF"), and will continue to improve its disclosures to align with best practice reporting standards.

AVAILABILITY AND FEEDBACK

The Sustainability Statement is available on the Company's website at www.lion.com/lionpsim and Lion Group's website at www.lion.com.my as part of the Company's FY2024 Annual Report. We welcome our stakeholders to share their feedback regarding this Statement and the topics discussed.

APPROACH TO SUSTAINABILITY

Our sustainability approach is guided by Lion Group's mission "We are committed to make Lion Group a caring organisation and be recognised for excellence in quality, growth and profitability", of which the Company is a member.

We have adopted a holistic sustainability approach across our business operations and functions. The strategic direction is guided by the Board of Directors, with the Head of Company/Business taking on the executive role for effective and efficient implementation, and driven via collaboration amongst various Departments and Business Units across the Company.

SUSTAINABILITY STRUCTURE

Board of Directors

Management Sustainability Committee (MSC)

Sustainability Working Committee (SWC)

The Board of Directors has oversight of the Group's strategic direction on sustainability.

The MSC is chaired by Head of Company/Business, and assists the Board with strategic direction of sustainability matters. The MSC is responsible for steering, coordinating and ensuring the effective and efficient implementation of the sustainability framework.

The SWC comprises members from middle management across our operations and is responsible for the day-to-day implementation of the sustainability strategies and plans.

GOVERNANCE

The Company complies with all relevant corporate governance laws and regulations and follows best practices. By upholding high standards of corporate governance, we aim to ensure long-term success, competitiveness, and sustainability. Details can be found in our Corporate Governance Overview Statement and Statement on Risk Management and Internal Control on pages 12 to 29 of this Annual Report.

STAKEHOLDERS ENGAGEMENT

Engaging with stakeholders is crucial to understanding their expectations. We value their feedback, assessments, and insights as essential to shaping our sustainability strategies and initiatives. Through regular formal and informal engagements, we continuously refine our approach. These interactions help us identify key issues, uncover opportunities, and manage risks, enabling us to respond effectively to stakeholder needs.

Key Stakeholders	Area of Interest	Engagement Platforms	Our Response
Employees	• Health, safety and well-being • Learning and development • Respect and recognition • Job satisfaction • Pay and benefits	**Ongoing** • Meetings • Training programmes • Internal newsletter • New employee induction Programme • Sports & Recreation Club – "Kelab Sukan Rekreasi dan Kebajikan Posim" • Staff gatherings and other engagement channels **Quarterly** • Internal newsletter **Annually** • Performance appraisals	• Training and upskilling opportunities for professional and personal development • Merit-based evaluation and career growth pathways • Health and well-being initiatives focused on promoting a balanced work-life lifestyle

STAKEHOLDERS ENGAGEMENT (continued)

Key Stakeholders	Area of Interest	Engagement Platforms	Our Response
Customers	• Convenience and experience • Service and product quality • Timely product delivery	**Ongoing** • Face-to-face interaction through sales and service channels • Communication through Marketing Department, Customer Service Department and Corporate Communications Department • Feedback through website, e-mail, social media platform • Sales, promotions, road shows and related events	• Offer comprehensive range of products that meet customers' requirements • Visits to customers' sites to better understand their needs and challenges • Organise annual appreciation and New Year celebration to foster healthy cooperation
Suppliers/Vendors	• Long term partnership • Financial resilience • Sustainable business growth • Experienced management team	**Ongoing** • Liaison with suppliers before sourcing and engaging with contract managers • Meetings, business alliance events/ meetings • Vendor service/support channel	• Compliance with relevant policies and procedures • Transparent business relationship • Reliable and trustworthy products and services • Feedback from users and application performance
Shareholders and Investors	• Good governance • Sustainable business growth • Disclosure and transparency	**As Needed** • Circulars • One-on-one meetings **Quarterly** • Financial reports and announcements **Annually** • Annual General Meeting • Annual Report	• Timely updates on the Company's announcements • Uphold good governance practices across the business operations and supply chain
Regulatory Agencies and Statutory Bodies	• Regulatory compliance • Safety and security	**Ongoing** • Consultative and statutory reporting **As Needed** • Participation in meetings, visits and events	• Full compliance with regulatory requirements • Adoption of practices outlined in the Malaysian Code on Corporate Governance • Support government initiatives

STAKEHOLDERS ENGAGEMENT (continued)

Key Stakeholders	Area of Interest	Engagement Platforms	Our Response
Local Communities	• Responsible corporate citizen • Support for social causes • Creation of job opportunities	**Ongoing** • Activities and sponsorships organised by the Company and Lion-Parkson Foundation **As Needed** • Job vacancies advertisement	• Support community initiatives/programmes through contributions and other forms of assistance
Media	• Response to media enquiries and requests for interviews • Long term engagement	**As Needed** • Media releases and interviews • Advertisements	• Transparency in communications • Timely and accurate information on corporate, industry, and business developments
Industry Associations	• Support for mutual interests	**As Needed** • Meetings and events	• Participate in meetings/ discussions and/or events

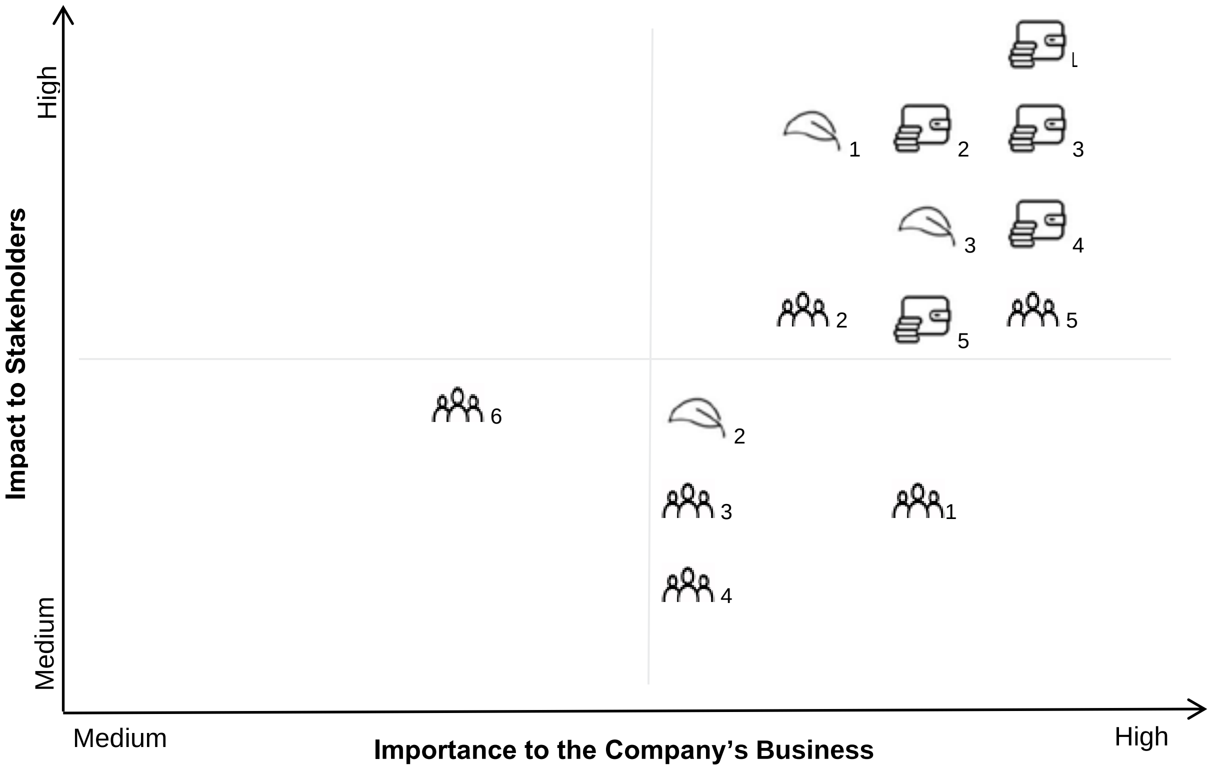
MATERIAL MATTERS

Our materiality matters are validated by our various divisions, combined into a consolidated matrix of issues relating to the activities of the Company. In identifying matters material to the Company, we were guided by GRI and the Listing Requirements.

The Company conducts its materiality assessment every three years and undertakes an annual review of the identified material matters. This process ensures that the Company remains aligned with the evolving expectations of stakeholders, regulatory requirements, and industry trends, while maintaining a proactive approach to sustainability and corporate responsibility.

Economic	Environmental	Social
1. Economic Performance 2. Products Quality & Safety 3. Cyber Security/Data Protection 4. Anti-Corruption 5. Supply Chain Management	1. Energy Efficiency 2. Water & Waste Management 3. Chemical Management	1. Employee Well-being 2. Health & Safety 3. Capacity Building 4. Diversity & Equal Opportunities 5. Labour Practices & Standards 6. Community Relations/CSR

MATERIALITY MATRIX



CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UNSDGS")

We are committed to supporting the UNSDGs and the following outlines our efforts during the year under review:

UNSDGs	Description	Our Approach
	Goal 1: No Poverty End poverty in all its forms anywhere	• Provide financial aid for medical treatment to the most vulnerable segments of society • Collaborate with other bodies and Non-Governmental Organisations to extend our reach and ensure help is targeted to those most in need
	Goal 3: Good Health and Well-being Ensure healthy lives and promote well-being for all at all ages	• Prioritise health and safety in our business operations by adopting rigid safety standards and systems, provide continuous safety training to protect our employees, sub-contractors and the general public • Promote healthy lifestyles and work-life balance by organising programmes that focus on our employees' physical and mental well-being • Regular review on workplace practices & environment aspects by Health & Safety Committee

CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UNSDGS") (continued)

UNSDGs	Description	Our Approach
	Goal 4: Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Provide scholarships to undergraduates pursuing their first degree locally • Promote employee development programme and upskilling action plan
	Goal 5: Gender Equality Ensure full participation in leadership and decision-making	• Acknowledge women's contribution in the industry and committed to promoting the advancement of women • Ensure women's effective representation and equal opportunities for leadership at all levels of decision-making across business activities
	Goal 8: Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Provide competitive remuneration packages to our employees, and training opportunities for career growth and development • Promote a safe and secure working environment for all workers, including contractors and foreign labour • Stand firm against any form of forced labour, modern slavery and child labour • Regular discussions on employees' performance and action plans
	Goal 12: Responsible Production and Consumption Substantially reduce waste generation	• Encourage 3R (reduce, reuse, recycle) activities to reduce waste generation • Adhere to ISO standards of operation to ensure efficient use of resources
	Goal 13: Climate Action Take urgent action to combat climate change and its impacts	• Compliance with all applicable statutory and regulatory requirements
	Goal 16: Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	• Support fair and equitable workplace • Ensure a strong ethics and compliance culture • Zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy • Whistleblower Policy
	Goal 17: Partnership for the Goals Encourage and promote effective partnerships, building on the experience and resourcing strategies of partnerships	• Collaborate with regulators, industry players and community development programme partners • Collaborate with employees of all levels to promote and achieve common goals that benefit everyone

KEY SUSTAINABILITY MATTERS

ECONOMIC

Ensuring economic sustainability remains a key priority for achieving long-term business success. Our commitment lies in upholding ethical and responsible marketplace practices through transparent business conduct, operating our business with integrity, and a commitment to excellence. These principles not only enhance our competitiveness but also foster long-term relationships with our stakeholders.

- **Economic Performance**

The Company's financial performance is vital for ensuring the sustainability of our business. We are dedicated to creating meaningful employment opportunities and supporting economic development. Through the jobs generated within our operations and related industries, along with the taxes we contribute, we play a vital role in driving positive and significant impacts on the broader economy.

RM'000	2023	2024
Revenue	755,137	**753,085**
Profit after tax	13,552	**10,799**
Net profit attributed to owners of the Company	13,553	**10,799**

Note : Further information on Economic Performance can be found in the 5 Years Group Financial Highlights on page 41 and Financial Statements section of the 2024 Annual Report.

- **Products Quality & Safety**

Delivering quality is essential to maintaining credibility and earning customer trust, especially in the highly competitive building materials and lubricants industries. We are dedicated to providing products that meet the highest regulatory, safety, health, and quality standards while ensuring our suppliers align with the same philosophy.

Our robust quality management system oversees every stage, from planning and development to production and after-sales service, ensuring full compliance with all stipulated standards. With ISO 9001:2015 certification, our lubricant factory exemplifies our commitment to excellence. Our lubricant products meet engine oil quality standards required by American Petroleum Institute, Japanese Automotive Standards Organisation and European Automobile Manufacturers Association.

- **Cyber Security/Data Protection**

We are committed to maintaining the confidentiality and security of customers' and stakeholders' information in compliance with the Personal Data Protection Act 2010. Information regarding our vendors, suppliers, and customers is handled with strict privacy and confidentiality at all times.

We actively educate our employees on data protection and privacy through knowledge-sharing initiatives, including brief learning emails and articles in our corporate newsletter. These cover essential topics such as information security fundamentals, online scams, cyber espionage, malware, and ransomware. Our primary goal is to raise awareness about the importance of protecting sensitive information, thereby reducing potential threats and security breaches that could impact the organisation.

During this reporting period, there were no substantiated complaints of breaches in customer privacy or loss of customer data. We will continue to protect our customers' data privacy across all operations.

	2023	2024
Substantiated Complaints Concerning Breaches In Customer Privacy Or Data Loss	ZERO	**ZERO**

- **Anti-Corruption**

The Company is committed to promoting a culture of integrity through awareness campaigns and regular communications. We require all employees to comply with our Anti-Bribery and Corruption Policy ("ABC Policy"), ensuring that our business is conducted ethically, responsibly, and transparently. Directors and employees are also required to complete an annual e-declaration on Conflict of Interest and acknowledge their understanding of the ABC Policy to confirm compliance.

We encourage all stakeholders to report any suspected wrongdoings which may involve or concern our directors, management, employees, or actions that could affect our performance, relations with other stakeholders, assets, or reputation. Whistleblowers will be assured of confidentiality, with their identity protected unless disclosure is required by law.

Corruption-related Training

All executive employees successfully completed the required training in FY2024, while 98.64% of non-executive employees did the same. Our goal remains to ensure 100% participation in training across the organisation. Additionally, employees are mandated to complete an annual e-declaration on Conflict of Interest and acknowledge their understanding of the ABC Policy to demonstrate compliance.

Operations Assessed for Corruption-related Risks

In FY2024, we conducted corruption risk assessments across all our operations, with 100% of them undergoing the evaluation.

Corruption Incidents

As of 31 December 2024, we recorded zero incidents of corruption across our business operations.

Percentage (%)	**2023**	**2024**
Corruption Related Training - Executive - Non-Executive	 100 93.29	 **100** **98.64**
Operations Assessed for Corruption-related Risks	100	**100**
Corruption Incidents	ZERO	**ZERO**

- **Supply Chain Management**

Our procurement department is dedicated to ensuring responsible procurement practices, reinforced by the requirement for all active registered vendors to periodically acknowledge their commitment to our Vendor Code of Conduct. Vendor qualifications and credentials are thoroughly vetted before being added to our list of approved suppliers. From the supplier selection process onward, we incorporate sustainability considerations, such as fair labour practices and safety requirements.

To maintain transparency and accountability, we conduct audits and continuously improve our procurement processes and policies, including reassessment of procurement contracts. We also prioritise sourcing products and services locally whenever feasible, recognising its advantages such as cost efficiency, timely delivery, lower carbon emissions, and support for the local economy.

Local Suppliers

In FY2024, our procurement expenditure on local suppliers saw a slight increase, reflecting our continued commitment to supporting local economies. This rise underscores our dedication to sustainable practices and reinforces our ongoing effort to make responsible purchasing decisions. As we assess and optimise our sourcing strategies, we aim to strengthen our partnerships with local suppliers, fostering both economic and environmental benefits for the communities we serve.

	2023	**2024**
Spending on Local Suppliers (%)	95.40	**96.34**

- **Customer Satisfaction**

Customer support and loyalty are crucial to the success of our business. Therefore, we prioritise putting customers at the heart of everything we do, striving to deliver high-quality products and services. To ensure our employees provide exceptional service, we include product knowledge and service skills training as part of our regular training programmes. We also place great importance on customer engagement through appreciation dinners and gatherings to express our gratitude for their continued support. Additionally, we maintain various feedback channels, including customer satisfaction surveys, to gather insights and continuously improve our business.

ENVIRONMENTAL

The Company remains steadfast in its commitment to sustainable development and seeks to operate in a way that minimises environmental harm. We advocate the 3R actions of Reduce, Reuse and Recycle at our workplace, and adopt preventative measures to conserve the environment and reduce pollution. We seek to uphold environmental concerns with emphasis on application of new technologies and industry best practices that are environmentally friendly, optimise the use of resources and promote energy efficiency, and we are committed in taking proactive measures to preserve the environment for future generations whilst meeting the needs of our stakeholders.

Climate Action and Environmental Goals

Aligned with the Malaysian Government's commitment to addressing climate change and achieving Net Zero greenhouse gas (GHG) emissions by 2050, the Company has set an interim target, and will revise these targets in accordance with the relevant standard.

	Area	Target	Plan
1	GHG Emissions	Achieve a reduction in GHG emissions intensity and total emissions annually.	• Partner with suppliers/vendors to reduce emissions in transportation. • Improve fleet efficiencies, and optimise route.
2	Energy Consumption	Decrease energy consumption to improve operational efficiency annually.	• Implement smart energy management systems to monitor and optimise energy use. • Promote employee energy-saving initiatives.
3	Waste Reduction	Reduce annual waste sent to landfill.	• Implement circular economy initiatives to reduce packaging waste and promote product packaging reuse. • Reduce unnecessary packaging, use better packaging materials, and increase packaging reuse and recycling. Switch to biodegradable or reusable packaging materials. • Partnership with local municipalities or recycling organisations to enhance waste diversion efforts. • Instill the 3R culture amongst employees to minimise waste.
4	Water Conservation	Lower water consumption to conserve annually.	• Optimise and evaluate water use system. • Promote water saving habits amongst employees.

- **Energy Efficiency**

Electricity is essential for powering our offices and ensuring operational efficiency. With energy conservation at the core of our practices and increased awareness of energy-saving measures, we continue to minimize our environmental impact. As a result, we recorded a reduction in energy consumption.

	2023	2024
Total Energy Consumption (Megawatts)	614.18	**610.40**

- **Water and Waste Management**

While the Company's operations do not consume significant amounts of water, we fully recognize its scarcity as a valuable resource. This awareness drives our commitment to carefully managing and monitoring our water usage, emphasizing the importance of responsible water stewardship in fostering sustainable and environmentally conscious practices. For FY2024, our total water consumption rose by approximately 12.98%, reaching 4.44 megalitres, largely due to an increase in operational activities.

In addition, we prioritise waste treatment to ensure that all waste materials are properly handled, stored, and disposed of. Our commitment to recycling ensures that waste is repurposed instead of contributing to landfill accumulation. With the rise of digitalisation and electronic processes, our dependence on paper has significantly reduced, supporting our ongoing efforts to adopt eco-friendly practices and contribute to a more sustainable future.

Water Management	2023	2024
Total Water Consumed (Megalitres)	3.93	**4.44**

- **Chemical Management**

We take proactive measures to prevent incidents such as chemical spills and leakages at our premises. Our strict adherence to legal requirements for chemical classification, labeling, handling, and storage is complemented by the implementation of best management practices designed to minimize pollution. Certified scheduled waste competent personnel are appointed to oversee all chemical waste activities, and we regularly provide knowledge and training in this area to all production staff. In FY2024, there is zero incident of major chemical spillage within our workplace, demonstrating our commitment to safety and environmental responsibility.

	2023	2024
Incidence of major chemical spillage	ZERO	**ZERO**

- **Promoting Green and Environment Friendly Products**

We are continuously exploring greener alternatives to enhance our day-to-day operations. This includes the introduction of more efficient, energy-saving products and processes, alongside the adoption of 5S management techniques. Our building materials division is promoting and selling a variety of Green Building Index products in its range of cement, ceiling boards and aerated blocks.

SOCIAL

We recognise the importance of social inclusion as it influences our lifestyles and professional endeavours. With a commitment to contribute to the betterment of society, our aim is to cultivate a positive social impact that can truly make a meaningful difference.

- **Employee Well-being**

The Company is dedicated to creating a workplace where employees feel valued, secure, and empowered to express themselves. By emphasising engagement and open communication, we foster a positive, productive, and inclusive environment.

To enhance employee engagement, we organise various initiatives such as town-halls, “lunch & learn” sessions, festive open houses, and sports and recreational activities. These efforts address both professional and social needs, promoting a healthy work-life balance, which is key to attracting and retaining talent.

Employees are encouraged to join the “Kelab Sukan & Kebajikan Posim”, which promotes healthy sports and social activities among staff.

Additionally, the Company provides employees with the option of Flexible Work Arrangements tailored to the roles and requirements of their jobs. These arrangements empower employees to choose between hybrid work models or flexible work hours, allowing them to better balance their professional and personal needs while maintaining productivity and efficiency.

- **Labour Practices and Standards**

The Company is committed to fostering a productive, safe, and harassment-free workplace, enforcing a zero-tolerance policy toward inappropriate behavior, including sexual harassment. The Anti-Sexual Harassment Policy and educational posters promote awareness, while the Whistleblower Policy provides a confidential channel for reporting misconduct. The Company is equally committed to ethical labour practices, strictly prohibiting any form of involuntary, forced, or child labour - a standard that extends to our suppliers and business associates.

In FY2024, no incidents of discrimination, harassment, or violations of labour laws or workers’ rights were reported, reflecting the Company’s dedication to compliance and employee well-being.

	2023	2024
Substantiated Complaints Concerning Human Rights Violation	ZERO	**ZERO**

- **Health & Safety**

The health and safety of our employees is a top priority. The Company adheres to all relevant safety, health, and environmental regulations through a systematic approach, bolstered by continuous training and monitoring to ensure the well-being of our team. Workplace incidents are taken seriously, investigated thoroughly, and corrective actions are implemented to prevent recurrence.

In compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machinery Act, Electricity Act 1990, Gas Supply Act 1993, and other relevant regulations, we have established Safety and Health Standard Operating Procedures. Ensuring compliance with these procedures is the responsibility of all employees, contractors, and consultants working on our premises.

We have established an Emergency Response Team (ERT) to manage emergencies, incidents, natural disasters, and disruptions. Protective gear is strategically placed across our premises for quick access during emergencies. ERT members undergo regular training on safety procedures, including fire extinguisher use, first aid (CPR and injury management), and evacuation protocols. Additionally, safety campaigns are conducted to reinforce awareness and keep staff informed.

Health and Safety Training

In FY2024, a total of 88 employees received training on health and safety standards, compared to 82 employees in FY2023. This increase in participation reflects the Company's enhanced focus on promoting a safer work environment and ensuring that more employees are equipped with the knowledge and skills to adhere to health and safety regulations. The Company will continue its efforts to foster a safer workplace culture and improve employee well-being.

	2023*	**2024**
Employees Trained on Health And Safety Standards	82	**88**

* FY2023 data has been restated to reflect the correct number of employees who received training on health and safety standards within the Company.

Among the training conducted were:

Emergency Response Plan & Preparedness Training	Occupational Safety and Health Awareness	Basic Occupational First Aid, CPR, and AED
Forklift Training	Occupational Safety & Health Coordinator/Trained Person	Conference on Occupational Safety & Health
Forklift Safety & Certification		
OSH Awareness Safety & Health Committee	Safety & Health Training (Chemical Spill Response Training)	Improving Workplace Ergonomics for Health & Productivity

Work-Related Injuries

We take workplace incidents seriously, conducting thorough investigations and implementing preventive measures to avoid recurrence. In FY2024, we are pleased to report zero work-related injuries.

	2023	**2024**
Number of Fatalities	ZERO	**ZERO**
Number of Lost Time Injuries		
Lost Time Incident Rate		

- **Capacity Building**

The Company prioritises talent development to cultivate future leaders and strengthen its talent pipeline. Employees are offered learning and development opportunities tailored to their technical, functional, and behavioral competencies, aligning with job requirements and career aspirations.

Training is delivered through on-the-job learning, formal classes, online platforms, and continuing education. The Company encourages employees to pursue upskilling courses and obtain skill certifications, enabling broader job coverage and fostering professional growth.

In FY2024, training hours for executives saw a slight decline, likely due to many having already completed extensive training in previous years. In contrast, training hours for non-executives increased significantly by 108 hours, reflecting a strong focus on upskilling and comprehensive skill development. These efforts highlight the organisation's commitment to enhancing its workforce and improving operational performance.

Total Hours of Training by Employee Category

Category/Hours	**2023**	**2024**
Executive	1,945	**1,927**
Non-executive	999	**1,107**

• **Capacity Building** (continued)

In FY2024, among the training and development programmes conducted both physically and/or online are as follows:

- Webinar On Import Export Facilitations & HS Code (Customs & MITI Exemption)	- Budget 2025 Key Updates And Changes For Corporate Accountants	- FMM EY Seminar: Solving The Tax Technology Puzzle For E-Invoicing
- FMM Briefing On E-Invoicing For Manufacturers	- Microsoft Office Excel Training (Basic)	- Selling Made Easy - Effective Price Presentation
- Advance Data Management & Analysis Using Excel	- Interpersonal Skills And Assertive Communication	- Strategies For Successful Negotiations
- ESG Awareness For Employees	- 2024 Tools For New Auditors	- ESG Summit 2024
- Basics Of Electric Vehicle (EV)	- FMM Supply Chain Webinar 2024	- Seminar Pencukaian Kebangsaan Belanjawan 2025
- Re-Thinking Stress To Improve Health And Productivity	- Microsoft Excel Basics Intermediate	- Regulatory Forum 2024 - Evolving Regulatory Landscape
- Application Of E-Invoice In Daily Accounting And Business Operation	- MAICSA Annual Conference 2024 - Sustainability Today For Tomorrow	- Circular Economy, Green Technology And Cost Reduction In Scheduled Waste Management
- Microsoft Excel Advance	- Enhancing Collaborative Team	- ESG As A Game Changer
- The Beneficial Ownership Reporting Framework For Companies Based On The Companies (Amendment) Act 2024	- Webinar Series: Update On The Beneficial Ownership (BO) Reporting Framework - Assessing SSM's Consultative Documents On The Revised Guidelines And Case Studies And Illustrations On BO	- Optimising Waste Management: Strategies For Co-Processing, Special Management And Cost Reduction
- CeDR Bite-Sized Online Learning Sessions: Weight Management And You!	- From Waste To Management Minimising Waste & Understanding Leachate Behaviour	- SSM National Conference 2024: "Enhancing Corporate Transparency. Building Resilience."

• **Diversity & Equal Opportunities**

We do not condone discrimination against race, gender, age, religion or nationality and any form of harassment in our work environment. The Company's workforce is a reflection of the multi-cultural and multi-ethnic diversity of Malaysia with a wide range of demographic segments and social backgrounds represented across all levels of the organisation.

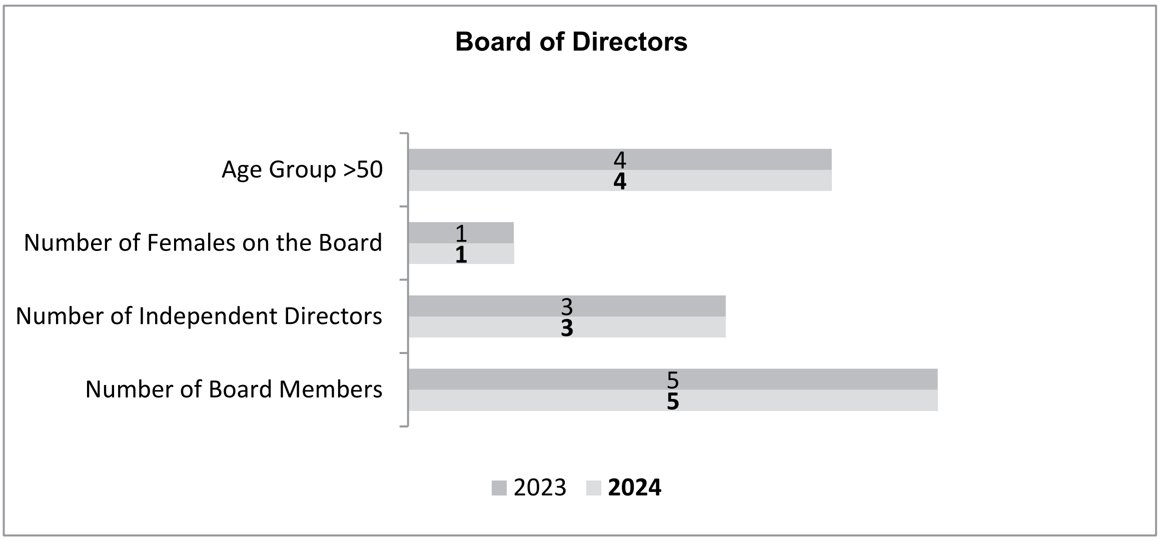
The representation of females on the Board of Directors ("Board") at 20% illustrates the Company's dedication to fostering diversity and inclusion in top leadership positions, with 80% of our Board members falling within the age group of above 50.

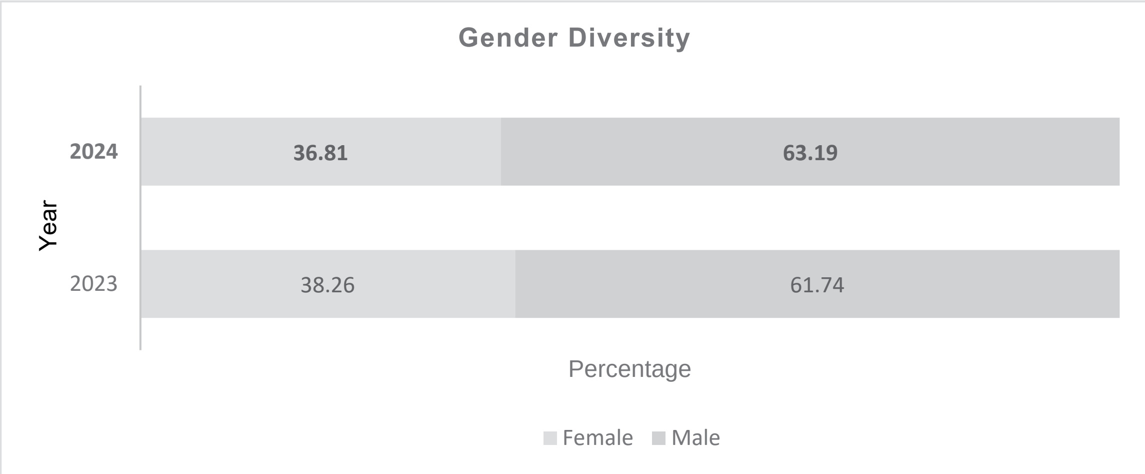
On a Company-wide basis, 36.81% of our employees are female, while 63.19% are male. This distribution is shaped by the operational and logistical challenges inherent in the core business of building materials and lubricants, which often involve fieldwork and site-based responsibilities that have traditionally been male-dominated. However, we are committed to fostering inclusivity and ensuring opportunities for all employees, regardless of gender.

- **Diversity & Equal Opportunities** (continued)

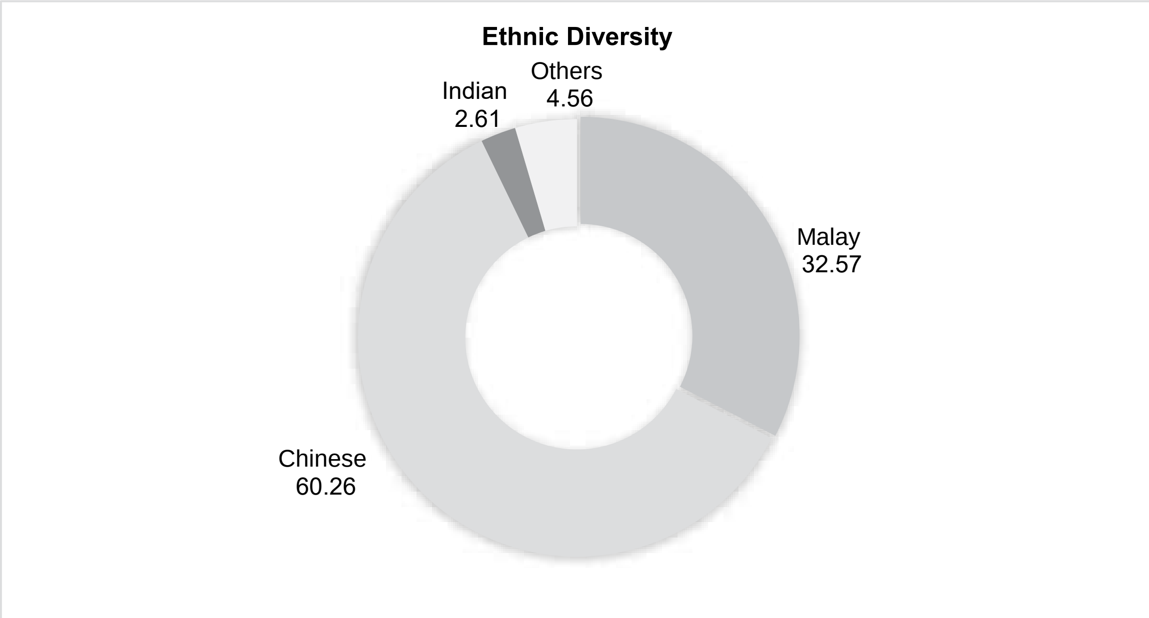
Our workforce is well-balanced, with 57.33% falling within the 30-50 age group, a prime demographic for combining experience and energy, and 49.43% of this group hold executive positions. Furthermore, 100% of our staff hold permanent positions within the Group, reflecting our dedication to stability, growth, and long-term career development.

In FY2024, the turnover rate for executive staff saw an increase of 3.19%, rising to 8.75%, primarily due to employees pursuing opportunities with greater responsibilities or more competitive offers. In contrast, the turnover rate for non-executive staff declined by 8.61%, settling at 8.84%. These figures highlight a relatively stable workforce and underscore our ongoing commitment to retaining talent across all levels of the organisation.




Gender Diversity
Year
2024
2023
36.81
63.19
38.26
61.74
Percentage
Female
Male


Gender Diversity by Employee Category
Percentage
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
42.59
57.41
33.56
66.44
41.88
58.12
31.29
68.71
Executive
Non-executive
2023
Executive
Non-executive
2024
Male
Female



Age Group by Employee Category (%)						
	2023			**2024**		
	<30	30 – 50	>50	**<30**	**30 – 50**	**>50**
Executive	9.26	54.94	35.80	**7.50**	**54.38**	**38.12**
Non-executive	24.83	57.05	18.12	**22.45**	**60.54**	**17.01**

Turnover by Employee Category (%)		
	2023	**2024**
Executive	5.56	**8.75**
Non-executive	17.45	**8.84**

- **Community Relations/Corporate Social Responsibility ("CSR")**

In keeping with our philosophy of giving back to the community, the Company focuses on helping to uplift the community via Lion-Parkson Foundation (the "Foundation") established in 1990 by Lion Group of Companies of which the Company is a member. The Company is also supporting the local community wherein it operates by participating in charity programmes and fundraising drives to assist those in need.

Empowerment through Education

We believe that Empowerment through Education is the key to sustainable development, as education serves as a catalyst for positive, long term change. Each year, the Foundation awards scholarships to undergraduates at local universities, providing them not only financial support but also training in essential soft skills such as problem-solving, communication and teamwork. Scholars are also offered internships at Lion Group companies, allowing them to gain invaluable work experience and prepare for their future careers,

In FY2024, the Foundation disbursed scholarships amounting to RM375,000 to 39 undergraduates pursuing their bachelor's degree in local institutions of higher learning.

Expansion of Home for Special Children

As part of its ongoing support for vulnerable communities, the Foundation completed and officially handed over the expansion of the Home for Handicapped & Mentally Disabled Children in Banting, Selangor which includes an old folks home to the operator, Persatuan Penjagaan Kanak-Kanak Terencat Akal Negeri Selangor, on 23 January 2024.

Medical Assistance for the Less Fortunate

The Foundation is also dedicated to providing medical assistance to individuals in need, regardless of their race or religion. This includes financial support for those suffering from critical illnesses who require medical treatment, surgeries, as well as the purchase of necessary medical equipment and medications.

In FY2024, approximately RM304,803 was disbursed to 38 individuals for medical treatment, which included sponsorships for surgeries, equipment, and medications. The Foundation also made contributions to the following causes:

No	Organisation	Amount (RM)	Purpose	No of beneficiaries
1	Cataract Surgery Centre, Hospital Selayang	20,000	Donation to B40 group needing cataract operation	86
2	Home for Handicapped & Mentally Disabled Children in Banting, Selangor	20,422	Medical equipment and medicine for Home residents	94
3	St John Ambulance of Malaysia	228,380	Purchase of one ambulance, fully equipped with fabrication, medical equipment, and devices	Communities served by the ambulance services
4	The Spastic Children's Association of Selangor & Federal Territory	27,715	Donation of medical equipment for physiotherapy centre	130

Other CSR Initiatives

PPMSB remains dedicated to nurturing young talents in motorsports racing through collaborative initiatives with third-party organisations, including institutions of higher learning, to create more opportunities and foster growth in this dynamic field. In FY2024, PPMSB also took part in the Rakan Muda Run 2024, an initiative promoting youth engagement and an active lifestyle across Malaysia.

SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Executive	Percentage	100.00	100.00
Non-executive	Percentage	93.29	98.64
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	660,030.00	976,320.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	156	388
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Executive Under 30	Percentage	9.26	7.50
Executive Between 30-50	Percentage	54.94	54.38
Executive Above 50	Percentage	35.80	38.12
Non-executive Under 30	Percentage	24.83	22.45
Non-executive Between 30-50	Percentage	57.05	60.54
Non-executive Above 50	Percentage	18.12	17.01
Gender Group by Employee Category			
Executive Male	Percentage	57.41	58.12
Executive Female	Percentage	42.59	41.88
Non-executive Male	Percentage	66.44	68.71
Non-executive Female	Percentage	33.56	31.29
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	80.00	80.00
Female	Percentage	20.00	20.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	20.00	20.00
Above 50	Percentage	80.00	80.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	614.18	610.40
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	82 *	88

Internal assurance | External assurance | No assurance | (*)Restated

SUSTAINABILITY PERFORMANCE DATA (continued)

Indicator	Measurement Unit	2023	2024
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Executive	Hours	1,945	1,927
Non-executive	Hours	999	1,107
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category			
Executive	Number	9	14
Non-executive	Number	26	13
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	95.40	96.34
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	3.930000	4.440000

Internal assurance External assurance No assurance (*)Restated

STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, selected aspects/parts of this Sustainability Statement have been subjected to an internal review by the Company's internal auditors and the Statement has been reviewed by the Company's Audit and Risk Management Committee and approved by the Board.

The Materiality Matters covered are provided below:

Material Matters	Subject Matter
Anti-corruption	• Percentage of employees who have received training on anti-corruption by employee category
	• Percentage of operations assessed for corruption-related risk
	• Confirmed incidents of corruption and action taken
Community/Society	• Total amount invested in the community where the target beneficiaries are external to the Company
Diversity	• Percentage of employees by gender and age group, for each employee category
	• Percentage of directors by gender and age group
Energy Management	• Total energy consumption
Health and Safety	• Number of work-related fatalities
	• Lost time incident rate
	• Number of employees trained on health and safety standards
Labour Practices and Standards	• Total number of hours of training by employee category
	• Percentage of employees that are contractors or temporary staff
	• Total number of employee turnover by employee category
Supply Chain Management	• Proportion of spending on local suppliers
Data Privacy and Security	• Number of substantiated complaints concerning breaches of customer privacy and loss of customer data
Water	• Total volume of water used

LIST OF GROUP PROPERTIES

AS AT 31 DECEMBER 2024

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Carrying Amount (RM million)	Date of Acquisition
Lot 72 Persiaran Jubli Perak 40000 Shah Alam Selangor Darul Ehsan	Freehold	2.02 hectares	Industrial land and building	Factory (30)	9.9	30.12.1991
12 & 12/1 Jalan Nangka Tiga Taman Rumpun Bahagia 75300 Bachang Melaka	Leasehold 21.7.2084	153.3 sq metres	Land and building	2-storey shop office (39)	0.1	13.4.1998
Centre Point Business Park Unit No. B-8-1 & B-8-2 5, Jalan Tanjung Keramat 26/35, Seksyen 26 40400 Shah Alam Selangor Darul Ehsan	Freehold	252.3 sq metres	Building	Office (26)	0.2	18.3.1999
50-2 & 50-3 Jalan Wangsa 2/5 Taman Wangsa Permai 52200 Kuala Lumpur	Leasehold 28.6.2100	226.9 sq metres	Land and building	2-storey shop office (26)	0.1	17.3.1999
B2-2-39B Jalan Pinggiran 1/3 Taman Pinggiran Putra Seksyen 1 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold 13.12.2097	63.0 sq metres	Building	Office (22)	0.04	16.7.2004
Preah Net Preah District Banteay Meanchey Province Cambodia	Freehold	3,325 hectares	Land	Vacant	53.2	17.10.2013
Sangkum Thmei and Rovieng District Preah Vihear Province Cambodia	Leasehold 5.8.2071	7,406 hectares	Land	Vacant	20.8	30.3.2012

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 31 March 2025

Total Number of Issued Shares	:	231,571,732*
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Note:

* *Inclusive of 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2025.*

Distribution of Shareholdings as at 31 March 2025

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares[(a)]
Less than 100	1,074	26.74	26,828	0.01
100 to 1,000	1,070	26.64	676,959	0.30
1,001 to 10,000	1,274	31.71	5,592,088	2.46
10,001 to 100,000	493	12.27	16,133,808	7.08
100,001 to less than 5% of issued shares	102	2.54	60,837,109	26.70
5% and above of issued shares	4	0.10	144,559,940	63.45
	4,017	100.00	227,826,732	100.00

Substantial Shareholders as at 31 March 2025

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	% of Shares[(a)]	No. of Shares	% of Shares[(a)]
1. Tan Sri Cheng Heng Jem	400	Negligible	170,183,129	74.70
2. Lion Industries Corporation Berhad	45,127,236	19.81	123,676,884	54.29
3. Amsteel Mills Sdn Bhd	123,632,704	54.27	44,180	0.02
4. LLB Steel Industries Sdn Bhd	–	–	123,676,884	54.29
5. Steelcorp Sdn Bhd	–	–	123,676,884	54.29

Note:

[(a)] *Based on the total number of issued shares of the Company, excluding 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2025.*

Thirty Largest Registered Shareholders as at 31 March 2025

	Registered Shareholders	No. of Shares	% of Shares[(a)]
1.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-3	58,632,704	25.74
2.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-1	30,150,000	13.23
3.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-2	30,150,000	13.23
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lion Industries Corporation Berhad (LIO0157M)	25,627,236	11.25
5.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-1	6,600,000	2.90
6.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-2	6,600,000	2.90
7.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-3	5,500,000	2.41
8.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-4	4,700,000	2.06
9.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Joey Keng (E-TSA)	3,396,500	1.49
10.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	2,285,100	1.00
11.	Teoh Hooi Bin	1,911,752	0.84
12.	Ng Teng Song	1,787,000	0.78
13.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Exempt AN for CGS International Securities Singapore Pte. Ltd. (Retail Clients)	1,275,464	0.56
14.	Wu Teng Siong	1,155,400	0.51
15.	Wong Soo Chai @ Wong Chick Wai	1,057,900	0.46
16.	Yeoh Joey Keng	925,000	0.41
17.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-4	800,000	0.35
18.	CGS International Nominees Malaysia (Asing) Sdn. Bhd. Exempt AN for CGS International Securities Singapore Pte. Ltd. (Retail Clients)	775,410	0.34
19.	Lion Development (Penang) Sdn Bhd	734,745	0.32
20.	Kingsley Lim Fung Wang	623,100	0.27
21.	Irene Lim Siew Wen	598,000	0.26
22.	Tay Ying Lim @ Tay Eng Lim	548,940	0.24
23.	Wong Taek Boon @ Guan Taek Boon	545,600	0.24
24.	Ng Fong Wah	540,000	0.24
25.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Joey Keng	517,300	0.23
26.	Nam Heng Oil Mill Company Sdn. Berhad	500,000	0.22
27.	Tirta Enterprise Sdn Bhd	494,868	0.22
28.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	481,923	0.21
29.	Maybank Nominees (Tempatan) Sdn Bhd Chua Eng Ho Wa'a @ Chua Eng Wah	481,500	0.21
30.	Lee Yu Yong @ Lee Yuen Ying	475,606	0.21

Note:

[(a)] *Based on the total number of issued shares of the Company, excluding 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2025.*

Directors' Interests in Shares in the Company and its Related Corporations as at 31 March 2025

The Directors' interests in shares in the Company and its related corporations as at 31 March 2025 are as follows:

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%[(a)]	No. of Ordinary Shares	%[(a)]
The Company				
Tan Sri Cheng Heng Jem	400	Negligible	170,186,190	74.70
Dr Folk Jee Yoong	105	Negligible	–	–

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Related Corporations				
Tan Sri Cheng Heng Jem				
Holdsworth Investment Pte Ltd	–	–	4,500,000	100.00
Inspirasi Elit Sdn Bhd	–	–	212,500	85.00
Lion Industries Corporation Berhad ("LICB") [(b)]	222,785,449	32.72[(c)]	12,752,369	1.87[(c)]
Lion Group Management Services Sdn Bhd	–	–	5,000,000	100.00
LLB Enterprise Sdn Bhd	–	–	940,000	94.00
Soga Sdn Bhd	–	–	4,542,522	98.50
Steelcorp Sdn Bhd	–	–	99,750	99.75
Zhongsin Biotech Pte Ltd	–	–	1,000,000	100.00

	Deemed Interest	
Investments in the People's Republic of China	USD	% of Holdings
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	5,000,000	95.00
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	10,878,944	56.40

Notes:

(a) *Based on the total number of issued shares of the Company, excluding 3,745,000 shares bought back by the Company and retained as treasury shares as at 31 March 2025.*

(b) *In addition, 117,768,907 warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held.*

(c) *Based on the total number of issued shares of LICB, excluding 37,105,300 shares bought back by LICB and retained as treasury shares as at 31 March 2025.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 31 March 2025.

OTHER INFORMATION

(I) MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

(1) Conditional Sale and Purchase Agreement dated 25 November 2021 between Posim Marketing Sdn Bhd, a wholly-owned subsidiary of the Company, and Bonus Essential Sdn Bhd, a company wherein a Director who is also a major shareholder of the Company has substantial interest, for the acquisition by Posim Marketing Sdn Bhd of 10.879 acres of vacant freehold industrial land located at Kuala Langat, Selangor from Bonus Essential Sdn Bhd for a cash consideration of RM26 million.

(2) Conditional Development Agreement dated 18 May 2022 between Lion Waterfront Sdn Bhd, a wholly-owned subsidiary of the Company, and Landasan Lumayan Sdn Bhd, a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan) to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan Sdn Bhd measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture").

The Proposed Unincorporated Joint Venture was first offered to Tanahmas Impian Sdn Bhd and subsequently taken over by Lion Waterfront Sdn Bhd pursuant to an option granted by Landasan Lumayan Sdn Bhd to Y. Bhg. Tan Sri Cheng Heng Jem, the Chairman and a major shareholder of the Company, to nominate any entity to undertake the Proposed Unincorporated Joint Venture.

Lion Waterfront Sdn Bhd and Tanahmas Impian Sdn Bhd are companies wherein Tan Sri Cheng Heng Jem is deemed to have a substantial interest.

(3) Conditional Put Option Agreement dated 18 May 2022 entered into between Tan Sri Cheng Heng Jem and the Company whereby Tan Sri Cheng Heng Jem had granted the Company a put option, exercisable at any time during the period of development under the Proposed Unincorporated Joint Venture, which allowed the Company to require him or his nominee to acquire all the shares in Lion Waterfront Sdn Bhd in accordance with the terms and conditions as contained therein.

(II) NON-AUDIT FEES

The amount of non-audit fees paid to External Auditors for the financial year ended 31 December 2024 was RM7,500 (2023: RM7,500).

(III) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 31 December 2024 were as follows:

Nature of Recurrent Transactions	Related parties	Amount RM'000
(a) Trading and distribution		
(i) Purchase of steel bars, wire rods, scrap iron, hot rolled coils, billets, building materials and other related products and services	Lion Industries Corporation Berhad Group ("LICB Group")	270,700
	Lion Asiapac Limited Group ("LAP Group")	325
		271,025
(ii) Sale of steel bars, wire rods, scrap iron, hot rolled coils, billets, building materials and other related products and services	LICB Group	8,063
	Lion Mining Limited Group ("Lion Mining Group")	2,686
	Parkson Holdings Berhad Group ("Parkson Group")	998
	LAP Group	6
		11,753
(iii) Sale of lubricants, spark plugs and other automotive products and petroleum products	LICB Group	998
	Lion Mining Group	660
	LAP Group	30
		1,688
(b) Others		
(i) Sale of consumer products	Parkson Group	389
(ii) Obtaining of management services	LICB Group	2,942

Notes:

"Group" includes subsidiary and associated companies, excluding public companies.

The Related Parties are companies in which a Director and certain major shareholders of the Company have substantial interests.

FINANCIAL STATEMENTS

LION POSIM BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are trading and distribution of building materials, steel products, petroleum products and automotive products, manufacturing of petroleum products, investment holding, distribution and retailing of consumer products, provision of training services, investment and development in agriculture, and property development.

The information on the name, principal place of business and place of incorporation, and principal activities of subsidiary companies, and percentage of ownership of the holding company in each subsidiary company is disclosed in Note 13 to the financial statements.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	14,546	17,425
Tax expense	(3,747)	(5)
Profit for the year	10,799	17,420
Profit attributable to owners of the Company	10,799	17,420

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

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

TREASURY SHARES

The Company did not repurchase its ordinary shares during the financial year. As at 31 December 2024, the Company held 3,745,000 treasury shares at a carrying amount of RM2,276,747.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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; or

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

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

DIRECTORS

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

Tan Sri Cheng Heng Jem
Cheng Hui Ya, Serena
Tan Sri Abd Karim bin Shaikh Munisar
Dr Folk Jee Yoong
Liew Jee Min @ Chong Jee Min (Appointed on 28 May 2024)
Dato' Eow Kwan Hoong (Retired on 28 May 2024)

LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

The directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Cheng Hui Yen, Natalie
Cheng Hui Ya, Serena
Chan Soik Hui (Appointed on 20 August 2024)
Chong Chin Fong (Appointed on 7 November 2024)
Goh Kok Beng
Koo Chuan Hong
Lee Boon Liang
Ooi Kim Lai
Poon Sow Har
Yeo Keng Leong

Wang Wing Ying (Resigned with effect from 18 March 2024)
Lee Whay Keong (Resigned with effect from 14 March 2025)

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	As at 1.1.2024	**Addition**	**Disposal**	**As at 31.12.2024**
Direct interest				
Tan Sri Cheng Heng Jem	400	-	-	400
Dr Folk Jee Yoong	105	-	-	105
Deemed interest				
Tan Sri Cheng Heng Jem	170,186,190	-	-	170,186,190

The interest in shares in the related corporations of those who were Directors at the end of the financial year are as follows:

	Number of ordinary shares			
	As at 1.1.2024	**Addition**	**Disposal**	**As at 31.12.2024**
Tan Sri Cheng Heng Jem				
Direct interest				
Lion Industries Corporation Berhad	222,785,449	-	-	222,785,449
Deemed interest				
Holdsworth Investment Pte Ltd	4,500,000	-	-	4,500,000
Inspirasi Elit Sdn Bhd	212,500	-	-	212,500
Lion Industries Corporation Berhad	12,752,369	-	-	12,752,369
Lion Group Management Services Sdn Bhd	5,000,000	-	-	5,000,000
LLB Enterprise Sdn Bhd	940,000	-	-	940,000
Soga Sdn Bhd	4,542,522	-	-	4,542,522
Steelcorp Sdn Bhd	99,750	-	-	99,750
Zhongsin Biotech Pte Ltd	1,000,000	-	-	1,000,000

Investments in the People's Republic of China	**Currency**	**As at 1.1.2024**	**Addition**	**Disposal**	**As at 31.12.2024**
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	USD	5,000,000	-	-	5,000,000
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	USD	10,878,944	-	-	10,878,944

In addition to the above, the following Director is also deemed to have an interest in shares in Lion Industries Corporation Berhad ("LICB") by virtue of the warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held:

	Number of warrants			
	As at 1.1.2024	**Addition**	**Disposal**	**As at 31.12.2024**
Tan Sri Cheng Heng Jem				
Direct interest	111,392,723	-	-	111,392,723
Deemed interest	6,376,184	-	-	6,376,184

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, save and except for the benefit which deemed to have arisen by virtue of the balances and transactions between the Company and its related companies, and certain companies in which a Director of the Company has a substantial interest, in the ordinary course of business of the Group and of the Company.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	The Group RM'000	**The Company RM'000**
Directors' fees	169	169
Other emoluments	37	37
Total	206	206

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability insurance up to an aggregate limit of RM50,000,000 against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

HOLDING COMPANIES

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company of the Company.

AUDITORS

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM315,000 and RM118,000 respectively.

The Auditors, Forvis Mazars PLT *(formerly known as Mazars PLT)*, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Company has agreed to indemnify its Auditors, Forvis Mazars PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Forvis Mazars PLT for the current financial year.

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

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

Kuala Lumpur
7 April 2025

forv/s
mazars

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
LION POSIM BERHAD
Registration No. 198201002310 (82056-X)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Posim Berhad, which comprise the statements of financial position as at 31 December 2024, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 12 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with MFRS Accounting Standards, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment of investment properties in Cambodia

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment properties are disclosed in Note 3, Note 4(i)(b) and Note 12 to the financial statements.

The risk:

As at 31 December 2024, the carrying amount of the investment properties of the Group amounted to RM115 million, representing 39% and 13% of the Group's total non-current assets and total assets respectively. Included in the investment properties of the Group are freehold land, leasehold land and economic land concessions in Cambodia ("Cambodia Land") amounting to USD26 million, equivalent to RM115 million.

The recoverable amount of the Cambodia Land was determined by management based on fair value less cost to sell, by references to the latest valuations carried out by independent valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodologies and the underlying assumptions. The valuations are highly dependent on key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the recoverable amount of the Cambodia Land, which also includes the Economic Land Concessions ("ELC") totaling RM41 million for which formal lease agreements are pending, as disclosed in Note 12 to the financial statements, and management's plans on its realisation, we identified impairment of the Cambodia Land as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures to address this area included, among others:

- Obtained an understanding of impairment assessment process and evaluated the design and implementation of the relevant controls surrounding impairment assessment on the Cambodia Land;
- Obtained and evaluated the management assessment in determining the recoverable amount of the Cambodia Land;
- Obtained the independent valuation reports for the Cambodia Land and compared to management's assessment;
- Assessed the competency, capabilities and objectivity of the valuers and challenged the assumptions and methodology used in the valuations;
- Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELC;
- Performed retrospective review of management's plans to convert the ELC to leasehold land;
- Held discussion with independent valuers on the valuation and challenged the basis of determining the fair value of the Cambodia Land; and
- Assessed the adequacy and appropriateness of the disclosures in the financial statements.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, 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 Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent Auditors' Report
Lion Posim Berhad
Registration No. 198201002310 (82056-X)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

Other Matter

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.

Mazars

Forvis Mazars PLT
(formerly known as MAZARS PLT)
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

Francis Xavier Joseph
02997/06/2026 J
Chartered Accountant

Kuala Lumpur

7 April 2025

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		The Group		The Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	5	**753,085**	755,137	**9,400**	6,000
Other operating income		**2,493**	1,872	**11,122**	24
Interest income	6	**3,796**	2,517	**12**	66
Changes in inventories of finished goods and trading merchandise		**(303)**	1,059	-	-
Raw materials and consumables used		**(48,195)**	(47,418)	-	-
Purchase of trading merchandise		**(638,909)**	(647,174)	-	-
Staff costs	6	**(30,996)**	(29,194)	**(168)**	(137)
Directors' remuneration	6	**(206)**	(202)	**(206)**	(202)
Depreciation of:					
Property, plant and equipment	10	**(1,779)**	(2,343)	**(18)**	(19)
Right-of-use assets	11	**(1,811)**	(1,786)	-	-
Investment properties	12	**(461)**	(473)	**(18)**	(18)
Impairment losses net of reversals on:					
Trade and other receivables		**(5,677)**	(6,121)	-	-
Property, plant and equipment		**657**	168	-	-
Right-of-use assets		**(127)**	-	-	-
Other investments in unquoted bonds		**26**	6	-	-
Gain/(Loss) on foreign exchange:					
Realised		**404**	270	-	-
Unrealised		**3**	(36)	-	-
Other operating expenses		**(15,771)**	(16,733)	**(2,526)**	(2,535)
Profit from operations	6	**16,229**	9,549	**17,598**	3,179
Finance costs	7	**(2,582)**	(1,759)	**(173)**	(159)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	13	-	8,586	-	-
Share of results of associated companies	14	**899**	(91)	-	-
Profit before tax		**14,546**	16,285	**17,425**	3,020
Tax expense	8	**(3,747)**	(2,733)	**(5)**	(14)
Profit for the year		**10,799**	13,552	**17,420**	3,006

(Forward)

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Profit/(Loss) attributable to:					
Owners of the Company		**10,799**	13,553	**17,420**	3,006
Non-controlling interests		**-**	(1)	**-**	-
		10,799	13,552	**17,420**	3,006
Earnings per share (sen)					
Basic and diluted	9	**4.74**	5.95		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**10,799**	13,552	**17,420**	3,006
Other comprehensive (loss)/income				
Item that will not be reclassified subsequently to profit or loss				
Net (loss)/gain on other investments at fair value through other comprehensive income:				
- Fair value changes	**(3,401)**	7,840	**(3,360)**	7,840
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences arising from foreign operations	**(6,776)**	8,618	-	-
Reclassification to profit or loss upon dissolution of a subsidiary company	-	(8,586)	-	-
Other comprehensive (loss)/income for the year	**(10,177)**	7,872	**(3,360)**	7,840
Total comprehensive income for the year	**622**	21,424	**14,060**	10,846
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**622**	21,467	**14,060**	10,846
Non-controlling interests	-	(43)	-	-
	622	21,424	**14,060**	10,846

The accompanying Notes form an integral part of the Financial Statements.

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	**39,904**	38,486	**4,805**	4,823
Right-of-use-assets	11	**5,780**	7,870	**-**	-
Investment properties	12	**114,994**	118,564	**442**	460
Investment in subsidiary companies	13	**-**	-	**373,401**	344,689
Investment in associated companies	14	**27,279**	29,228	**-**	-
Other investments	15	**13,239**	16,686	**12,043**	15,403
Amount owing by other related company	17(b)	**87,951**	99,551	**87,951**	99,551
Deferred tax assets	16	**9,429**	9,212	**-**	-
Total Non-Current Assets		**298,576**	319,597	**478,642**	464,926
Current Assets					
Inventories	18	**22,956**	23,443	**-**	-
Trade receivables	19(a)	**277,387**	285,898	**-**	-
Other receivables, deposits and prepaid expenses	19(b)	**92,174**	78,659	**190**	178
Amount owing by subsidiary companies	13(a)	**-**	-	**6,898**	29,513
Amount owing by immediate holding company	17(a)	**67,601**	70,648	**-**	-
Amount owing by other related companies	17(b)	**76,513**	88,973	**-**	-
Current tax assets		**1,260**	2,473	**17**	154
Investment in money market funds	20(a)	**2,449**	2,362	**-**	-
Fixed deposits, cash and bank balances	20(b)	**76,752**	69,385	**1,051**	1,725
Total Current Assets		**617,092**	621,841	**8,156**	31,570
Total Assets		**915,668**	941,438	**486,798**	496,496

(Forward)

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	**920,902**	920,902	**920,902**	920,902
Reserves	22	**(158,151)**	(158,773)	**(447,207)**	(461,267)
Equity attributable to owners of the Company		**762,751**	762,129	**473,695**	459,635
Non-controlling interests		**-**	-	**-**	-
Total Equity		**762,751**	762,129	**473,695**	459,635
Non-Current and Deferred Liabilities					
Lease liabilities	23	**5,181**	6,442	**-**	-
Bank borrowings	26	**1,100**	-	**-**	-
Deferred tax liabilities	16	**279**	357	**-**	-
Total Non-Current and Deferred Liabilities		**6,560**	6,799	**-**	-
Current Liabilities					
Trade payables	25(a)	**42,099**	54,272	**-**	-
Other payables and accrued expenses	25(b)	**45,917**	49,809	**5,018**	10,009
Contract liabilities	25(c)	**30,544**	29,628	**-**	-
Amount owing to other related companies	17(c)	**2,213**	1,441	**1,485**	721
Amount owing to subsidiary companies	13(b)	**-**	-	**2,600**	22,131
Lease liabilities	23	**1,613**	2,076	**-**	-
Bank borrowings	26	**23,903**	35,280	**4,000**	4,000
Current tax liabilities		**68**	4	**-**	-
Total Current Liabilities		**146,357**	172,510	**13,103**	36,861
Total Liabilities		**152,917**	179,309	**13,103**	36,861
Total Equity and Liabilities		**915,668**	941,438	**486,798**	496,496

The accompanying Notes form an integral part of the Financial Statements.

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		← Non-distributable reserves		→				
The Group	**Share capital RM'000**	**Treasury shares RM'000**	**Translation adjustment reserve RM'000**	**Fair value reserve RM'000**	**Accumulated losses RM'000**	**Attributable to owners of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
As at 1 January 2023	920,902	(2,277)	66,979	(24,360)	(220,582)	740,662	43	740,705
Profit/(Loss) for the year	-	-	-	-	13,553	13,553	(1)	13,552
Other comprehensive income/(loss) for the year	-	-	74	7,840	-	7,914	(42)	7,872
Total comprehensive income/(loss) for the year	-	-	74	7,840	13,553	21,467	(43)	21,424
As at 31 December 2023	920,902	(2,277)	67,053	(16,520)	(207,029)	762,129	-	762,129
As at 1 January 2024	**920,902**	**(2,277)**	**67,053**	**(16,520)**	**(207,029)**	**762,129**	-	**762,129**
Profit for the year	-	-	-	-	**10,799**	**10,799**	-	**10,799**
Other comprehensive loss for the year	-	-	(6,776)	(3,401)	-	(10,177)	-	(10,177)
Total comprehensive (loss)/income for the year	-	-	(6,776)	(3,401)	10,799	622	-	622
As at 31 December 2024	**920,902**	**(2,277)**	**60,277**	**(19,921)**	**(196,230)**	**762,751**	-	**762,751**

(Forward)

The Company	Share capital RM'000	Non-distributable reserves Treasury shares RM'000	Fair value reserve RM'000	Accumulated losses RM'000	Total equity RM'000
As at 1 January 2023	920,902	(2,277)	(24,360)	(445,476)	448,789
Profit for the year	-	-	-	3,006	3,006
Other comprehensive income for the year	-	-	7,840	-	7,840
Total comprehensive income for the year	-	-	7,840	3,006	10,846
As at 31 December 2023	920,902	(2,277)	(16,520)	(442,470)	459,635
As at 1 January 2024	**920,902**	**(2,277)**	**(16,520)**	**(442,470)**	**459,635**
Profit for the year	**-**	**-**	**-**	**17,420**	**17,420**
Other comprehensive loss for the year	**-**	**-**	**(3,360)**	**-**	**(3,360)**
Total comprehensive (loss)/ income for the year	**-**	**-**	**(3,360)**	**17,420**	**14,060**
As at 31 December 2024	**920,902**	**(2,277)**	**(19,880)**	**(425,050)**	**473,695**

The accompanying Notes form an integral part of the Financial Statements.

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**14,546**	16,285
Adjustments for:			
Allowance for slow-moving and obsolete inventories		**257**	223
Depreciation of:			
Property, plant and equipment		**1,779**	2,343
Right-of-use assets		**1,811**	1,786
Investment properties		**461**	473
Fair value loss on financial assets measured at amortised cost		**5,000**	-
Finance costs		**2,582**	1,759
Gain on disposal of property, plant and equipment		**(199)**	(62)
Impairment losses net of reversals on:			
Trade and other receivables		**5,677**	6,121
Property, plant and equipment		**(657)**	(168)
Right-of-use assets		**127**	-
Other investments in unquoted bonds		**(26)**	(6)
Interest income		**(3,796)**	(2,517)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company		**-**	(8,586)
Property, plant and equipment written off		**2**	-
Share of results of associated companies		**(899)**	91
Unrealised (gain)/loss on foreign exchange		**(3)**	36
Dividend income from:			
Investment in money market funds		**(87)**	(83)
Unquoted investments		**-**	(62)
Operating Profit Before Working Capital Changes		**26,575**	17,633
Decrease/(Increase) in:			
Inventories		**230**	815
Trade receivables		**2,834**	(68,024)
Other receivables, deposits and prepaid expenses		**(13,515)**	(1,174)
Amount owing by immediate holding company		**3,047**	1,838
Amount owing by other related companies		**12,460**	1,921
(Decrease)/Increase in:			
Trade payables		**(12,173)**	13,175
Other payables and accrued expenses		**(3,249)**	317
Contract liabilities		**916**	834
Cash From/(Used In) Operations		**17,125**	(32,665)
Interest received		**2,856**	1,722
Income tax refunded		**1,800**	3,766
Income tax paid		**(4,565)**	(4,353)
Net Cash From/(Used In) Operating Activities		**17,216**	(31,530)

(Forward)

The Group	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/Decrease in:			
Investment in money market funds		**(87)**	(83)
Cash at banks held under fixed deposits pledged		**1,007**	(1,679)
Amount owing by other related companies		**6,600**	5,500
Interest received from fixed deposits with licensed banks		**940**	795
Proceeds from disposal of:			
Property, plant and equipment		**248**	211
Unquoted investments		**30**	-
Dividend income received from:			
Investment in money market funds		**87**	83
Unquoted investments		**-**	62
Repayment from unquoted bonds		**26**	6
Additions to property, plant and equipment		**(2,593)**	(1,197)
Net Cash From Investing Activities		**6,258**	3,698
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amount owing to other related companies	17	**772**	741
Repayment of bank borrowings	26	**(15,631)**	(1,000)
Drawdown of bank borrowings	26	**5,354**	17,646
Finance costs paid		**(2,582)**	(1,759)
Lease rental paid	23	**(1,572)**	(1,607)
Hire-purchase paid	24	**-**	(77)
Net Cash (Used In)/From Financing Activities		**(13,659)**	13,944
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,815**	(13,888)
Effect of exchange differences		**(1,441)**	613
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**42,949**	56,224
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**51,323**	42,949

(Forward)

The Company	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**17,425**	3,020
Adjustments for:			
Depreciation of:			
Property, plant and equipment		**18**	19
Investment properties		**18**	18
Finance costs		**173**	159
Dividend income from subsidiary companies		**(9,400)**	(6,000)
Gain on waiver of amount owing to subsidiary companies		**(11,102)**	-
Fair value loss on financial assets measured at amortised cost		**5,000**	-
Interest income		**(12)**	(66)
Operating Profit/(Loss) Before Working Capital Changes		**2,120**	(2,850)
(Increase)/Decrease in other receivables, deposits and prepaid expenses		**(12)**	2
Decrease in other payables and accrued expenses		**(4,991)**	(21)
Cash Used In Operations		**(2,883)**	(2,869)
Interest received		**12**	66
Income tax refunded		**149**	-
Income tax paid		**(17)**	(30)
Net Cash Used In Operating Activities		**(2,739)**	(2,833)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(Increase) in:			
Amount owing by other related companies		**6,600**	5,500
Amount owing by subsidiary companies		**(6,097)**	(17,893)
Dividend received from subsidiary companies		**9,400**	6,000
Net Cash From/(Used In) Investing Activities		**9,903**	(6,393)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in:			
Amount owing to subsidiary companies	17	**(8,429)**	1,327
Amount owing to other related companies	17	**764**	721
Drawdown of bank borrowings	26	**-**	500
Finance costs paid		**(173)**	(159)
Net Cash (Used In)/From Financing Activities		**(7,838)**	2,389
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(674)**	(6,837)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,725**	8,562
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**1,051**	1,725

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Lion Posim Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, principal place of business and place of incorporation, and principal activities of the subsidiary companies, and percentage of ownership held by the holding company in each subsidiary company is disclosed in Note 13.

The Company's registered office is located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The Company's principal place of business is located at Wisma Posim, Lot 72, Persiaran Jubli Perak, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 7 April 2025.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB"), IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000 or '000), unless otherwise indicated.

Adoption of Amendments to MFRS Accounting Standards

In the current financial year, the Group and the Company adopted all the amendments to MFRS Accounting Standards issued by MASB that are effective for annual periods beginning on or after 1 January 2024 and relevant to its operations, as follows:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liability as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of these amendments to MFRS Accounting Standards did not result in significant changes on the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

New MFRS Accounting Standards and Amendments to MFRS Accounting Standards in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRS Accounting Standards and amendments to MFRS Accounting Standards which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 121	Lack of Exchangeability[1]
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11[2]
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity[2]
MFRS 18	Presentation and Disclosure in Financial Statements[3]
MFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.
[4] Effective date deferred to a date to be determined and announced by MASB.

The above new MFRS Accounting Standards and amendments to MFRS Accounting Standards are not expected to have a material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in this summary of material accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

3. MATERIAL ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. MATERIAL ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

Business Combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in Subsidiary Companies

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment in Associated Companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associated companies are initially recognised in the statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated companies, less any impairment in the value of individual investments. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associated company at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associated company is included in the determination of the gain or loss on disposal of the associated company. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment in Associated Companies (continued)

When the Group reduces its ownership interest in an associated company but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associated company of the Group, profits or losses resulting from the transactions with the associated company are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from the sales of building materials, steel products, lubricants, petroleum products, automotive products and consumer products is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value - the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction - but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Revenue from the provision of training services is recognised when the services are performed, net of service taxes and discounts.

Dividend income is recognised when the Group's right to receive payment is established.

Employee Benefits

(i) **Short-term employee benefits**

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

The Company and certain subsidiary companies make statutory contributions to approved provident funds and the contributions are charged to profit or loss. The approved provident funds are defined contribution plans. The Group's foreign incorporated subsidiary companies and its eligible employees also made contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

Taxation

Tax expense for the year comprises current and deferred tax.

<u>Current tax</u>

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods are recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

3. **MATERIAL ACCOUNTING POLICIES** (continued)

Taxation (continued)

Deferred tax

Deferred tax is accounted for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

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 they relate to income taxes by the same tax authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Foreign Currency Conversion

The individual financial statements of each foreign subsidiary company are presented in the currency of the primary economic environment in which such entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment reserve account. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign Currency Conversion (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	2% - 18%
Plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	18% - 25%
Office renovation	20%

The estimated useful life, residual value and depreciation method of the assets are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

3. MATERIAL ACCOUNTING POLICIES (continued)

Assets Acquired Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Capitalisation of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment Properties

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concessions (work-in-progress), are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Freehold land and economic land concessions within investment properties are not depreciated. Leasehold land is depreciated over the lease term at an annual rate of 2%.

Buildings are depreciated on the straight-line method at an annual rate of 2%.

Inventories

Trading merchandise, finished goods, raw materials, fuel and lubricants, and other inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost represents the original purchase price plus the incidental cost incurred in bringing the inventories to their present location and condition. The cost of finished goods includes cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

3. MATERIAL ACCOUNTING POLICIES (continued)

Provisions

Provisions are made when the Group or the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group or the Company will be required to settle the obligation.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contract Costs

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

The Group applies the practical expedient in paragraph 94 of MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Contract Liabilities

Contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received from the customers.

Financial Guarantee Contracts

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

Financial guarantee contract liabilities are initially measured at their fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

3. MATERIAL ACCOUNTING POLICIES (continued)

Contingent Liabilities

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents which comprise deposits and cash and bank balances are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

Financial Instruments

Financial assets

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

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as hedging instrument.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that is not held primarily for trading purposes are presented as current or non-current assets based on the settlement date.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

(b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and their contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Interest income is recognised by applying effective interest rate to the gross carrying amount, where applicable, except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(c) Financial assets at fair value through other comprehensive income ("FVTOCI")

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3. **MATERIAL ACCOUNTING POLICIES** (continued)

Financial Instruments (continued)

Impairment of financial assets

The Group and the Company recognise loss allowance for expected credit losses on financial asset measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group and the Company consider past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. When a receivable is considered uncollectible, it is written off against the allowance account.

For other receivables, the Group and the Company measure loss allowance at an amount equal to 12-month expected credit loss if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The measurement of financial liabilities depends on their classification.

Financial liabilities subsequently measured at amortised cost

The Group's and the Company's financial liabilities subsequently measured at amortised cost include trade payables, other payables (including inter-company indebtedness) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Bank borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

As a lessor

The Group and the Company enter into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group and the Company are a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As a lessee

The Group, as lessee, assesses at inception of the contract whether a contract is or contains a lease.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(i) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES (continued)

Lease liabilities (continued)

(ii) Right-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made on or before the commencement day. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful lives. The estimated useful lives of the asset based on the lease terms are as follows:

Buildings	2 to 5 years

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as disclosed below:

(a) Impairment of receivables

Assessment of impairment for receivables is made based on the evaluation of collectability and ageing analysis of accounts and on management's estimate of, amongst others, the quantum and timing of cash flows. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the judgement about the creditworthiness of the debtors and the past collection history of each customer. If the financial conditions of the customers were to deteriorate such that the ability of the customers to make repayments is affected, additional allowance for impairment loss may be required.

As at 31 December 2024, the Group has trade and other receivables from two (2023: two) major related parties, namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd (In liquidation) ("Graimpi"). Both of these companies are wholly-owned subsidiaries of Lion Diversified Holdings Berhad (In liquidation), a company in which Tan Sri Cheng Heng Jem has substantial interest.

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Trade receivables - Lion DRI	**52,007**	52,007
Other receivables - Graimpi	**103,730**	103,730
	155,737	155,737
Less: Accumulated impairment losses	**(155,737)**	(155,737)
Net	**-**	-

In view that Lion DRI had stopped operation since the previous financial years and the ability of Lion DRI to generate sufficient cash flows to repay its debts to the Group is in doubt and Graimpi is in liquidation, the Directors are of the opinion that full impairment losses need to be made on these outstanding amounts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(i) **Critical judgements in applying the Group's and the Company's accounting policies** (continued)

(b) **Impairment of investment properties**

The Group has investment properties, which comprise mainly freehold land, leasehold land and economic land concessions ("ELC") in Cambodia of RM114,552,000 (2023: RM118,104,000). Significant judgement is exercised in determining the manner in which the recovery of the said investment properties could be made and the amounts that could be realised. The amount expected to be recovered for the said investment properties was determined based on the fair value less cost to sell, by references to the latest valuations carried out by independent firms of professional valuers.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) **Impairment of non-current assets**

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As at 31 December 2024, the Group and the Company recognised accumulated impairment losses in respect of the following:

	The Group		**The Company**	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	-	664	-	-
Investment in subsidiary companies	-	-	**411,153**	411,153
Other investments	**52,771**	52,797	-	-

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU") will be assessed. The assessment of recoverable amounts involves various methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that require significant judgements. While the Group believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's financial position and results.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(b) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits.

(c) Provision for expected credit losses ("ECL") of trade receivables

The Group and the Company use the simplified approach in calculating loss allowances for trade receivables by applying an ECL rate. Significant estimate is required in determining the impairment of trade receivables. Impairment loss measured based on the expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and Company's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

5. REVENUE

An analysis of revenue is as follows:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Revenue from contracts with customers:				
Sales of goods	**750,858**	753,532	**-**	-
Services rendered	**2,227**	1,605	**-**	-
	753,085	755,137	**-**	-
Revenue from other sources:				
Dividend income from subsidiary companies	**-**	-	**9,400**	6,000
	753,085	755,137	**9,400**	6,000
Timing of revenue recognition:				
Revenue from contracts with customers:				
At a point in time	**750,858**	753,532	**-**	-
Over time	**2,227**	1,605	**-**	-
	753,085	755,137	**-**	-

The Group and the Company do not have any remaining performance obligations that are more than one year.

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after crediting/(charging) the following:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Interest income on:				
Fixed deposits with licensed banks	**940**	795	**12**	66
Others	**2,856**	1,722	**-**	-
	3,796	2,517	**12**	66
Gain on disposal of property, plant and equipment	**199**	62	**-**	-
Gain on waiver of amount owing to subsidiary companies	**-**	-	**11,102**	-
Dividend income from:				
Investment in money market funds	**87**	83	**-**	-
Unquoted investments	**-**	62	**-**	-
Rental income from:				
Investment properties rented to:				
Subsidiary companies	**-**	-	**6**	10
Third parties	**1,092**	514	**14**	14
Others	**1,081**	1,047	**-**	-

6. PROFIT FROM OPERATIONS (continued)

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	**34**	94	**-**	-
Government grant	**-**	10	**-**	-
Auditors' remuneration:				
Statutory audit:				
Auditors of the Company:				
Current year	**(270)**	(250)	**(110)**	(101)
Other auditors	**(37)**	(40)	**-**	-
Non-audit services	**(8)**	(8)	**(8)**	(8)
Allowance for slow-moving and obsolete inventories	**(257)**	(223)	**-**	-
Fair value loss on financial assets measured at amortised cost	**(5,000)**	-	**(5,000)**	-
Property, plant and equipment written off	**(2)**	-	**-**	-

Staff costs include salaries, bonuses, contribution to defined contribution plans and all other staff related expenses. Contributions to defined contribution plans by the Group and by the Company amounted to RM3,289,000 and RM18,000 (2023: RM2,830,000 and RM17,000), respectively.

Directors' remuneration charged to profit or loss for the financial year is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fees:				
Executive Director	**20**	20	**20**	20
Non-executive Directors	**149**	150	**149**	150
	169	170	**169**	170
Salaries and other emoluments:				
Executive Director	**4**	4	**4**	4
Non-executive Directors	**33**	28	**33**	28
	37	32	**37**	32
	206	202	**206**	202

7. FINANCE COSTS

Finance costs represent:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Lease liabilities	**463**	341	**-**	-
Hire-purchase payables	**-**	3	**-**	-
Bank borrowings	**1,556**	1,415	**173**	159
Others	**563**	-	**-**	-
	2,582	1,759	**173**	159

8. TAX EXPENSE

Tax expense consists of the following:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
Current	**(4,213)**	(3,339)	**(5)**	(11)
Over/(Under) provision in prior years	**171**	986	**-**	(3)
	(4,042)	(2,353)	**(5)**	(14)
Deferred tax (Note 16):				
Current	**168**	(141)	**-**	-
Over/(Under) provision in prior years	**127**	(239)	**-**	-
	295	(380)	**-**	-
	(3,747)	(2,733)	**(5)**	(14)

8. TAX EXPENSE (continued)

A numerical reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	**14,546**	16,285	**17,425**	3,020
Tax at applicable tax rate of 24% (2023: 24%)	**(3,491)**	(3,908)	**(4,182)**	(725)
Tax effects of:				
Non-deductible expenses	**(2,681)**	(2,017)	**(746)**	(742)
Non-taxable income	**1,012**	2,310	**4,923**	1,456
Tax effects on share of results of associated companies	**216**	(22)	**-**	-
Deferred tax assets not recognised	**(57)**	(145)	**-**	-
Utilisation of deferred tax assets not recognised previously	**956**	302	**-**	-
Over/(Under) provision in prior years:				
Income tax	**171**	986	**-**	(3)
Deferred tax	**127**	(239)	**-**	-
	(3,747)	(2,733)	**(5)**	(14)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As at 31 December 2024, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Deductible temporary differences arising from:		
Trade and other receivables	**12,563**	8,324
Others	**1,826**	1,663
Unused tax losses and unabsorbed capital allowances	**243,379**	251,526
	257,768	261,513

The availability of the unused tax losses and unabsorbed capital allowances for offsetting future taxable profits of the respective subsidiary companies is subject to agreement with the tax authorities.

In accordance with the provision of the Finance Act 2021, the time period of carrying forward unused tax losses is ten years, for which, any excess at the end of the tenth year, will be disregarded.

8. TAX EXPENSE (continued)

The expiry of the unused tax losses is as follows:

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Unused tax losses:		
- Expire by 31 December 2028	**239,113**	247,401
- Expire by 31 December 2029	**487**	487
- Expire by 31 December 2030	**648**	648
- Expire by 31 December 2031	**974**	974
- Expire by 31 December 2032	**398**	400
- Expire by 31 December 2034	**131**	-
	241,751	249,910

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share of the Group has been calculated by dividing profit for the year attributable to owners of the Company by the average number of ordinary shares in issue (net of treasury shares) during the year.

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Profit attributable to owners of the Company	**10,799**	13,553
	2024	**2023**
	'000	**'000**
Weighted average number of ordinary shares in issue	**227,827**	227,827
	2024	**2023**
	sen	**sen**
Basic earnings per share	**4.74**	5.95

(b) Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares at the end of the reporting period.

10. PROPERTY, PLANT AND EQUIPMENT

COST

The Group	As at 1 January 2023 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2023 RM'000
Freehold land	4,777	-	-	-	-	4,777
Freehold buildings	8,970	190	-	-	-	9,160
Plant and machinery	28,177	856	(1,086)	-	391	28,338
Office equipment, furniture and fittings	6,017	148	(12)	(1)	3	6,155
Motor vehicles	2,605	-	(110)	-	24	2,519
Office renovation	495	3	-	-	-	498
Capital work-in-progress	24,448	-	-	-	-	24,448
	75,489	1,197	(1,208)	(1)	418	75,895

	As at 1 January 2024 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2024 RM'000
Freehold land	**4,777**	-	-	-	-	**4,777**
Freehold buildings	**9,160**	-	-	-	-	**9,160**
Plant and machinery	**28,338**	**457**	**(951)**	**(1,519)**	**(234)**	**26,091**
Office equipment, furniture and fittings	**6,155**	**90**	**(101)**	**(1,605)**	**(1)**	**4,538**
Motor vehicles	**2,519**	**9**	-	**(222)**	**(14)**	**2,292**
Office renovation	**498**	**6**	-	-	-	**504**
Capital work-in-progress	**24,448**	**2,031**	-	-	-	**26,479**
	75,895	**2,593**	**(1,052)**	**(3,346)**	**(249)**	**73,841**

10. PROPERTY, PLANT AND EQUIPMENT (continued)

ACCUMULATED DEPRECIATION

The Group	As at 1 January 2023 RM'000	Charge for the year RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-	-	-	-
Freehold buildings	3,684	181	-	-	-	3,865
Plant and machinery	24,122	1,639	(1,003)	-	368	25,126
Office equipment, furniture and fittings	4,814	334	(12)	(1)	1	5,136
Motor vehicles	2,117	147	(44)	-	24	2,244
Office renovation	332	42	-	-	-	374
Capital work-in-progress	-	-	-	-	-	-
	35,069	2,343	(1,059)	(1)	393	36,745

	As at 1 January 2024 RM'000	Charge for the year RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2024 RM'000
Freehold land	-	-	-	-	-	-
Freehold buildings	3,865	181	-	-	-	4,046
Plant and machinery	25,126	1,130	(906)	(1,512)	(232)	23,606
Office equipment, furniture and fittings	5,136	336	(97)	(1,603)	(1)	3,771
Motor vehicles	2,244	88	-	(222)	(14)	2,096
Office renovation	374	44	-	-	-	418
Capital work-in-progress	-	-	-	-	-	-
	36,745	1,779	(1,003)	(3,337)	(247)	33,937

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group	ACCUMULATED IMPAIRMENT LOSSES						CARRYING AMOUNT	
	As at 1 January 2023 RM'000	Reversal RM'000	As at 31 December 2023/ 1 January 2024 RM'000	Reversal RM'000	Write-offs RM'000	As at 31 December 2024 RM'000	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-	-	-	-	**4,777**	4,777
Freehold buildings	-	-	-	-	-	-	**5,114**	5,295
Plant and machinery	804	(168)	**636**	**(629)**	**(7)**	-	**2,485**	2,576
Office equipment, furniture and fittings	28	-	**28**	**(28)**	-	-	**767**	991
Motor vehicles	-	-	-	-	-	-	**196**	275
Office renovation	-	-	-	-	-	-	**86**	124
Capital work-in-progress	-	-	-	-	-	-	**26,479**	24,448
	832	(168)	**664**	**(657)**	**(7)**	-	**39,904**	38,486

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM15,649,000 (2023: RM18,865,000).

As at 31 December 2024, the freehold land of the Group and of the Company with carrying amount of RM4,777,000 (2023: nil) is pledged with a financial institution for banking facilities extended to the Group (Note 26).

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	COST As at 1 January 2023/ 31 December 2023/ 1 January 2024 RM'000	As at 31 December 2024 RM'000
Freehold land	**4,777**	**4,777**
Office equipment, furniture and fittings	**19**	**19**
Office renovation	**87**	**87**
	4,883	**4,883**

The Company	As at 1 January 2023 RM'000	Charge for the year RM'000	As at 31 December 2023 RM'000
	ACCUMULATED DEPRECIATION		
Freehold land	-	-	-
Office equipment, furniture and fittings	17	2	19
Office renovation	24	17	41
	41	19	60

	As at 1 January 2024 RM'000	Charge for the year RM'000	As at 31 December 2024 RM'000
Freehold land	**-**	**-**	**-**
Office equipment, furniture and fittings	**19**	**-**	**19**
Office renovation	**41**	**18**	**59**
	60	**18**	**78**

The Company	CARRYING AMOUNT As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Freehold land	**4,777**	4,777
Office equipment, furniture and fittings	**-**	-
Office renovation	**28**	46
	4,805	4,823

11. RIGHT-OF-USE ASSETS

	The Group Buildings 2024 RM'000	The Group Buildings 2023 RM'000
Cost		
At beginning of year	**10,864**	4,478
Addition	**297**	6,483
Expiry and termination of lease	**(1,320)**	(97)
Lease modification	**(449)**	-
At end of year	**9,392**	10,864
Accumulated depreciation		
At beginning of year	**2,994**	1,305
Charge for the year	**1,811**	1,786
Expiry and termination of lease	**(1,320)**	(97)
At end of year	**3,485**	2,994
Accumulated impairment losses		
At beginning of year	**-**	-
Charge for the year	**127**	-
At end of year	**127**	-
Carrying amount	**5,780**	7,870

The Group leases several buildings. The lease term ranges from 2 to 5 years (2023: 2 to 5 years).

During the year, amounts recognised in profit or loss are as follows:

	The Group 2024 RM'000	The Group 2023 RM'000
Depreciation of right-of-use assets	**1,811**	1,786
Interest expense on lease liabilities	**463**	341
Expense relating to lease of short-term leases	**454**	411

12. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Work-in-progress RM'000	Total RM'000
Cost					
As at 1 January 2023	52,276	462	22,218	39,785	114,741
Currency translation	2,378	-	991	1,810	5,179
As at 31 December 2023/ 1 January 2024	**54,654**	**462**	**23,209**	**41,595**	**119,920**
Currency translation	**(1,439)**	**-**	**(599)**	**(1,095)**	**(3,133)**
As at 31 December 2024	**53,215**	**462**	**22,610**	**40,500**	**116,787**
Accumulated depreciation					
As at 1 January 2023	-	221	643	-	864
Charge for the year	-	9	464	-	473
Currency translation	-	-	19	-	19
As at 31 December 2023/ 1 January 2024	**-**	**230**	**1,126**	**-**	**1,356**
Charge for the year	**-**	**9**	**452**	**-**	**461**
Currency translation	**-**	**-**	**(24)**	**-**	**(24)**
As at 31 December 2024	**-**	**239**	**1,554**	**-**	**1,793**
Carrying amount					
As at 31 December 2023	54,654	232	22,083	41,595	118,564
As at 31 December 2024	**53,215**	**223**	**21,056**	**40,500**	**114,994**
Fair value					
As at 31 December 2023	78,124	410	38,052	Note a	
As at 31 December 2024	**76,067**	**410**	**37,724**	**Note a**	

12. INVESTMENT PROPERTIES (continued)

The Company	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
As at 1 January 2023/31 December 2023			
1 January 2024/31 December 2024	**462**	**444**	**906**
Accumulated depreciation			
As at 1 January 2023	221	207	428
Charge for the year	9	9	18
As at 31 December 2023/1 January 2024	**230**	**216**	**446**
Charge for the year	**9**	**9**	**18**
As at 31 December 2024	**239**	**225**	**464**
Carrying amount			
As at 31 December 2023	232	228	460
As at 31 December 2024	**223**	**219**	**442**
Fair value			
As at 31 December 2023/31 December 2024	**410**	**760**	**1,170**

The income earned by the Company from the rental of investment properties to subsidiary companies and third parties amounted to RM6,000 and RM14,000 (2023: RM10,000 and RM14,000) respectively.

The income earned by the Group from the rental of investment properties to third parties amounted to RM1,092,000 (2023: RM514,000).

Direct operating expenses pertaining to the investment properties of the Group and of the Company that generated rental income during the year amounted to RM5,000 (2023: RM5,000). Direct operating expenses incurred by the Group and the Company for investment properties that did not generate any rental income during the financial year amounted to RM5,000 (2023: RM6,000).

The fair value of investment properties were determined based on the valuations performed by accredited independent firm of professional valuers. The valuation conforms to International Valuation Standards. The fair value measurement for all the investment properties has been categorised as Level 3 fair value based on the market comparable approach that reflects recent transaction prices for similar properties. The key inputs under this approach are the price per square metre from the most recent sales of comparable properties in the area (location and size). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Note a

Work-in-progress comprises mainly economic land concessions ("ELC") in Cambodia. The lease agreements for the ELC which determine the lease period of the land, which management is pursuing, have yet to be obtained. The fair values of the ELC are not reasonably determinable until the ELC are converted into leasehold land. Based on the market evidence of transaction prices for leasehold land by the independent firm of professional valuers in March 2025 (2023: March 2024), the Directors have concluded there is no impairment for the ELC.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2024 RM'000	The Company 2023 RM'000
Unquoted shares - at cost	**429,554**	400,842
Capital contribution	**355,000**	355,000
Less: Accumulated impairment losses	**(411,153)**	(411,153)
Net	**373,401**	344,689

Movement in the accumulated impairment losses

	The Company 2024 RM'000	The Company 2023 RM'000
At beginning and end of year	**411,153**	411,153

(a) Amount owing by subsidiary companies

Amount owing by subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free, repayable on demand and expected to be settled in cash. The amount owing by subsidiary companies is denominated in Ringgit Malaysia.

During the financial year, the Company capitalised inter-company balances of RM28,712,000 (2023: nil) owing by its subsidiary companies by way of subscriptions of ordinary shares in its subsidiary companies.

(b) Amount owing to subsidiary companies

Amount owing to subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free, repayable on demand and expected to be settled in cash.

During the financial year, amounts owing to certain subsidiary companies totalling RM11,102,000 (2023: nil) was waived by the subsidiary companies.

The subsidiary companies are as follows:

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	Percentage ownership 2023 %	Principal activities
Gama Harta Sdn Bhd (Dissolved on 16 December 2024)	Malaysia	-	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion AMB Resources Sdn Bhd #	Malaysia	**100**	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	**100**	100	Manufacturing of petroleum products
Posim Marketing Sdn Bhd	Malaysia	**100**	100	Trading and distribution of building materials and steel products

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	2023 %	Principal activities
Posim Petroleum Marketing Sdn Bhd	Malaysia	**100**	100	Trading, distribution and e-commerce of petroleum and automotive products
Lion Waterfront Sdn Bhd #	Malaysia	**100**	100	Property development
Subsidiary company of Intra Inspirasi Sdn Bhd				
Brands Pro Management Sdn Bhd	Malaysia	**100** (2)	100 (1)	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")				
Bright Triumph Investments Limited ^	British Virgin Islands	**100**	100	Investment holding
Distinct Harvest Limited ^	British Virgin Islands	**100**	100	Investment holding
Double Merits Enterprise Limited ^	British Virgin Islands	**100**	100	Investment holding
Elite Image Investments Limited ^	British Virgin Islands	**100**	100	Investment holding
Eminent Elite Investments Limited ^	British Virgin Islands	**100**	100	Investment holding
Green Choice Holdings Limited ^	British Virgin Islands	**100**	100	Investment holding
Radiant Elite Holdings Limited ^	British Virgin Islands	**100**	100	Investment holding
Up Reach Limited ^	British Virgin Islands	**100**	100	Investment holding

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	2023 %	Principal activities
Subsidiary companies of BVI Companies				
Bright Triumph (Cambodia) Co., Limited ^	Cambodia	**100**	100	Investment and development in agriculture
Distinct Harvest (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Investment and development in agriculture
Hi-Rev Lubricants (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Wholesale of petroleum products and related products
Eminent Elite (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Investment and development in agriculture
Green Choice (Cambodia) Co., Limited ^	Cambodia	**100**	100	Investment and development in agriculture
Radiant Elite (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Investment and development in agriculture
Up Reach (Cambodia) Co., Limited ^ (In voluntary liquidation)	Cambodia	**100**	100	Investment and development in agriculture
Subsidiary companies of Lion AMB Resources Sdn Bhd				
AMB Venture Sdn Bhd #	Malaysia	**100**	100	Investment holding
CeDR Corporate Consulting Sdn Bhd #	Malaysia	**100**	100	Provision of training services

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	2023 %	Principal activities
Subsidiary companies of AMB Venture Sdn Bhd				
Chrome Marketing Sdn Bhd #	Malaysia	**100**	100	Investment holding
Lion Tyre Venture Sdn Bhd # (Dissolved on 27 March 2025)	Malaysia	**100**	100	Ceased operations
Range Grove Sdn Bhd #	Malaysia	**100**	100	Investment holding
Subsidiary company of Range Grove Sdn Bhd				
Shanghai AMB Management Consulting Co Ltd #	People's Republic of China	**100**	100	Provision of management services

The financial statements of these companies are audited by auditors other than the auditors of the Company.

^ These subsidiary companies are inactive presently and no statutory requirement for the financial statements to be audited at the end of the financial year.

(1) Held by Gama Harta Sdn Bhd.

(2) During the financial year, Intra Inspirasi Sdn Bhd ("Intra") acquired 100% equity interest in Brands Pro Management Sdn Bhd ("Brands Pro") from Gama Harta Sdn Bhd for a total cash consideration of RM1. Consequently, Brands Pro became a wholly-owned subsidiary company of Intra.

Dissolution of a subsidiary company, Well Morning Limited

In the previous financial year, the Group recognised a gain of RM8,586,000 to profit or loss, arising from the realisation of exchange translation reserve from the dissolution of a foreign subsidiary company.

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Principal place of business and place of incorporation	Number of wholly-owned subsidiary companies 2024	2023
Building materials and steel products	Malaysia	**1**	1
Lubricants, petroleum products and automotive products	Malaysia	**2**	2
	Cambodia	**1**	1
Investment holding and others	Malaysia	**10**	11
Investment holding	British Virgin Islands	**8**	8
Investment and development in agriculture and others	Cambodia	**6**	6
Provision of management services	People's Republic of China	**1**	1
		29	30

14. INVESTMENT IN ASSOCIATED COMPANIES

	The Group 2024 RM'000	The Group 2023 RM'000
At cost		
Quoted investment outside Malaysia	**83,486**	83,486
Unquoted investment outside Malaysia	**-**	3,212
	83,486	86,698
Share of post-acquisition results and reserves less dividend received	**(56,207)**	(57,470)
	27,279	29,228
Market value of quoted investment outside Malaysia	**23,466**	29,510

The associated companies are as follows:

Name of companies	Financial year-end	Principal place of business and place of incorporation	Percentage ownership 2024 %	Percentage ownership 2023 %	Principal activities
Lion Asiapac Limited #	30 June	Singapore	**36.68**	36.68	Investment holding
Renor Pte Ltd # (Dissolved on 1 April 2024)	30 June	Singapore	-	20	Investment holding

\# The financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

Management assesses whether there are any indications of impairment and exercises judgment in estimating the recoverable amount of the investment in associated companies. When an indication of impairment exists, the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), is assessed.

As at 31 December 2024, the market value of Lion Asiapac Limited's ("LAP") shares held by the Group was below its carrying amount. Consequently, the Group conducted an impairment test. The recoverable amount was determined based on VIU calculations using cash flow projections over a five-year period. Cash flows beyond that five-year period had been extrapolated using a terminal growth rate of 2% (2023: nil). A pre-tax discount rate of 10% (2023: nil) was applied to the cash flow projections. All the above key assumptions were based on management's industry and historical information. As the recoverable amount exceeds the carrying amount, no impairment loss is required.

14. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Summarised financial information in respect of the Group's material associated company, LAP (quoted outside Malaysia) and reconciliation of the information to the carrying amount of the Group's interest in the associated company, are set out below:

	2024 RM'000	2023 RM'000
Assets and Liabilities		
Non-current assets	**24,511**	14,280
Current assets	**218,914**	233,569
Non-current liabilities	**(4,647)**	(5,642)
Current liabilities	**(37,233)**	(35,153)
Non-controlling interests	**(3,947)**	(4,141)
	197,598	202,913
Results		
Revenue	**124,805**	121,518
Profit/(Loss) for the year	**2,452**	(247)
Group's share of profit/(loss) of associated company	**899**	(91)
Foreign currency translation differences and Group's share of other comprehensive (loss)/income of associated company	**(2,851)**	3,621
Reconciliation of net assets to carrying amount		
Group's share of net assets	**72,479**	74,428
Other adjustments on equity	**(45,200)**	(45,200)
Carrying amount in the Group's statement of financial position	**27,279**	29,228

The Group's share of results of an associated company, Renor Pte Ltd, which was dissolved during the year, has been recognised to the extent of the carrying amount of the investment. The cumulative unrecognised share of losses was RM26.7 million in the previous year.

15. OTHER INVESTMENTS

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Fair value through other comprehensive income				
Investment in Malaysia:				
Quoted shares	**12,040**	15,400	**12,040**	15,400
Unquoted shares	**906**	906	**3**	3
Unquoted investments	**293**	380	**-**	-
	13,239	16,686	**12,043**	15,403
Amortised cost				
Unquoted bonds (at cost, adjusted for accretion of interest)	**52,771**	52,797	**-**	-
Less: Accumulated impairment losses	**(52,771)**	(52,797)	**-**	-
	-	-	**-**	-
	13,239	16,686	**12,043**	15,403
Market value of quoted investments in Malaysia	**12,040**	15,400	**12,040**	15,400

Investment in unquoted bonds of the Group bears yield-to-maturity at 4.75% (2023: 4.75%) per annum.

As at 31 December 2024, the quoted shares of the Group and of the Company with carrying amount of RM12,040,000 (2023: nil) has been charged as collateral to a financial institution for banking facilities extended to the Group (Note 26).

Movement in accumulated impairment losses

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
At beginning of year	**52,797**	52,803	**-**	-
Reversal	**(26)**	(6)	**-**	-
At end of year	**52,771**	52,797	**-**	-

16. DEFERRED TAX ASSETS/LIABILITIES

	The Group 2024 RM'000	The Group 2023 RM'000
At beginning of year	**8,855**	9,235
Transfer from/(to) profit or loss (Note 8):		
Property, plant and equipment	**(52)**	(238)
Inventories	**26**	(22)
Other payables and accrued expenses	**230**	(160)
Others	**91**	40
	295	(380)
At end of year	**9,150**	8,855

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for statements of financial position purposes:

	The Group 2024 RM'000	The Group 2023 RM'000
Deferred tax assets	**9,429**	9,212
Deferred tax liabilities	**(279)**	(357)
	9,150	8,855

Deferred tax assets/liabilities provided in the financial statements are in respect of the tax effects of the following:

	The Group 2024 RM'000	The Group 2023 RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	**66**	148
Inventories	**261**	235
Other payables and accrued expenses	**9,274**	9,044
Others	**153**	80
	9,754	9,507
Offsetting	**(325)**	(295)
Deferred tax assets (after offsetting)	**9,429**	9,212
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	**587**	617
Others	**17**	35
	604	652
Offsetting	**(325)**	(295)
Deferred tax liabilities (after offsetting)	**279**	357

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

(a) Amount owing by immediate holding company arose mainly from trade transactions which have a credit period of 60 days (2023: 60 days) with normal trade terms and expected to be settled in cash.

(b) Amount owing by other related companies, which arose mainly from trade transactions and unsecured advances, are interest-free, repayable on demand and expected to be settled in cash. Trade amounts are subject to normal trade terms with a credit period of 60 days (2023: 60 days). An amount of RM87,951,000 (2023: RM99,551,000) is repayable on demand and interest-free, but not expected to be paid within 12 months.

As at 31 December 2024, the Group and the Company have significant concentration of credit risk in respect of amount owing by other related companies. Of the amount owing by other related companies of the Group and of the Company, RM87,951,000 (2023: RM99,551,000) is due from a related company, LLB Steel Industries Sdn Bhd ("LLB Steel"), which constitutes approximately 53% (2023: 53%) of the Group's and 100% (2023: 100%) of the Company's total amount owing by other related companies. Fair value loss on financial assets measured at amortised cost amounted to RM5,000,000 (2023: nil) is recognised in profit or loss.

(c) Amount owing to other related companies, which arose mainly from trade transactions and expenses paid on behalf, are interest-free, repayable on demand and expected to be settled in cash, except for trade amounts which have a credit period of 60 days (2023: 60 days) with normal trade terms.

The Company has the following transactions with subsidiary companies during the reporting period:

		The Company	
		2024	**2023**
Name of companies	**Nature**	**RM'000**	**RM'000**
Posim Marketing Sdn Bhd	Rental income	**1**	5
Posim Petroleum Marketing Sdn Bhd	Rental income	**5**	5
Gama Harta Sdn Bhd	Gain on waiver of debts	**766**	-
AMB Venture Sdn Bhd	Gain on waiver of debts	**10,336**	-
Intra Inspirasi Sdn Bhd	Novation of debts	**103**	-
Brands Pro Management Sdn Bhd	Novation of debts	**(103)**	-

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following trade transactions with immediate holding company, other related companies and related parties during the reporting period, which were determined on terms not more favourable to the related parties than to third parties:

		The Group		**The Company**	
		2024	**2023**	**2024**	**2023**
Name of companies	**Nature**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
With immediate holding company:					
Amsteel Mills Sdn Bhd	Trade sales	**9,061**	16,142	-	-

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Name of companies	Nature	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
With other related companies:					
Amsteel Mills Marketing Sdn Bhd	Trade purchases	**(270,700)**	(267,493)	-	-
Lion Group Management Services Sdn Bhd	Management fee expenses	**(2,942)**	(2,942)	**(2,164)**	(2,164)
Cendana Aset Sdn Bhd	Novation of debts	**1,026**	-	-	-
Lion Steel Sdn Bhd	Novation of debts	**(1,026)**	-	-	-
With related parties:					
Parkson Corporation Sdn Bhd	Trade sales	**1,387**	941	-	-
Lion Mining Sdn Bhd	Trade sales	**3,346**	23,647	-	-
	Trade purchases	-	(22,821)	-	-

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following non-trade transactions with subsidiary companies and other related companies during the reporting period:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
With subsidiary companies:				
(Repayment to)/Advances from	-	-	**(8,429)**	1,327
Advances to	-	-	**(6,097)**	(17,893)
With other related companies:				
Repayment of advances to	**6,600**	5,500	**6,600**	5,500
Advances from	**772**	741	**764**	721

Other related companies refer to subsidiary companies of Lion Industries Corporation Berhad, the ultimate holding company.

Related parties refer to entities in which a Director and/or substantial shareholders of the Company or the ultimate holding company or of its subsidiary companies have interests.

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

The outstanding balances before impairment arising from the transactions with related parties are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Receivables:				
Included in trade receivables	**118,784**	123,783	-	-
Included in other receivables	**109,760**	107,956	-	-
Payables:				
Included in trade payables	**490**	2,369	-	-

Compensation of key management personnel (other than the Directors of the Company)

Key management personnel (other than the Directors of the Company) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of key management personnel (other than the Directors of the Company) during the reporting period are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries and other remuneration	**1,090**	1,004	**149**	119
Defined contribution plans	**87**	94	**18**	17
Benefits-in-kind	**23**	24	-	-
	1,200	1,122	**167**	136

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and Company's statements of cash flows as cash flows from/(used in) financing activities.

	As at 1 January 2024 RM'000	Non-cash Waiver of debts RM'000	Financing cash flows RM'000	As at 31 December 2024 RM'000
The Group				
Amount owing to other related companies	**1,441**	-	**772**	**2,213**
The Company				
Amount owing to other related companies	**721**	-	**764**	**1,485**
Amount owing to subsidiary companies	**22,131**	**(11,102)**	**(8,429)**	**2,600**

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Reconciliation of liabilities arising from financing activities (continued)

	As at 1 January 2023 RM'000	Financing cash flows RM'000	As at 31 December 2023 RM'000
The Group			
Amount owing to other related companies	700	741	1,441
The Company			
Amount owing to other related companies	-	721	721
Amount owing to subsidiary companies	20,804	1,327	22,131

Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")

On 25 November 2021, Posim Marketing, a wholly-owned subsidiary company of the Company, had entered into a conditional sale and purchase agreement with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition of 10.879 acres of vacant freehold industrial land located at Banting Industrial City, Kuala Langat, Selangor from Bonus Essential for a cash consideration of RM26 million ("Purchase Consideration") ("Acquisition of Land").

Bonus Essential is a company in which Tan Sri Cheng Heng Jem ("TSWC") is a director and has substantial interest.

The Purchase Consideration was arrived at on a willing buyer-willing seller basis, taking into consideration the market valuation provided by Henry Butcher Malaysia Sdn Bhd.

Posim Marketing has lodged a private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee from TSWC, its ultimate shareholder, in favour of Posim Marketing with a guaranteed sum of RM26 million to secure the repayment by Bonus Essential in the event Bonus Essential failed to complete the Acquisition of Land.

As at 31 December 2024, the carrying amount of 'capital work-in-progress' includes RM24.4 million (2023: RM24.4 million) incurred for the Acquisition of Land, which has not been reclassified to 'freehold land' under property, plant, and equipment in Note 10, as certain infrastructure works by Bonus Essential are yet to be completed.

18. INVENTORIES

	The Group	
	2024	2023
	RM'000	RM'000
Finished goods	**34**	36
Raw materials	**5,838**	6,120
Trading merchandise	**16,917**	17,218
Others	**1,568**	1,296
	24,357	24,670
Less: Allowance for slow-moving and obsolete inventories	**(1,401)**	(1,227)
Net	**22,956**	23,443

Movement in the allowance for slow-moving and obsolescence of inventories are as follows:

	The Group	
	2024	2023
	RM'000	RM'000
At beginning of year	**1,227**	1,136
Addition	**257**	223
Written off	**(83)**	(132)
At end of year	**1,401**	1,227

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

(a) Trade receivables

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Trade receivables	**352,618**	363,018	**4,345**	4,345
Less: Accumulated impairment losses	**(75,231)**	(77,120)	**(4,345)**	(4,345)
Net	**277,387**	285,898	**-**	-

Trade receivables of the Group and the Company comprise amounts receivable for the sale of goods. The credit period granted to customers ranges from 30 to 90 days (2023: 30 to 90 days).

The Group and the Company recognise impairment losses based on ECL model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL. The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (continued)

(a) Trade receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	The Group			
	2024		2023	
	Gross trade receivables RM'000	Lifetime ECL RM'000	Gross trade receivables RM'000	Lifetime ECL RM'000
Not past due	**58,344**	**3,470**	113,444	2,430
Past due:				
1 to 30 days	**49,689**	**655**	42,318	501
31 to 60 days	**41,915**	**306**	22,313	193
More than 60 days	**202,670**	**70,800**	184,943	73,996
	352,618	**75,231**	363,018	77,120

	The Company			
	2024		2023	
	Gross trade receivables RM'000	Lifetime ECL RM'000	Gross trade receivables RM'000	Lifetime ECL RM'000
Past due:				
More than 60 days	**4,345**	**4,345**	4,345	4,345

Movement in the accumulated impairment losses

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At beginning of year	**77,120**	74,218	**4,345**	4,345
Addition	**7,518**	6,440	**-**	-
Reversal	**(1,841)**	(395)	**-**	-
Written off	**(7,566)**	(3,143)	**-**	-
At end of year	**75,231**	77,120	**4,345**	4,345

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (continued)

(a) Trade receivables (continued)

As at 31 December 2024, the Group has trade receivables due from a major related party, Lion DRI as follows:

	The Group	
	2024	2023
	RM'000	RM'000
Trade receivables	**52,007**	52,007
Less: Accumulated impairment losses	**(52,007)**	(52,007)
Net	**-**	-

The Group recognised an impairment loss on trade receivables due from Lion DRI a major related party, based on the assessment disclosed in Note 4(i)(a).

The trade receivables due from a related party is secured by a lienholder caveat placed on two parcels of land, with an estimated value of RM43 million (2023: RM43 million), in favour of the Group.

As at 31 December 2024, the trade receivables of a subsidiary company of RM12,113,000 (2023: RM21,744,000) has been charged as collateral to a financial institution for the bank borrowings granted to the Group (Note 26).

(b) Other receivables, deposits and prepaid expenses

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other receivables	**192,149**	178,031	**107**	94
Less: Accumulated impairment losses	**(108,988)**	(108,988)	**-**	-
	83,161	69,043	**107**	94
Deposits	**6,035**	6,872	**38**	38
Prepaid expenses	**2,978**	2,744	**45**	46
	92,174	78,659	**190**	178

Movement in the accumulated impairment losses

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At beginning of year	**108,988**	108,912	**-**	-
Addition	**-**	76	**-**	-
At end of year	**108,988**	108,988	**-**	-

Included in the accumulated impairment losses is RM103,730,000 (2023: RM103,730,000) due from Graimpi. The Group recognised the impairment loss based on the assessment disclosed in Note 4(i)(a).

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (continued)

(b) Other receivables, deposits and prepaid expenses (continued)

The currency exposure profile of other receivables and deposits is as follows:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Ringgit Malaysia	**88,355**	75,066	**145**	132
United States Dollar	**636**	645	-	-
Chinese Renminbi	**205**	204	-	-
	89,196	75,915	**145**	132

20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES

(a) Investment in money market funds

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Fair value through profit or loss				
Investment in money market funds	**2,449**	2,362	-	-

Investment in money market funds of the Group, denominated in Ringgit Malaysia, are managed by a licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group by given a two days' notice period.

(b) Fixed deposits, cash and bank balances

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Fixed deposits with licensed banks:				
Restricted	**25,429**	26,436	-	-
Unrestricted	**22,364**	16,629	**102**	852
	47,793	43,065	**102**	852
Cash and bank balances:				
Unrestricted	**28,959**	26,320	**949**	873
Total fixed deposits, cash and bank balances	**76,752**	69,385	**1,051**	1,725

The above restricted fixed deposits with licensed banks of the Group are held for repayment of bank borrowings and payment of interest, commission, fees and other charges to banks as disclosed in Note 26.

20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES (continued)

(b) Fixed deposits, cash and bank balances (continued)

Fixed deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 1.01% to 2.85% and 1.80% to 2.60% (2023: 1.50% to 2.85% and 1.50% to 2.60%) per annum and have maturity periods ranging from 1 to 230 days and 1 to 40 days (2023: 1 to 109 days and 1 to 44 days), respectively.

The currency exposure profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**47,855**	39,441	**1,036**	1,710
Chinese Renminbi	**27,090**	28,342	**-**	-
United States Dollar	**1,807**	1,602	**15**	15
	76,752	69,385	**1,051**	1,725

Fixed deposits, cash and bank balances denominated in Chinese Renminbi of a subsidiary company in the People's Republic of China ("PRC") are subject to the exchange control restrictions of the PRC. The said fixed deposits, cash and bank balances are available for use by the subsidiary company in the PRC and the exchange control restrictions are applicable only if the monies are remitted to countries outside the PRC.

21. SHARE CAPITAL

	The Group and The Company			
	2024		**2023**	
	Number of shares '000	**RM'000**	**Number of shares '000**	**RM'000**
Issued share capital (no par value):				
Ordinary shares				
At beginning and end of year	**231,572**	**920,902**	231,572	920,902

22. RESERVES

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Treasury shares	**(2,277)**	(2,277)	**(2,277)**	(2,277)
Translation adjustment reserve	**60,277**	67,053	**-**	-
Fair value reserve	**(19,921)**	(16,520)	**(19,880)**	(16,520)
	38,079	48,256	**(22,157)**	(18,797)
Accumulated losses	**(196,230)**	(207,029)	**(425,050)**	(442,470)
	(158,151)	(158,773)	**(447,207)**	(461,267)

Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and of its shareholders.

As at 31 December 2024, the Company held 3,745,000 (2023: 3,745,000) treasury shares at a carrying amount of RM2,276,747 (2023: RM2,276,747).

Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary companies and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

Fair value reserve

Fair value reserve comprises fair value changes on revaluation of quoted and unquoted investments designated at fair value through other comprehensive income.

23. LEASE LIABILITIES

	The Group 2024 RM'000	The Group 2023 RM'000
At beginning of year	**8,518**	3,364
Addition	**297**	6,762
Expiry and termination of lease	**-**	(1)
Lease modification	**(449)**	-
Lease interest	**463**	341
Payment of lease rental	**(2,035)**	(1,948)
At end of year	**6,794**	8,518
Breakdown:		
Non-current	**5,181**	6,442
Current	**1,613**	2,076
	6,794	8,518

The minimum lease payments for the lease liabilities are payable as follows:

The Group	Future minimum lease payments RM'000	Lease interest RM'000	Present value of minimum lease payments RM'000
2024			
Less than one year	**1,986**	**(373)**	**1,613**
Within one to two years	**1,824**	**(286)**	**1,538**
Within two to five years	**3,946**	**(303)**	**3,643**
	7,756	**(962)**	**6,794**
2023			
Less than one year	2,536	(460)	2,076
Within one to two years	1,822	(363)	1,459
Within two to five years	5,560	(577)	4,983
	9,918	(1,400)	8,518

Total cash outflows for leases during the current financial year (including fixed, variable and short-term lease payments) of the Group amounted to RM2,489,000 (2023: RM2,359,000).

23. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

The Group	As at 1 January 2024 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2024 RM'000
Lease liabilities	**8,518**	**(152)**	**(1,572)**	**(463)**	**463**	**6,794**

The Group	As at 1 January 2023 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Lease liabilities	3,364	6,761	(1,607)	(341)	341	8,518

24. HIRE-PURCHASE PAYABLES

	The Group 2024 RM'000	2023 RM'000
Total outstanding	-	-
Less: Interest-in-suspense	-	-
Principal portion	-	-
Payable as follows:		
Within the next 12 months (shown under current liabilities)	-	-
After the next 12 months	-	-
	-	-

In the previous financial year, the interest rate implicit in these hire-purchase obligations was 4.28% per annum.

24. HIRE-PURCHASE PAYABLES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

The Group	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Hire-purchase payables	77	(77)	(3)	3	-

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

(a) Trade payables

Trade payables comprise amounts outstanding for trade purchases. The credit period ranges from 30 to 90 days (2023: 30 to 90 days).

The currency exposure profile of trade payables of the Group is as follows:

	The Group 2024 RM'000	2023 RM'000
Ringgit Malaysia	**40,470**	52,704
United States Dollar	**1,629**	1,568
	42,099	54,272

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES (continued)

(b) Other payables and accrued expenses

Other payables and accrued expenses consist of:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other payables	**26,861**	30,433	**108**	5,108
Accrued expenses	**19,056**	19,376	**4,910**	4,901
	45,917	49,809	**5,018**	10,009

The currency exposure profile of other payables and accrued expenses is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**40,514**	44,250	**5,018**	10,009
Chinese Renminbi	**4,079**	4,297	**-**	-
United States Dollar	**1,324**	1,262	**-**	-
	45,917	49,809	**5,018**	10,009

(c) Contract liabilities

	The Group	
	2024	2023
	RM'000	RM'000
Customer loyalty programs	**30,544**	29,628

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards.

A subsidiary company of the Group accounts for the customer loyalty award credits as a separate obligation of the sales transactions in which they are granted. The consideration received in sales transactions is allocated between the loyalty award credits and the other component of the sales. The amount allocated to the loyalty award credits is determined by reference to its fair value and is deferred until the awards are redeemed or liability is extinguished.

The following table shows the significant changes to contract liabilities during the year:

	The Group	
	2024	2023
	RM'000	RM'000
At beginning of year	**29,628**	28,794
Provision during the year	**13,118**	12,408
Utilised during the year	**(12,202)**	(11,574)
At end of year	**30,544**	29,628

26. BANK BORROWINGS

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Non-current				
Secured				
Term loan	**1,100**	-	-	-
Current				
Secured				
Revolving credit	**4,000**	4,000	**4,000**	4,000
Banker's acceptance, trust receipts and bills payable	**3,000**	9,000	-	-
Receivables financing	**12,113**	21,744	-	-
Term loan	**3,900**	-	-	-
	23,013	34,744	**4,000**	4,000
Unsecured				
Banker's acceptance, trust receipts and bills payable	**890**	536	-	-
	23,903	35,280	**4,000**	4,000
	25,003	35,280	**4,000**	4,000
Maturity of bank borrowings:				
Within one year	**23,903**	35,280	**4,000**	4,000
One to two years	**1,100**	-	-	-
	25,003	35,280	**4,000**	4,000

The secured revolving credit, banker's acceptance, trust receipts and bills payable of the Group and of the Company are secured by a charge on cash and bank balances of a subsidiary company.

The receivables financing of the Group is secured by trade receivables of a subsidiary company and the corporate guarantee by the Company.

The term loan pertaining to a subsidiary company is secured by the freehold land and investment in quoted shares of the Company.

The Company has given corporate guarantee of RM890,000 (2023: RM536,000) to a financial institution for the granting of the above unsecured credit facility to a subsidiary company.

The credit facilities of the Group and of the Company bore interest at rates ranging from 3.67% to 10.00% (2023: 3.46% to 5.20%) and 4.29% to 4.52% (2023: 3.87% to 4.52%) per annum, respectively.

26. BANK BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the statements of cash flows as cash flows from/(used in) financing activities.

The Group	As at 1 January 2024 RM'000	Repayment RM'000	Drawdown RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2024 RM'000
Bank borrowings	35,280	(15,631)	5,354	(1,556)	1,556	25,003

The Group	As at 1 January 2023 RM'000	Repayment RM'000	Drawdown RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Bank borrowings	18,634	(1,000)	17,646	(1,415)	1,415	35,280

The Company	As at 1 January 2024 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2024 RM'000
Bank borrowings	4,000	-	(173)	173	4,000

The Company	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Bank borrowings	3,500	500	(159)	159	4,000

27. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2023.

The capital structure of the Group and of the Company consists of debt and equity of the Group and of the Company (comprising share capital and reserves).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, the management considers the cost of capital and risk associated with each class of capital.

27. FINANCIAL INSTRUMENTS (continued)

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Debt (i)	**25,003**	35,280	**4,000**	4,000
Equity (ii)	**762,751**	762,129	**473,695**	459,635
Debt to equity ratio	**3.3%**	4.6%	**0.8%**	0.9%

(i) Debt is defined as bank borrowings as disclosed in Note 26.

(ii) Equity includes share capital, reserves and non-controlling interests.

Material Accounting Policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial instruments are disclosed in Note 3.

Categories of Financial Instruments

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Fair value through profit or loss:				
Investment in money market funds	**2,449**	2,362	-	-
Fair value through other comprehensive income:				
Quoted shares	**12,040**	15,400	**12,040**	15,400
Unquoted shares	**906**	906	**3**	3
Unquoted investments	**293**	380	-	-
Amortised cost:				
Trade receivables	**277,387**	285,898	-	-
Other receivables and refundable deposits	**89,196**	75,915	**145**	132
Amount owing by subsidiary companies	-	-	**6,898**	29,513
Amount owing by immediate holding company	**67,601**	70,648	-	-
Amount owing by other related companies	**164,464**	188,524	**87,951**	99,551
Fixed deposits, cash and bank balances	**76,752**	69,385	**1,051**	1,725
Financial liabilities at amortised cost				
Trade payables	**42,099**	54,272	-	-
Other payables and accrued expenses	**45,917**	49,809	**5,018**	10,009
Amount owing to other related companies	**2,213**	1,441	**1,485**	721
Amount owing to subsidiary companies	-	-	**2,600**	22,131
Lease liabilities	**6,794**	8,518	-	-
Bank borrowings	**25,003**	35,280	**4,000**	4,000

27. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The Group's and the Company's financial risk management principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currency of Chinese Renminbi.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the other equity where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the other equity, the balances below would be negative.

	The Group		**The Company**	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other equity				
Chinese Renminbi	**(2,322)**	(2,425)	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

The management has performed sensitivity analysis on foreign currencies denominated monetary items and concluded the financial impact to the Group's and the Company's profit before tax is insignificant.

27. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 26. The interest rates of hire-purchase payables, which are fixed at the inception of the financing arrangements, are disclosed in Note 24.

Interest rate sensitivity analysis

The sensitivity analysis of the Group and of the Company have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit or loss before tax for the financial year ended 31 December 2024 would decrease or increase by RM125,000 and RM20,000 (2023: RM176,000 and RM20,000) respectively.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Trade and other receivables and corporate guarantees

The Group is exposed to credit risk from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Group and the Company are also exposed to credit risk from the amount owing by subsidiary companies, immediate holding company and other related companies. The Company is exposed to credit risk from corporate guarantee given to financial institution for the granting of credit facilities to the subsidiary companies. The Company's maximum exposure to credit risk resulting from the guarantee given to subsidiary companies, are disclosed in Note 31. The Group and the Company monitor on an ongoing basis the results of the subsidiary companies, immediate holding company, other related companies and related parties, and their repayments. As at the reporting date, there was no indication that these companies would default on repayment.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at 31 December 2024, is the carrying amount of these receivables as disclosed in the statements of financial position. The concentration of credit risk is limited due to the fact that the customer base is large.

The Board of Directors of the Company reviews regularly the significant amounts owing by immediate holding company, other related companies and related parties which arose from sales transactions that have exceeded the credit period granted and actions have been carried out to recover the long outstanding amounts owing by immediate holding company, other related companies and related parties.

Fixed deposits, cash and bank balances

Exposure to credit risk arising from fixed deposits, cash and bank balances is managed by depositing or investing the Group's and the Company's funds with licensed financial institutions. The fixed deposits, cash and bank balances that denominated in Chinese Renminbi which are held with bank and financial institution in the People's Republic of China, are rated A2 and Baa2 (2023: A2 and Baa2) respectively based on Moody's Investors Service ratings.

Fixed deposits, cash and bank balances have been assessed on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their fixed deposits, cash and bank balances have low credit risk based on their external credit ratings.

27. FINANCIAL INSTRUMENTS (continued)

Cash flow risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group 2024	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	42,099	-	-	-	42,099	-
Other payables and accrued expenses	45,917	-	-	-	45,917	-
Amount owing to other related companies	2,213	-	-	-	2,213	-
	90,229	-	-	-	90,229	
Interest bearing:						
Lease liabilities	1,986	1,824	3,946	-	7,756	2.50 - 7.20
Bank borrowings	24,672	1,115	-	-	25,787	3.67 - 10.00
	26,658	2,939	3,946	-	33,543	
	116,887	2,939	3,946	-	123,772	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 2023	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	54,272	-	-	-	54,272	-
Other payables and accrued expenses	49,809	-	-	-	49,809	-
Amount owing to other related companies	1,441	-	-	-	1,441	-
	105,522	-	-	-	105,522	
Interest bearing:						
Lease liabilities	2,536	1,822	5,560	-	9,918	2.50 - 6.20
Bank borrowings	36,145	-	-	-	36,145	3.46 - 5.20
	38,681	1,822	5,560	-	46,063	
	144,203	1,822	5,560	-	151,585	

The Company 2024	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	**5,018**	-	-	-	**5,018**	-
Amount owing to other related companies	**1,485**	-	-	-	**1,485**	-
Amount owing to subsidiary companies	**2,600**	-	-	-	**2,600**	-
Financial guarantee contracts	**18,003**	-	-	-	**18,003**	-
	27,106	-	-	-	**27,106**	
Interest bearing:						
Bank borrowings	**4,043**	-	-	-	**4,043**	**4.29 - 4.52**
	31,149	-	-	-	**31,149**	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 2023	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	10,009	-	-	-	10,009	-
Amount owing to other related companies	721	-	-	-	721	-
Amount owing to subsidiary companies	22,131	-	-	-	22,131	-
Financial guarantee contracts	22,280	-	-	-	22,280	-
	55,141	-	-	-	55,141	
Interest bearing:						
Bank borrowings	4,044	-	-	-	4,044	3.87 - 4.52
	59,185	-	-	-	59,185	

Fair Values of Financial Instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of the financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group		**The Company**	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
2024				
Financial assets				
Quoted investments	**12,040**	**12,040** #	**12,040**	**12,040** #
Unquoted shares	**906**	**906** @	**3**	**3** @
Unquoted investments	**293**	**293** &	**-**	**-**
Investment in money market funds	**2,449**	**2,449** #	**-**	**-**
2023				
Financial assets				
Quoted investments	15,400	15,400 #	15,400	15,400 #
Unquoted shares	906	906 @	3	3 @
Unquoted investments	380	380 &	-	-
Investment in money market funds	2,362	2,362 #	-	-

\# The quoted market prices of investments as at the end of the reporting period are used to determine the fair values of these financial assets.

@ The fair value of unquoted shares is measured using generally acceptable valuation techniques.

& The fair values of unquoted investments are based on price quotes for similar instruments based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available.

27. FINANCIAL INSTRUMENTS (continued)

Fair Values of Financial Instruments (continued)

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2024				
Financial assets				
Quoted investments	**12,040**	**-**	**-**	**12,040**
Unquoted shares	**-**	**-**	**906**	**906**
Unquoted investments	**-**	**293**	**-**	**293**
Investment in money market funds	**2,449**	**-**	**-**	**2,449**
2023				
Financial assets				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	906	906
Unquoted investments	-	380	-	380
Investment in money market funds	2,362	-	-	2,362
The Company				
2024				
Financial assets				
Quoted investments	**12,040**	**-**	**-**	**12,040**
Unquoted shares	**-**	**-**	**3**	**3**
2023				
Financial assets				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	3	3

There were no transfer between Levels 1, 2 and 3 during the financial year.

28. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments:

	The Group 2024 RM'000	The Group 2023 RM'000
Approved and contracted for:		
Purchase of land	**2,600**	2,600
Purchase of property, plant and equipment	**8,438**	-
Approved but not contracted for:		
Land registration fee	**3,113**	3,197
	14,151	5,797

29. SEGMENT INFORMATION

Business Segments

The Group's activities are classified into three (3) major business segments:

- trading and distribution of building materials and steel products
- manufacturing of lubricants, trading and distribution of petroleum products and automotive products
- others include mainly investment holding, provision of training services, distributing and retailing of consumer products, none of which is of sufficient size to be reported separately

The inter-segment transactions are conducted at arm's length basis under terms, conditions, and prices not materially different from transactions with non-related parties.

The Group 2024	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
External customers	630,040	120,303	2,742	-	753,085
Inter-segment sales	-	-	58	(58)	-
Total revenue	630,040	120,303	2,800	(58)	753,085
Results					
Segment profit/(loss)	7,929	14,146	(5,846)	-	16,229
Finance costs	(1,375)	(445)	(762)	-	(2,582)
Share of results of associated companies					899
Profit before tax					14,546
Tax expense					(3,747)
Profit for the year					10,799

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2024	**Building materials and steel products RM'000**	**Lubricants, petroleum products and automotive products RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Statements of Financial Position					
Segment assets	514,638	98,521	174,809	-	787,968
Investment in associated companies					27,279
Unallocated corporate assets					100,421
Total Assets					915,668
Segment liabilities	55,967	53,619	40,771	-	150,357
Unallocated corporate liabilities					2,560
Total Liabilities					152,917
Other information					
Capital expenditure	49	2,533	11	-	2,593
Depreciation	614	2,827	610	-	4,051
Interest income	2,946	502	348	-	3,796
Impairment losses on:					
Trade and other receivables	6,923	595	-	-	7,518
Right-of-use assets	-	-	127	-	127
Reversal of impairment losses on:					
Trade receivables	(1,728)	(113)	-	-	(1,841)
Property, plant and equipment	-	(600)	(57)	-	(657)
Other investments in unquoted bonds	-	-	(26)	-	(26)
Fair value loss on financial assets measured at amortised cost	-	-	5,000	-	5,000
Other non-cash expenses/ (income)	64	235	(43)	-	256

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2023	**Building materials and steel products RM'000**	**Lubricants, petroleum products and automotive products RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
External customers	635,434	117,488	2,215	-	755,137
Inter-segment sales	-	-	36	(36)	-
Total revenue	635,434	117,488	2,251	(36)	755,137
Results					
Segment profit/(loss)	4,050	12,243	(6,744)	-	9,549
Finance costs	(1,256)	(319)	(184)	-	(1,759)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	8,586	-	-	-	8,586
Share of results of associated companies					(91)
Profit before tax					16,285
Tax expense					(2,733)
Profit for the year					13,552
Statements of Financial Position					
Segment assets	535,008	88,157	176,028	-	799,193
Investment in associated companies					29,228
Unallocated corporate assets					113,017
Total Assets					941,438
Segment liabilities	83,658	53,886	39,963	-	177,507
Unallocated corporate liabilities					1,802
Total Liabilities					179,309
Other information					
Capital expenditure	103	1,094	-	-	1,197
Depreciation	560	2,931	1,111	-	4,602
Interest income	1,760	278	479	-	2,517
Impairment losses on trade and other receivables	5,885	555	76	-	6,516

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2023	**Building materials and steel products RM'000**	**Lubricants, petroleum products and automotive products RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Other information (continued)					
Reversal of impairment losses on:					
Trade receivables	(253)	(142)	-	-	(395)
Property, plant and equipment	-	-	(168)	-	(168)
Other investments in unquoted bonds	-	-	(6)	-	(6)
Other non-cash expenses/ (income)	193	(21)	88	-	260

Geographical Segments

The Group's operations are mainly in Malaysia for the current financial year:

(i) Malaysia - trading and distribution of building materials and steel products, manufacturing of lubricants, trading and distribution of petroleum products and automotive products, provision of training services, distributing and retailing of consumer products and investment holding

(ii) Other countries - countries which are not sizable to be reported separately

The following is an analysis of the Group's revenue, carrying amount of total assets and capital expenditures by geographical areas:

	Revenue 2024 RM'000	**Revenue 2023 RM'000**
Malaysia	**752,928**	755,137
Other countries	**157**	-
	753,085	755,137

	Total assets 2024 RM'000	**Total assets 2023 RM'000**	**Capital expenditures 2024 RM'000**	**Capital expenditures 2023 RM'000**
Malaysia	**745,895**	764,837	**2,585**	1,197
Other countries	**169,773**	176,601	**8**	-
	915,668	941,438	**2,593**	1,197

In determining the geographical segments of the Group, revenue is determined based on the country in which customers are located. Total assets and capital expenditures are determined based on where the assets are located.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Fixed deposits with licensed banks (unrestricted) (Note 20)	**22,364**	16,629	**102**	852
Cash and bank balances (unrestricted) (Note 20)	**28,959**	26,320	**949**	873
	51,323	42,949	**1,051**	1,725

31. FINANCIAL GUARANTEE CONTRACTS

	The Company 2024 RM'000	The Company 2023 RM'000
Corporate guarantees given to financial institutions for the granting of credit facilities to certain subsidiary companies (Note 26)	**18,003**	22,280

The corporate guarantees issued were not recognised in the financial statements as the Directors regard the value of the credit enhancement provided by these guarantees is minimal and the probability of default, based on historical track records of the parties receiving in the guarantees are remote.

32. SIGNIFICANT EVENT

Lion Waterfront Sdn Bhd, a wholly-owned subsidiary of the Company, had on 18 May 2022 entered into a conditional development agreement with Landasan Lumayan Sdn Bhd ("Landasan Lumayan"), a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan), to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture").

In conjunction with the Proposed Unincorporated Joint Venture, the Company proposed to diversify the existing businesses of the Company and its subsidiary companies to include property development ("Proposed Diversification").

The Proposed Unincorporated Joint Venture and the Proposed Diversification shall collectively be referred to as the "Proposals".

The Shareholders of the Company had on 2 December 2022 approved the Proposals.

The Proposals are pending the approvals to be obtained from all relevant regulatory authorities.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Cheng Heng Jem and Cheng Hui Ya, Serena, being two of the Directors of Lion Posim Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance and of the cash flows of the Group and of the Company for the financial year then ended.

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

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

Kuala Lumpur
7 April 2025

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ooi Kim Lai (MIA Membership number: 9454), the officer primarily responsible for the financial management of Lion Posim Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

OOI KIM LAI

Subscribed and solemnly declared by the abovenamed **OOI KIM LAI** at **KUALA LUMPUR** in the **FEDERAL TERRITORY** on this 7th day of April, 2025.

Before me,

PESURUHJAYA SUMPAH
W 729
MARDHIYYAH
ABDUL WAHAB
1 JAN 2024-31 DIS 2026
MALAYSIA

COMMISSIONER FOR OATHS

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

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FORM OF PROXY

CDS ACCOUNT NUMBER

			–			–								

I/We ____

NRIC/Passport/Registration No. ____

of ____

being a member of LION POSIM BERHAD, hereby appoint ____

____

NRIC/Passport No. ____

of ____

or failing whom, ____

NRIC/Passport No. ____

of ____

as my/our proxy to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 27 May 2025 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	**FOR**	**AGAINST**
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Dr Folk Jee Yoong as Director		
4. To re-elect Mr Liew Jee Min @ Chong Jee Min as Director		
5. To re-appoint Messrs Forvis Mazars PLT as Auditors		
6. Authority to Directors to Issue and Allot Shares		
7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this ________ day of _________________________ 2025

No. of shares: _____________________ Signed: ______________________

Representation at Meeting:

(i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 May 2025 shall be eligible to attend the Meeting.

(ii) A member entitled to attend and vote at the Meeting is entitled to appoint not more than 2 proxies to attend and vote instead of him. A proxy need not be a member of the Company.

(iii) If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.

(iv) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 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.

(vi) The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.

(vii) Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.

LION POSIM BERHAD
Registration No. 198201002310 (82056-X)
Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan

Tel No : +603 2142 0155

www.lion.com.my/lionpsim