ANNUAL REPORT 2021

MELEWAR INDUSTRIAL GROUP BERHAD

Reg. No.: 196901000102 (8444-W)

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CHAIRMAN'S STATEMENT

TUNKU DATO' YAACOB KHYRA

Executive Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report of Melewar Industrial Group Berhad and its group of companies ("the Group" or "MIG") for the financial year ended 30 June 2021 ("FY2021").

FINANCIAL RESULTS

The Group's principal activity is in the mid-stream sector of the steel industry, focusing mainly on the manufacturing of Cold Rolled Coil ("CRC") steel sheets and Steel Tubes and Pipes ("Steel Tubes") through its 74.13% interest in its public listed subsidiary, Mycron Steel Berhad.

The other businesses of the Group, are conducted through its 100% owned subsidiaries, Ausgard Quick Assembly Systems Sdn Bhd ("AQAS") who is in the business of supplying commercial and residential buildings using the Industrialised Building System (IBS) to niche markets, and 3Bumi Sdn Bhd, which is involved in the food business and trading of food products.

For the year under review, the Group recorded total revenue of RM738.6 million, an increase of RM142.1 million, or 23.8% compared to the preceding financial year (FY2020: RM596.5 million).

The Group registered a pre-tax profit of RM71.9 million compared to a pre-tax loss of RM3.7 million in FY2020. The higher pre-tax profit for the current financial year is mainly attributed to higher gross profit from both the CRC and Steel Tube operating segments.

STEEL DIVISION

Mycron Steel Berhad ("Mycron") encompasses the combined operations of two subsidiaries, namely Mycron Steel CRC Sdn Bhd ("MCRC") and Melewar Steel Tube Sdn Bhd ("MST"). MCRC is involved in the mid-stream sector of the steel industry, converting Hot Rolled Coil ("HRC") steel sheets into thinner gauge Cold Rolled Coil ("CRC") steel sheets. MST is involved in the down-stream sector, in the manufacture of Steel Tubes and Pipes, which are made from HRC and CRC.

<u>CRC OPERATIONS REVIEW</u>

For FY2021, the CRC division's sales revenue increased by 19.7% to RM499.8 million. The growth is mainly attributed by higher sales volume and higher selling prices. Total sales tonnage increased by 17.1% to 180,792 tonnes. The CRC division registered a Profit Before Tax of RM40.62 million for FY2021. The improvement in performance is rather timely for the Group after enduring years of injury to our operations from Chinese and Vietnamese steel dumping activities, coupled with the significant impact of the COVID-19 pandemic.

Exhibit 1: CRC Division Performance by Quarter *Total Capacity: 260,000 t/y*

Mycron CRC Operations Financial Year ended 30 June	FY2021					FY2020
	Q1	Q2	Q3	Q4	Total	Total
Sales Revenue (RM mil)	99.8	133.1	163.6	103.3	499.8	417.7
Sales Tonnage* (tonnes)	38,237	53,620	58,550	30,385	180,792	154,348
Production Tonnage* (tonnes)	36,965	52,990	58,758	33,071	181,784	156,120
Capacity Utilisation (% max)	57%	82%	90%	51%	70%	60%
Profit/(Loss) Before Tax (RM mil)	1.81	12.23	16.60	9.98	40.62	(12.40)

* *Inclusive of tolling tonnage*

During the first financial quarter (Q1), sales revenue of RM99.8 million was 36.9% higher than the previous quarter, while sales tonnage of 38,237 tonnes was 38.9% higher than the previous quarter. The rebound was due to the resumption of nationwide economic activities and a healthy demand from all customer segments. It is worth noting that the CRC division was on course for a strong quarter, if not for an unfortunate equipment breakdown that derailed the August 2020 production. Due to this unprecedented event, the CRC division registered a Profit Before Tax (PBT) of RM1.81 million.

For the second financial quarter (Q2), revenue improved by 33.4% to RM133.1 million, with sales tonnage showing an improvement of 40.2% to 53,620 tonnes. The CRC division registered a PBT of RM12.23 million driven by global steel supply tightness due to a global surge in steel demand as manufacturing supply chains began to normalise following the forced global lockdowns caused by the COVID-19 pandemic.

For the third financial quarter (Q3), revenue further improved by 22.9% to RM163.6 million. Sales tonnage increased by 9.2% to 58,550 tonnes for the quarter. The strong performance is mainly attributed by a combination of factors emanating from certain sectors driven by the pandemic and ensuing stimulus spending. During this period of time, the demand for white goods, furniture, cars, and steel drums increased significantly.

For the fourth financial quarter (Q4), sales revenue declined by 36.9% to RM103.3 million. Sales tonnage decreased by 48.1% and PBT declined by 39.9% to RM9.98 million. The steep decline is primarily caused by the imposition of a mandatory nationwide full lockdown from June 2021 due to the spike of COVID-19 cases and hospitalisations. As a result, the CRC division was unable to operate during the month of June 2021.

CHAIRMAN'S STATEMENT
(continued)

STEEL TUBE OPERATIONS REVIEW

For FY2021, the Steel Tube division's sales revenue rose by 34.2% to RM272.9 million, whilst sales tonnage increased by 19.8% to 86,426 tonnes. The Steel Tube division registered a Profit Before Tax of RM29.36 million for FY2021. The improvement in performance is mainly due to the strong economic recovery which resulted in robust demand for steel tubes. This is reflected in the Group's FY2021 results.

Exhibit 2: Steel Tube Division Performance by Quarter *Total Capacity: 148,800 t/y*

Melewar Steel Tube Operations Financial Year ended 30 June	FY2021					FY2020
	Q1	Q2	Q3	Q4	Total	Total
Sales Revenue (RM mil)	62.3	72.7	76.6	61.3	272.9	203.3
Sales Tonnage (tonnes)	22,321	25,151	23,275	15,679	86,426	72,123
Production Tonnage (tonnes)	17,782	22,695	21,365	11,915	73,757	62,847
Capacity Utilisation (% max)	48%	61%	57%	32%	50%	42%
Capacity Utilisation* (% max)	51%	65%	61%	34%	53%	46%
Profit Before Tax (RM mil)	3.54	8.64	8.97	8.21	29.36	1.61

* *Inclusive of tolling services*

For the first financial quarter (Q1), sales revenue was RM62.3 million. Sales tonnage of 22,321 tonnes was notably higher than the immediate preceding quarter (Q4, FY2020) which was significantly affected by the MCO 1.0 lockdown. The steel tube division registered a Profit Before Tax (PBT) of RM3.54 million for the quarter.

For the second financial quarter (Q2), total sales revenue further improved by 16.7% to RM72.7 million. Sales tonnage rose by 12.7% to 25,151 tonnes due to robust domestic demand for steel tubes and the reopening of more domestic economic sectors after lockdowns. PBT for the quarter increased to RM8.64 million.

For the third financial quarter (Q3), total sales revenue increased by 5.4% to RM76.6 million. However, sales tonnage decreased by 7.5% to 23,275 tonnes due to Global HRC supply tightness as the demand for steel was fast outpacing supply, leading to supply tightness. PBT for the quarter was RM8.97 million.

The fourth financial quarter (Q4) was profoundly affected by the full month mandatory lockdown (FMCO) which started in June 2021. As a result, sales revenue declined by 20.0% to RM61.3 million while sales tonnage decreased by 32.6% to 15,679 tonnes from the preceding quarter. The Steel Tube division registered a PBT of RM8.21 million for the quarter.

ANTI-CORRUPTION COMMITMENT

MIG continues to pledge its commitment towards anti-corruption. The Group reinforces its strict, zero-tolerance position against corruption, bribery, or any kind of abuse of power. Directors, Senior Officers and employees have signified their undertaking through the personal commitment and anti-corruption pledges.

The Group also expects all of its business partners and associates to operate in full compliance with the Company's Policy, with the highest standard of ethical conduct, integrity, and professionalism. Suppliers, vendors, and contractors have been made aware of the Group's Anti-Corruption Policy and affirmed compliance through their respective declarations. The Group shall continue to raise anti-corruption awareness amongst its internal and external stakeholders.

LONG-TERM OUTLOOK

The Steel Division has been, and continues to be the major contributor to the Group in terms of profit.

As reported by Mycron Steel Berhad, the long-term outlook for the Steel Division depends on several factors, including pricing of raw materials such as iron ore and coking coal, and Malaysia's economic recovery from a prolonged FMCO lockdown, which significantly impacted key steel consuming industries such as construction, manufacturing, and automotive. Perhaps, the most defining factor would be China's stance on steel production.

The removal of export rebates, and the potential implementation of export taxes on steel products, together with the substantial cut in China's steelmaking capacity in the near future, certainly bodes well for the long-term sustainability of the global and domestic steel industry.

Domestically, the successful Anti-Dumping review with regards to imported CRC of 1,300mm width and below, originating from Vietnam on 22 January 2021, levelled the playing field for the CRC division and stopped Vietnamese steel players from injuring domestic CRC producers.

Continuing with Mycron's efforts to address unfair trade practices and to ensure a long-term sustainable level playing field for Malaysian CRC producers, MCRC filed a petition to initiate a sunset review of anti-dumping duty with regards to CRC of 1,300mm width and below from China, Vietnam, and Korea. This is to ensure steel producers from these countries do not restart using Malaysia as their dumping ground. The sunset review was also a success, with existing anti-dumping duties being extended for another five years until 8 October 2026.

Operationally, the Group is committed to improving our operations, maximising our product quality, developing the talents of our employees, and addressing the challenges of our customers. The Group is focused on value creation by developing and maintaining a cost competitive structure, centred on operational excellence.

PROSPECTS FOR THE NEW FINANCIAL YEAR

With prolonged lockdowns on businesses extending into the next financial year, the Group's prospect outlook for the first half of FY2022 is rather uncertain.

The nation's preceding five quarters of GDP (q-o-q) contraction would likely extend into its sixth in conjunction with our first financial quarter of FY2022. The upliftment of lockdown on the non-essential manufacturing sectors on from 16th August 2021 brought much relief to our industry. However, the path to business and economic recovery is expected to be gradual and uneven, considering the severity of damage done, lingering curbs, and limited global vaccine supply.

Nevertheless, steel demand from on-going projects and contrarian-sectors thriving from the pandemic, amidst supply-chain tightness, is expected to keep the steel sector afloat and running. The Group's steel businesses may achieve a turnaround performance from the second financial quarter and onwards, especially if the nation's COVID-19 National Recovery Plan (NRP) progresses beyond Phase 1 for key states.

The second half of FY2022 could offer better prospects for the steel operations on the back of the nation attaining herd immunity from vaccination, progression to NRP Phases 3 and 4, easing of border restrictions, and simultaneous recovery of regional economies. The steel divisions are optimistic that the government would continue to adopt "iron and steel" policies supportive of the domestic steel industry, particularly over the pandemic recover phase.

On the global front, accelerated green targets and initiative due to pressing climate change threats would likely cap excessive steel capacity, output, or dumping, which would work in favour of sustainable prices and margins for steel players. Significant allocation for infrastructure spending of the world's two largest economies, also adds optimism to global steel demand outlook and possibly supply chain tightness in the short to mid term.

Although the Group's new food operations were not required to lockdown under the FMCO, their business have been affected by movement curbs entering into the first financial quarter. However, these food businesses are expected to gather momentum as further market penetration and planned investments are made over the new financial year.

Overall, significant downside risks persist with domineering COVID-19 variants and challenges which the new normal could pose on growth, recovery, and impact on the nation and the Group's businesses in FY2022.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to extend a warm welcome to Ms Chan Loo Ling, our newly appointed Chief Financial Officer. A note of special thanks to our outgoing Chief Financial Officer, Mr Choo Kah Yean for his years of admirable service and extended accountability at the helm of both the Group's listed entities.

I would also like to express my sincere gratitude to the management team and staff for their commitment, dedication, and contributions to the Group. To our valued business associates, customers, suppliers, and shareholders; thank you for your continued invaluable support, confidence, and trust you have placed in us.

Finally, I would like to thank my fellow Board members, for their stewardship and contributions to the Group.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

This Statement provides the management's analytical overview of the Group's operations and financial performance for the financial year ended (FYE) 30 June 2021 in supplement of other statements contained in this annual report such as the Chairman's statement, the Statement on Risk Management and Internal Controls, and the audited Financial Statements. Analytical disclosures made herein are based on available management information which may not have been specifically audited, and are made to the extent that these do not compromise competitively sensitive information. This section may contain opinions, judgement and forward-looking views; and as such, readers' discretion is advised.

OVERVIEW

FYE 2021 has been a financial year of paradox. The Group had endured twelve months of economic contraction from the pandemic outbreak spilled over from the preceding financial year that culminated to another state-wide lockdown from 1 June 2021. Over this period, pandemic infection numbers climbed to the highest whilst consumer confidence dropped to its lowest. Despite the four weeks of shutdown losses (of RM 3.7 million) pursuant to the FMCO (Full Movement Control Order) and higher PPE (Property, Plant & Equipment) impairment (at RM4.3 million) hitting its Income Statement, the Group posted a net profit of RM58.4 million in FYE 2021 (FYE 2020: net loss RM4.1 million): the highest since FYE 2014. Topping that, the Group posted a net revaluation gain on PPE and leasehold properties at RM11 million under 'other comprehensive income' to attain a total comprehensive income of RM69 million for FYE 2021. That is around 16% increased to shareholders' funds.

Conditions for turnaround began at the start of the 2nd half of the preceding FYE 2020 with the formation of anti-dumping measures against cold-rolled imports; US-China truce with 1st stage trade deal; and upward trending steel prices. But the momentum was abruptly halted by the COVID-19 outbreak in March 2020 which led to six weeks of mandatory business lockdown that contributed to around 48% of its FYE 2020's net loss. The business resumption in May 2020 was tepid over the Hari Raya festive period and post-lockdown SOP compliance. Things only started to improve from July 2020 in FYE 2021. The Group's strong performance for FYE 2021 arose mainly from steel segments' higher gross margins and sales volume; coupled with, the sale & deconsolidation of its engineering subsidiary.

Sale & deconsolidation of the engineering subsidiary
The sale and deconsolidation of the net liability engineering subsidiary resulted in a gain of RM5 million to the Group. See Note 11 of the audited financial statements. However, positive cashflow contribution is merely RM750,000 being the sale proceeds.

Super bull run on steel prices
Global raw steel prices started to climb sharply from July 2020 throughout FYE 2021 in tandem with the super bull run on iron-ore prices (see Chart 1 below) as demand surged due to outsized fiscal stimulus spending by major countries to revive their economies battered by the pandemic. Similar stimulus outlay into on-going infrastructure and mass transportation projects in Malaysia supported steel demand and prices. Whilst our mid-steam steel manufacturing businesses do not directly benefit from higher steel prices, the upward price-trend boosted gross margins due to customers' bullish buying behaviour and lagging effect on cost-of-goods-sold. Consequentially, the steel units' average gross margin percentage in FYE 2021 more than doubled the preceding financial year.

Demand dynamics
While 'consumer confidence' reached an all-time low over the prolonged pandemic outbreak, steel demand was strong in peculiar sectors driven by the pandemic. Besides infrastructure related push on steel demand, the pandemic also resulted in robust steel demand for the production of furniture & fittings for hospitals and worker-dormitories; white-goods & home appliances; medical & healthcare equipment; and private vehicles – for both domestic and export markets. Production capacity building by the rubber-glove sector also adds to steel demand. Consequentially, the steel units' combined sales volume for FYE 2021 increased by around 10% over the preceding financial year. Coupled with higher selling price per tonne, revenue increased by 24% over the preceding period.

Supply dynamics
Production lockdowns, border closures, port congestion, and shipping vessel shortage across the globe contributed to tightness in steel supply. With the elevated steel prices, stiff demand and constrained supply, incentive for product-dumping and price undercutting from export nations dried-up. Allocation for the export volume from these countries also dropped. These factors coupled with the broad anti-dumping duties put in-placed from past applications helped curtail under-priced imports and improved overall gross margin percentage by more than two-folds for the current financial year.

As a result, the Group recorded significant improvements on all its key financial indicators as outlined in Table 1 below. The Group is pleased to report an 'economic spread' (measured as 'average return on capital employed' less 'weighted average cost of capital') of 7% for the current financial year.

Table 1		FYE 2021	FYE 2020
Profitability			
a.	Operational Return on Average Capital Employed (EBIT/Ave Cap)	14.79%	-0.41%
b.	Return on Equity (Net Earnings/Equity)	8.90%	-0.31%
Liquidity			
c.	Current Ratio (Current Assets/Current Liabilities)	1.8	1.46
d.	Interest Cover Ratio (EBITDA/Net Interest Expense)	42.87	2.72
Capital			
e.	Weigted Average Cost of Capital (Cost of Equity assumed at 9%)	7.85	7.96
f.	Debt to Equity Ratio (includes all interest bearing debt)	0.16	0.21
Value			
g.	Net Tangible Asset per Share (RM/share)	1.18	1.03
h.	Enterprise Value to Total Comprehensive Income Ratio	2.48	(52.86)

SEGMENTS' PERFORMANCE

This section is a supplement to Note 32 of the audited financial statements on Segment Analyses. For the current financial year, the Engineering Segment reporting has been discontinued following its disposal. New investments made in the current financial year in the 'Food' sector are still at the early stages and cumulatively are below threshold to be reported as a separate segment. These are currently aggregated together with other small businesses in the UK, in modular structure, and in metal scrap; and are reported under a separate segment as 'Others'. Investment holding companies are aggregated as a separate segment, but their assets holdings and revenue mainly involve intercompany transactions which are eliminated on consolidation. The investment holding's last external revenue source has ended in December 2020 with the disposal of its investment property. See Note 15 of the audited financial statements.

Positive net profit contribution to the Group came solely from the two steel segments at RM28.9 million for Steel Tube (FYE 2020: RM8.3 million) and RM37.6 million for Cold-Rolled-Coil (FYE 2020: net loss RM7.5 million). 'Investment Holding' and 'Others' segments contributed to net loss of RM4.7 million and RM3.3 million respectively (FYE 2020: net loss of RM2.4 million and RM1.3 million respectively), as summarised in the table 2 below.

Table 2	**Steel Tube**		**Cold Rolled**		**Inv Holding**		**Others**	
RM' Million	**FYE 2021**	**FYE 2020**	**FYE 2021**	**FYE 2020**	**FYE 2021**	**FYE 2020**	**FYE 2021**	**FYE 2020**
External Revenue	271.1	201.9	463.7	392.7	0.3	0.7	3.1	0.3
Net Profit/(Loss)	28.9	8.3	37.6	(7.5)	(4.7)	(2.4)	(3.3)	(1.3)

The ensuing paragraphs discuss the key segments' challenges.

Steel Tube Segment

The Group's steel tube operation ranks second by market share in an industry dominated by top four manufacturers (with annual production volume exceeding 60,000 tonnes each) plus many more small-scale producers (with annual production volume of 36,000 tonnes or less each) of limited product-range. The Group's Steel Tube subsidiary sells to various downstream applications in steelwork fabrications, electric-conduits, fire-fighting systems, roofing & railings, furniture production, vehicles production, and piping systems. The diverse usage of steel tubes and pipes helped the sector stay resilient over the prolonged pandemic slump. Movement controls and periods of economic lockdown in FYE 2021 have resulted in lower export sales at around 6.9% compared to FYE 2020 at 10.4%.

Sales volume was generally stable over each financial quarter before dropping off in the final quarter due to the FMCO shutdown. Revenue however was on an increasing trend each financial quarter with rising selling-prices in tandem with raw material cost -as shown in Chart 1 (proxy prices) below. In comparison with the preceding financial year, sales volume (excluding tolling volumes) was up 23.4% but revenue was higher at 34% and gross margins was up more than two-folds. Steel tube/pipes demand was particularly strong from the furniture manufacturers and fabricators in the current financial year. The Steel Tube segment's net profit at RM28.9 million out-performed the last four years and was just 4% lower than the last peak achieved in FYE 2017.

Consequentially, the Steel Tube subsidiary's EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) tripled the preceding period to hit RM36.4 million – just 4.5% shy of the last peak achieved in FYE 2017.

Chart 1 **HRC Price (RM) vs Iron Ore Price (USD)**

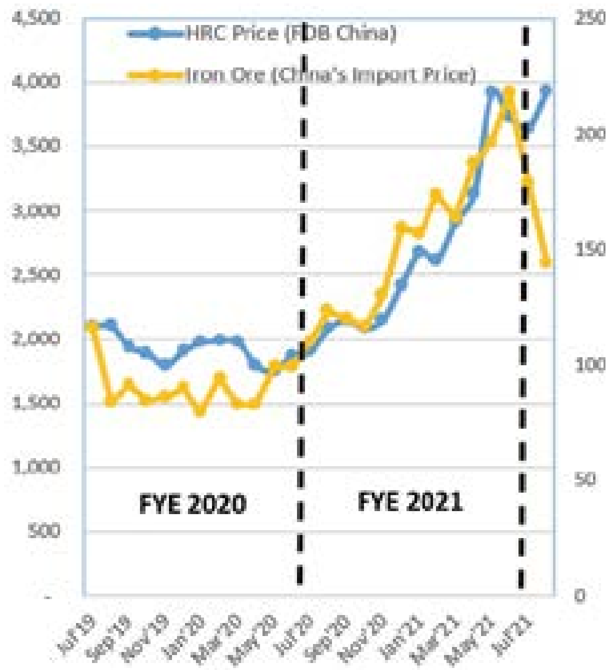
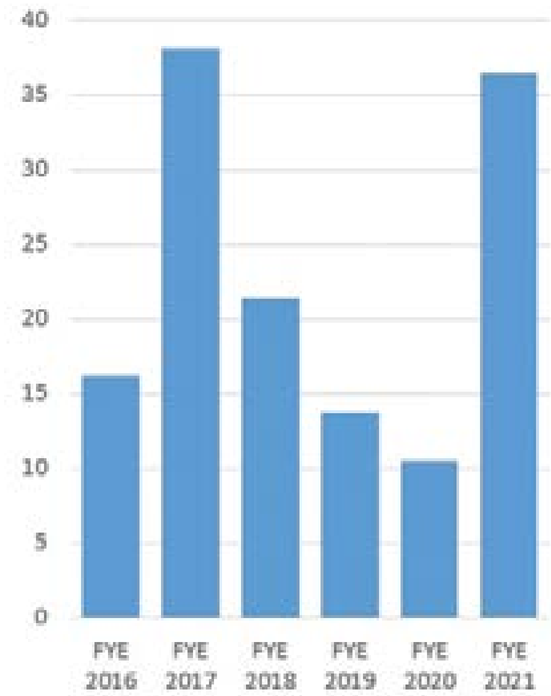


Chart 2 **Steel Tube's EBITDA in RM' million**



MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (continued)

Cold Rolled Segment
The Group's CRC operation ranks second by market share in the domestic industry dominated by only two manufacturers. It sells mainly to domestic downstream manufacturers of pipe & tubes, galvanized & coated sheets, steel drums, electrical & electronic goods, automobile parts, and equipment fabrication. Around 5% to 7% of its CRC are sold to its sister company involved in the steel tube & pipe manufacturing, with the larger balance to local downstream manufacturers whose end-products serve both the domestic and export markets. The diverse usage of CRC helped the sector stay resilient over the prolonged pandemic slump.

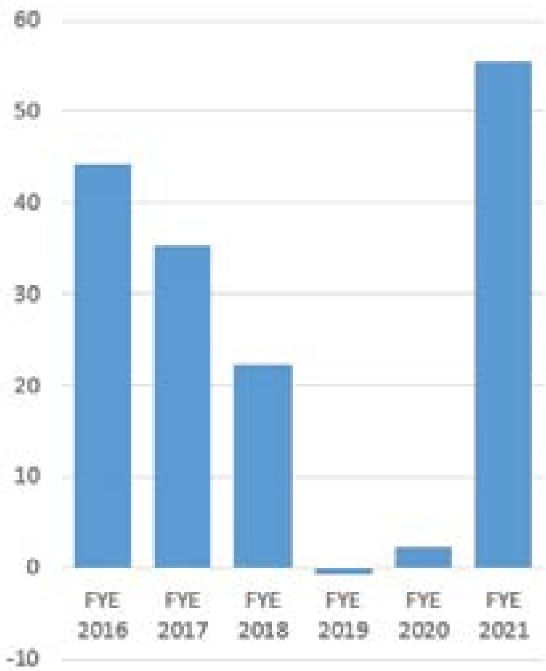
The CRC subsidiary had worked tirelessly in recent past years to address unfair competition from imports' price undercutting spurred by excesses. In continuation of that, the authorities initiated administrative review of anti-dumping duties on CRC alloy and non-alloy steel imports from Vietnam on 28 July 2020 at the application of the CRC subsidiary. The review was successful with the appropriate anti-dumping duties imposed from 24 January 2021. Arising from that plus steel supply tightness, product dumping and margin squeeze from abroad were muted for the most part in FYE 2021.

Despite the favourable conditions, the CRC subsidiary's sales volume (excluding tolling volumes) only grew 5.3% in the current financial year due to production and sales interruption in the 1st financial quarter (due to an incident of major equipment failure) and again in the 4th financial quarter (due to the FMCO shutdown for 4 weeks). Nevertheless, the CRC subsidiary was able to recoup losses through its insurance coverage on equipment breakdown, and through wider margin spread from sharp upward price trend (see Chart 3 on China's HRC and CRC prices as proxy). CRC demand was particularly strong from the furniture and pipe manufacturers in the current financial year. The CRC segment's net profit at RM37.6 million is the highest achieved in the last ten years, exceeding the last peak attained in FYE 2016 by 66%.

Consequentially, the CRC subsidiary achieved a record EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) of RM55.5 million for the current financial year – starkly 25% higher than the last peak achieved in FYE 2016.

Chart 3 **HRC Price vs CRC Price (RM)**

Chart 4 **MCRC's EBITDA in RM' million**



Others Segment

The main focus amongst the mix of businesses in this segment is the UK operations and the ‘Food’ operations. The UK operations’ steel pipe distribution business has been supplemented with container storage business in the recent years. For the current financial year ended, its container storage was 41% occupied and had contributed to 36% of the UK operation’s total revenue. The UK operations recorded a net loss of around RM1 million in the current financial year. The Group made number of new investments in the ‘Food’ sector under the 3Bumi umbrella over the current financial year. See Notes 16 of the audited financial statements. The ‘frozen meat & seafood’ business commenced operations in December 2020 and had recorded RM2.8 million in revenue with a net loss of RM1.1 million in the current financial year. The ‘edible oil’ bottling and distribution business only commenced operations in the late 4th financial quarter when all the needed licenses have been obtained.

OUTLOOK AHEAD

The Group had a rough start into the new financial year with six weeks of FMCO/NRP Phase-1 lockdown until 16 August 2021 which resulted in losses. The pace of business resumption was slow as the Group and its nationwide-customers grappled to meet ‘completed vaccination’ numbers and the reopening-SOP. On the positive-side, the steel operations have healthy orders-on-hand (secured prior to the FMCO lockdown from 1 June 2021) to ram-up production and start fulfilling outstanding orders post business resumption. However, inflows of new orders are noticeably slower in the post-lockdown period due to various market factors and poor sentiments. The hope for a global recovery that will also uplift the domestic economy waned with the emergence of COVID Delta-variance outbreak globally. Topping that, the start of the new financial year was greeted with a sharp correction in iron-ore prices driven by China’s steel production cut as it works toward advancing climate goals and controlling commodity markets. Even-though, the sharp dip in iron-ore prices only translated to around 10 to 13% drop in HRC prices (owing to other production components’ significantly elevated cost -such as on coking coal, energy, and transportation), it generally spooked the market. The recent crisis in China’s property sector also adds to regional steel markets’ volatility.

Nevertheless, there are some silver-linings. Foremost, the global steel-supply-chain is expected to remain tight due to a combination of existing factors: persistent pandemic curbs; climate-goal curbs; buoyant localised demand; lower export volume offerings; logistic bottlenecks; and elevated shipping cost. As such, steel product prices and margins should remain supported with the tight supply, elevated production costs, and possibly upside demand once the global economy regains growth traction. Secondly, anti-dumping duties against imported CRC of alloy and non-alloy have been renewed in October 2021 for another five years into 2026. The refreshed national steel policies that are pro-domestic steel industry would likely be incorporated into its 12th Malaysia Plan 2021- 2025. All these would translate to a more stable and protected domestic steel market in the near to mid-term.

The Group’s new Food businesses are expected to expand further in the next financial year as its ‘Frozen Meat & Seafood’ and the ‘Edible Oil’ businesses should be able to accelerate market penetration with the gradual reopening of the economy. The Group is also expected to execute its investment plan to set-up multiple food retail outlets in Cambodia in the next financial year which could also supplement the market-footprint of its Frozen Food and Edible Oil operations. The scope to grow the Food sector is sizeable.

The general consensus is the nation should get back into its growth footing by the 4th fiscal quarter 2021 as its economy fully reopens with its ‘completed-vaccination’ rate amongst adults exceeding 90% by mid-October. Similar favourable prognosis on global immunisation progress and economic recovery should also be occurring into 2022. Depending on what the new ‘norms’ would be under a lesser endemic or epidemic scenario, the 2nd half may offer upside potential on the Group’s performance. Regardless, the various efficiency optimisation and cost containment projects undertaken by the Group in the recent past would kick-in to contribute positively to bottom-line. Overall, our outlook for the new financial year is cautiously optimistic.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This Sustainability Statement is made in compliance with Bursa Malaysia's Listing Requirements under Appendix 9C Paragraph 29, and Practice Note 9 Paragraph 6. This Statement contains contextualised information on the Group's economic, environmental and social sustainable practises; and should be read in conjunction with the accompanying 'Corporate Governance Overview Statement' and the 'Statement on Risk Management and Internal Control' - which together form its integrated 'Environment, Social, & Governance' (ESG) reporting.

In the making of this Statement, the Group applied the principles and standard disclosures specified in the Sustainability Reporting Guide issued by Bursa Malaysia, and some guidance from the Global Reporting Initiatives (GRI) standards issued by the Global Sustainability Standards Board.

This report may contain opinions, external referenced information, and unaudited non-financial data. Whilst efforts were made to ensure these are reasonable at the time extracted, the actual or future outcomes may differ. Users' discretion is advised.

A. OVERVIEW

The Group holds the view that preservation of its 'economic sustainability' is dependent on its long-term ability to deliver value to its customers and in ways which conserve the eco-social environment whilst maintaining a win-win co-existence with the various stakeholders. To achieve that, the Group focus on 'sustainable' business practices centred on managing sustainability issues and stakeholders' expectations throughout its internal value chain – as summarised in Illustration 1 below.

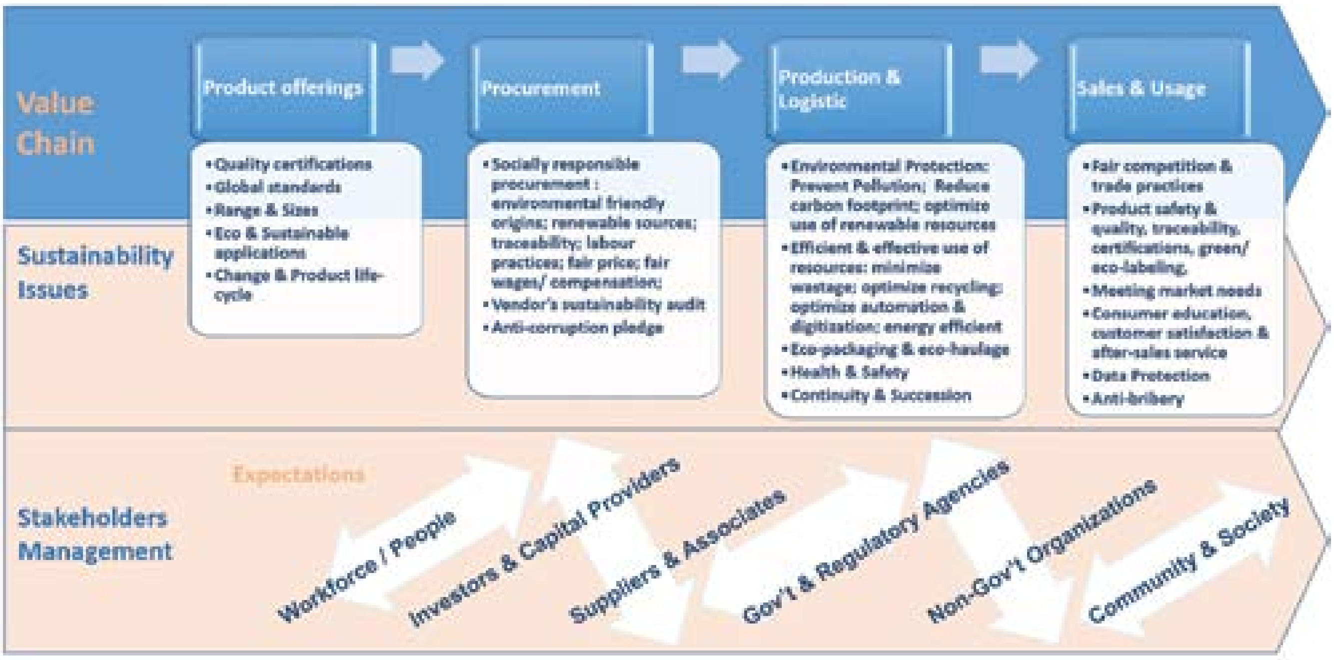


Illustration 1

B. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK

The Group's sustainability governance structure, and sustainability management framework remain steadfast from those disclosed in the past financial years (FYE 2019 and 2020).

Sustainability governance is a seamless component of the Group's corporate governance structure. The management convenes monthly to address business and operational matters with cross consideration for environmental and social factors. In these forums, management periodically assess the materiality of ESG topics in-relation to their impact on business sustainability; and where required, rebalance strategies and resources to deal with pressing or emerging issues. We prioritise stakeholders' engagement in all our sustainability effort, and continuously recalibrate engagement strategies to address conflicting needs.

The Board via its Risk & Sustainability Committee had convened four times virtually in the current financial year to review sustainability issues and initiatives with the management.

SUSTAINABILITY GOVERNANCE STRUCTURE HIGHLIGHTS

- **Top Driven:** Board represented 'Risk & Sustainability Committee'
- **Bottom-Up:** Two-way communication & feedback loop, Measures, Transparency & Accountability
- **Embedded:** Values, Policies & Procedures
- **Aligned:** Corporate Objectives & Strategies
- **Linkage:** Risk Management, Financial Reporting, Performance-Rewards & Audit Assurance
- **Empowerment:** Coherent actions & engagements throughout hierarchy

Our assessment on the materiality of relevant sustainability issues on our businesses for the current financial year is summarised in Illustration 2 below.

Illustration 2

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES

From the 'materiality assessment', we outlined below the major clusters of ESG sustainability matters contemporaneous to the Group for the current financial year. Most of these material sustainability matters relate to the Group's steel businesses involved in the manufacturing of goods. The Group's other businesses are generally service-oriented with negligible direct impact on the environment.

1.0 PEOPLE

1.1 The Pandemic

The tribulations of the COVID-19 pandemic on our people over the last 18 months have been unparalleled as they have to constantly juggle between infection threat, movement & social restrictions, and the preservation of livelihood. The consequential negative impact on mental health cannot be understated. In this regard, the Group placed extra emphasis on helping its people through this difficult period by ensuring a COVID-19 free work environment and the availability of pandemic-related support.

a. Access to medical attention

Our people and their immediate family members have unfettered access to medical attention at the onset of any suspected COVID symptoms from any of its 8 clinic and hospital outlets within its panel. Our people are also covered under its group policies on hospitalisation & surgical insurance, and accident insurance - although these exclude COVID treatment which is centrally administered by the Government.

b. Preventive Measures

We strictly comply with the Government imposed 'Standard Operating Procedures' (SOP) in dealing with the COVID-19 outbreak in every stages of the Movement Control Order (MCO) and National Recovery Plan (NRP), including the Ministry of Trade and Industry (MITI)'s Safe@Work SOP for the manufacturing sector.

We arrange periodic COVID-19 test screening for all our workers. Personnel whom had direct contact with infected individuals or clusters were subjected to self-quarantine and testing. To balance the demands of protecting lives and livelihoods, we have established 'safe-work-bubbles' which provided the flexibility to allow 2nd-level contact workers to continue working instead of been barred until full testing and quarantine. All our employees are monitored daily and are supplied with free face-mask and sanitisers at various access points. In-line with best practice, we also have established an Emergency Preparedness & Response Team to deal with any COVID-19 emergency cases.

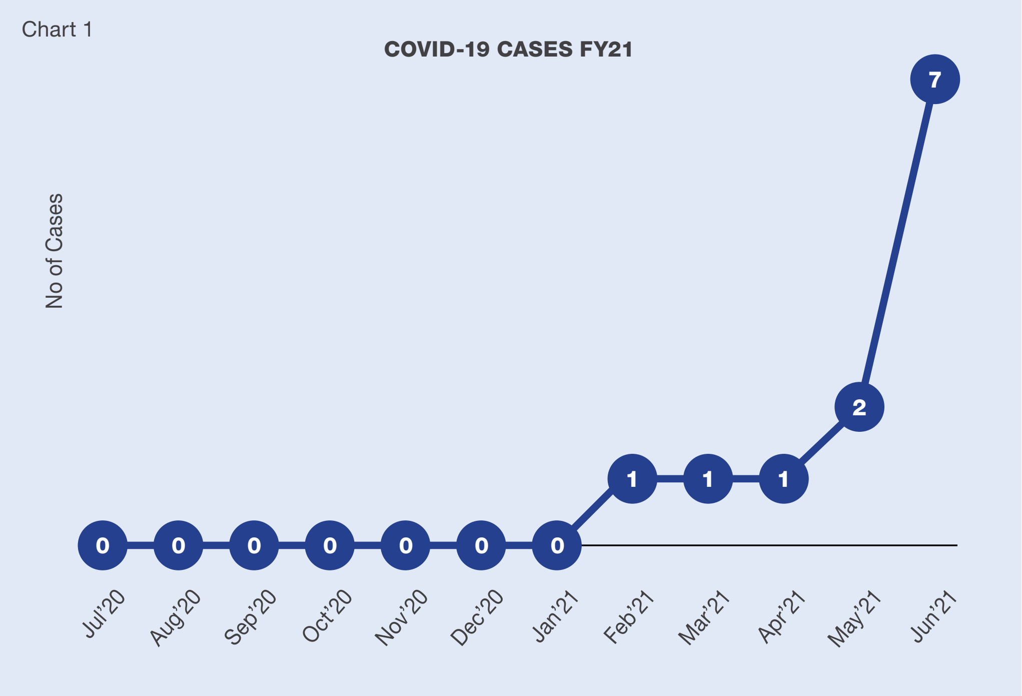
Daily checks had enabled the Group to detect and isolate COVID infection early at the onset. This has prevented any internal spread, and the Group had zero incidence of internally spread COVID cluster. Externally infected cases were few throughout the pandemic period and only started to spike during the mandatory business lockdown for non-essential services/goods beginning in June 2021, as shown in Chart 1.

Test screened for COVID-19 100% every month

Red-alert and quarantine cases 40%

Infected cases 2.3% for local workers; 0% for foreign workers

b. Preventive Measures (continued)



The Group encourages and promotes COVID vaccination amongst its people, but have to stop short of making it compulsory in the absence of legal requirement. Completed vaccination rate amongst staff was a low 5% at the close of the current financial year, driven by the slow pace of centralised allocation by the Government. However, the rate of full vaccination accelerated towards 90% by end August 2021 (in the next financial year) with our participation in the *Steel Industry Immunisation Collaboration Programme* where the cost of vaccination was borne by the Group.

c. Equipped

The pandemic curbs and work-from-home rulings have dramatically changed the way we connect, communicate and work. Interactions have been mostly relegated to virtual meetings, tele-conferencing, emails, and mobile communications. For the most part of the current financial year, our non-factory staff have to routinely work from home. Over the current financial year, around 170 hours in video conference time was clocked. The Group also held its first virtual Annual General Meeting in the last financial year using hosted web-cast interactive applications.

The prolonged social isolation and loss of liberty has taken a toll on everyone. We help our people adapt in this pandemic isolation by providing the necessary tools, virtual visual platforms, self-regulating empowerment, and access to counselling where required.

d. Livelihood

Our manufacturing units suffered significant losses averaging RM1.2 million per week during those mandatory shutdown periods in the absence of sales. Despite the prolonged pandemic curbs and 16 weeks of mandatory business shutdown over the last 18 months (i.e. March 2020 to August 2021), we have abstained from any layoff or furlough or remuneration reduction of our people. The workforce in the Group remains relatively flat compared to the preceding financial years.

e. Living Conditions

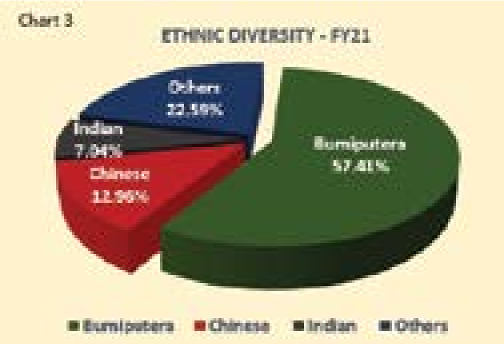
The proliferation of 'foreign-worker living quarters' COVID-19 clusters in the country have resulted in updates to the "Employees' Minimum Standards of Housing, Accommodations and Amenities Act" effective from 2021. We have since reviewed and made the necessary upgrades to the living arrangements for our 48 foreign workers to comply with the new regulations – at an additional cost of RM56,000 per annum to the Group. There were no incidences of COVID-19 outbreak in any of our foreign workers living quarters in the current and the preceding financial year.

1.2 Other Commitments

Our commitment on 'people' assets encompasses many facets

a. Diversity & Inclusion

Our hiring policy does not discriminate against any race, religion, or gender. We aim for diversity in workforce in ways which mirrors the ethnic and gender composition of the country. Diversity serves well for our manufacturing operations as it accords staffing flexibility during major festive periods tied to ethnic groups. Priority on job placement is given to locals over foreign.

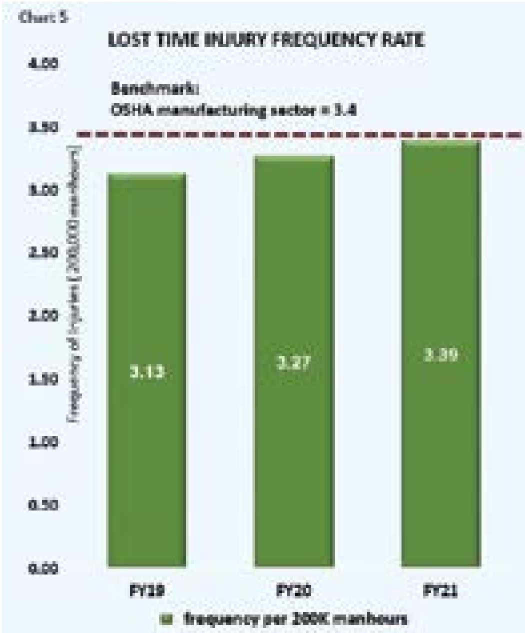


b. Well-being

We are committed to providing a balanced "well-being" to our people in terms of having a (i) safe and conducive workplace; (ii) competitive package & respecting labour rights; and (iii) opportunities for upskilling & personal development.

(i) Health & Safety

Occupational health & safety is a top priority for our factories. Health and safety features are embedded in our production-line & systems; work-flows; procedures & processes; and quality-systems. Our manufacturing operations are also regulated by the 'Occupational Safety and Health Act' and the 'Factories and Machinery Act', which combined covers wide ranging regulations over licensing, machinery upkeep, environmental management, and staff welfare. Our people work vigorously to comply with these, and each steel unit has established a H&S committee aided by designated officer to oversee initiatives, awareness & training, incidents management, and compliance. Despite all the safety measures, work-injuries may still occur due to lapses and complacencies. In that regard, 'safety' is regarded as a continuous improvement process. Over the current financial year, we continued to run safety awareness and incentive campaigns to drive improvements as the Group factories' 'lost time injury' frequency rate (per 200,000 manhours) has creeped up slightly over the last two years as shown in Chart 5, possibly due to COVID-19 stress. Nevertheless, our 'lost time injury' frequency remains within the benchmark rate of 3.4 based on USA's Occupational Safety & Health Administration (OSHA) statistic for the manufacturing sector. All incidents at our workplace are duly investigated, and corrective actions taken to prevent future recurrence.



(ii) Competitive Package & Labour Rights

We aim to provide a competitive and commensurable remuneration package to our workforce in ways which is sustainable over the long run. In this regard, we look beyond monetary compensation and benefits (e.g. various allowances, cash incentives, and performance bonuses) to include non-monetary benefits (e.g. employee amenities, sport activities, recognition awards, and fellowships) some-of-which had been temporarily shelf due to the pandemic. Our employees are treated as stakeholders and are inclusive in shaping the organisation. We do not condone any form of indentured labour, and have benchmarked our practices against international standards. Our workers are free to resign in accordance with contract provisions based on prevailing labour and immigration laws. Even-though only around 16% of our factory workers are unionised due to legacy set-up, the negotiated compensation and benefits under the collective-agreement set the baseline for non-unionised staff.

SUSTAINABILITY STATEMENT (continued)

b. Well-being (continued)

Contrary to the belief that the pandemic has eased labour supply with the rise in unemployment, the opposite effect was seen in 'blue collar' jobs particularly for the manufacturing sector due to the prolonged border closure. Our non-executive workforce turnover-rate for FY2021 at 6.11% (FY2020: 9%) is significantly lower than the benchmark Malaysian Employers Federation's turnover rate for non-executives for the manufacturing sector at 15% in 2020. Around 75% of the Group's workforce has been with the organisation for 5 years and above as summarised in Its workforce's "years-in-service" profile Chart 6.

(iii) Upskilling & Personal Development
We are committed to upskilling our employees. In the current financial year, despite the pandemic, we delivered around 34 training courses to more than 120 employees for more than 1224 hours of training – which averages out to 10 hours of training per employee. Our training program covers everything from anti-corruption to leadership.

c. Ethics & Compliance

Since inception, the Group has demonstrated an unwavering commitment to doing business ethically; and this is carried out through a set of core-values -encompassing integrity, fairness, and accountability- to drive coherent conduct. We also have implemented a comprehensive ethics and compliance program with the support from our Board and senior management to further ingrain our commitment to lawful and ethical business practises throughout the Group. Over the current financial year, the ethics and compliance program has been expanded to cover the amendments of the Malaysian Anti-Corruption Act, and the updated 'Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries'. To ensure expectations are met, comprehensive awareness and training programs were carried out in-addition to employees' pledge and self-certification. Risk assessment in these areas is also continuously carried out.

2.0 ENVIRONMENT

Our environmental stewardship is driven by three principal policies:

- compliance with environmental laws and regulations;
- consume the least amount of required resources; and
- avert any harm to the environment

With the focus on these principal policies, our operations collaborate with peers, suppliers, technical providers, and other stakeholders to promote sustainable and cost-effective environmental strategies and solutions.

a. Environment Laws & Regulations

The backbone of environmental law covering our manufacturing operations is the Malaysian Environmental Quality Act and its comprehensive set of Regulations governing emission, air, noise, scheduled waste, radioactive materials, industrial effluent & gases, sewage, and licensing. The cold rolled coiled and steel tube factories have to meet hundreds of stringent environmental compliance requirements each year. To ensure consistent and reliable environmental management, our compliance is structured around the International Organization for Standardization (ISO) 14001- which our key steel operations are certified.

Our manufacturing operations passed all environmental audits conducted by the DoE (Department of Environment) in the current financial year. There were no incidents of material environmental violations or fines recorded by the operations, except for an incident of scheduled-waste labelling issue where the steel tube company was fined RM4,500.

b. Resource Consumption & The Environment

The second environmental management policy is to consume input resources responsibly in an efficient and sustainable manner, and in ways which would minimise carbon footprint. Effort in this area is continuous and is coordinated through the respective unit's sustainable committees.

Energy Management & Audit
We proactively manage our energy consumption and had set a target of 10% reduction within two years from our 2017 baseline. We managed to achieve that in 2020, and have reset target for further 10% reduction by 2022. To fulfil our target, periodic energy audits are carried out rotationally on functions and processes, and recommendations are then made to the committee for further action. In the current calendar year, the cold rolled coil unit received a full grant from the Sustainable Energy Development Authority for an independent energy audit for its plant. As an accolade to our energy management effort, our cold rolled subsidiary was selected as the winner of the National Energy Awards 2021 under the 'Energy Management in Large Industry' category.

Prime Run
Substantial savings in resources can be achieved from minimising any reworks through the multiple production steps. In reality, to achieve a 100% prime run consistently is improbable due to uncontrollable variables. Nevertheless, continuous efforts are made to narrow such variables with incremental solutions to bring actual prime-run percentages closer to target. Even-though data on the aforementioned is classified, our operations have been squeezing gains on prime runs over the years.

Scrap Recovery
The production of cold-rolled coil and steel tube results in a percentage of metal waste by-products. All metal waste is collated for recycling purposes with 3rd parties through open tender to the highest bidder. For the current financial year, a total of 9,592 tonnes of steel scrap representing approximately 5% of raw steel material through-put were recovered for recycling disposal.

Galvanize Plant Upgrade & Zinc-Ash Recovery
The Group has recently invested 2.3 million in upgrading the zinc galvanizing plant (for coated steel pipe production) with state-of-the-art environmental features in air filtration and energy efficiencies. The upgrade is also supplemented with a zinc recovery system from ash-waste by as much as 45% in weight.

Renewable Energy
With effect from March 2021, we have two plants started running on solar power totalling 3.1 MWp (Megawatt-peak) under the nation's renewable energy Net Energy Metering (NEM) 2.0 Scheme which allows for up to 75% of maximum electricity demand to be met by solar photovoltaic (PV) system. The installed solar PV solution in partnership with Engie France not only will reduce our carbon footprint by approximately 2,700 metric tonne of CO^2 annually but will also provide financial savings through 4% reduction on electric tariff and through export of solar power on non-operation days to the grid on a 1:1 offset basis. The new NEM3.0 is significantly less attractive compared to the superseded NEM2.0, and would likely encompass a different investment approach for our remaining two plants to go solar PV.

Acid Regeneration
The 'Continuous Pickling Line' process of our cold rolled coil production consumes about 4,200 tonnes of hydrochloric acid per year. Our investment in a state-of-the-art closed loop acid regeneration plant in supplement of that process would cut hydrochloric acid purchases by 95%, and eliminate spent-acid waste by 100%. The construction of ARP which has been delayed by more than 18 months due to the COVID-19 pandemic is slated to commence operation in the new financial year 2022.

SUSTAINABILITY STATEMENT (continued)

c. Value Chain & The Environment

Our third environmental management policy is to avert or minimise any environment harm resulting from our value-chain activities and those of our supply-chain. Compliance with the first two principal policies would have substantially minimised harm to the environment. Nevertheless, additional effort such as those below are carried out to further environmental objectives.

Supply-Chain Certification
All key suppliers are assessed on their sustainability practices particularly on the environment and labour practices to ensure that they meet world-class standards, before been admitted into our panel of approved suppliers. Annual compliant assessment on key suppliers is generally carried out through questionnaires and physical site inspection/audit. The latter assurance step could not be carried out over the last 18 months due to pandemic travel curbs and border closure.

Eco-labelling & Green Certification
Resulting from the supply-chain's "green" credentials management and coupled with our own environmental best practices, we are able to provide eco-traceability on our products to our customers. In this regard, our Cold Rolled Coil unit is certified under SIRIM ECO 032:2020 standard and Green Label certification ISO14024, and is licensed to use Eco-Labelling & MyHIJAU markings on its products.

SIRIM
ECO-LABEL

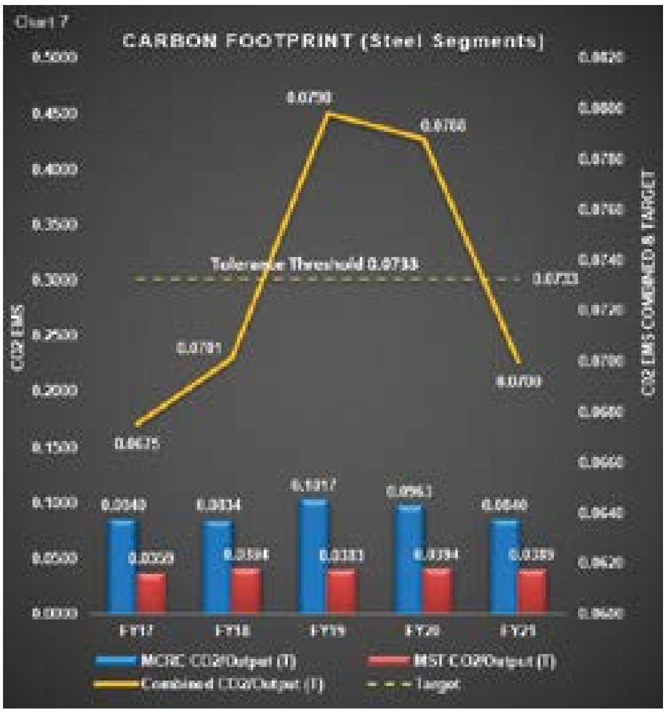
MyHP 00083/21

Going Digital
In tandem with the national policy on technology transformation of the manufacturing industry 4.0, our steel tube operations have embarked on next-level digitisation and networking of its manufacturing operations which would reduce manpower, minimise wastages, enhance response time, and eliminate paper printouts. The Manufacturing Execution System (MES) costing RM2.5 million contributes towards our environmental objectives with estimated net savings yielding a payback period of 3.5 years.

Recycling & Reuse
Aggregating waste for recycling helps slow landfills, reduce discharge, and improves sustainability. Our recycling effort extends beyond steel to include other manufacturing waste (e.g. zinc dross, zinc ash, spent-acid, water, & packing materials), office waste (e.g. paper & plastic) and electronic waste (e.g. computers & equipment). The recycling rates amongst these vary with the highest for steel waste (estimated at 99%) to the lowest for plastic waste (estimated at 50%).

d. Carbon Footprint

Carbon footprint of mid-stream steel manufacturing such as ours is significantly smaller at below 4% of the up-stream's size. Our factories do not have any major carbon dioxide emitting processes, and their carbon footprint is mainly driven by the consumption of grid-electricity, fossil fuel, natural gas, and pipeline water. We do not include the carbon footprint of input raw steel materials as our own, as doing so would obfuscate the "value-add" role we play in the steel value chain. We measure our carbon footprint per unit output based on standard carbon metrics of energy and resources consumed in the value-adding conversion process, and dividing the ensuing carbon emission total tonnage with total product output tonnage.



To achieve our goal in seeking annual reduction to our carbon footprint, we invest in green & renewal energy; in recovery or decarbonised systems & processes; and in recycling systems.
From the initiatives and investments undertaken (as disclosed in this report), we achieved improvement with a 11% reduction on our carbon footprint in the current financial year as shown in the chart below. The Group's combined carbon-footprint at 0.07 tonnes/tonne output in the current financial year also met its objective to stay below self-set tolerance threshold of 0.0733 tonnes/tonne output.

3.0 SOCIAL & COMMUNITY

We believe in engaging the society and the communities in-which we operate, and promoting a symbiotic relationship for long term sustainability. Key areas of focus are as follows:

a. Vicinity Impact Assessment

All our factories are located in established 'light industrial' zones away from residential areas, and do not have any history of conflict with nearby communities. Peculiar to our industry is the transportation of heavy steel loads in and out of our factories; and the associated issues on road-safety, traffic congestion, and pollution these heavy-commercial vehicles might bring to the community and road users. In this regard, we ensure strict compliance with safe-methods protocols in packing, loading, and securing the goods for transportation. In similar manner, we also ensure our contracted transporters meet all licensing requirements and complies with the Road Transport Department's regulations and laws. We did not have any violation incidents with the community or the authorities in the current or preceding financial year. Relationship with neighbour factories and commercial hubs has been cordial. We give priority to support businesses within the proximity of our operations. Collectively, our 500 plus workers and fleet of vehicles support an ecology of small businesses in the vicinity meeting their daily amenity needs. The prolong COVID pandemic curbs and work-from-home requirement have severely affected the community of small businesses in the vicinity of our operations.

b. Training Ground

The Group leverage on its business operations as an 'on-the-job training ground' for fresh graduates to gain formal work experience and to improve the 'labour-pool'. In this regard, the Group's businesses frequently take-in interns for 'on-the-job-training' experience for final year students in field of studies relevant to our operations. Over the current financial year, the Group took in only two interns for 'on-the-job-training' attachment due to the COVID-19 pandemic. To expand the 'talent pool', the Group also has recently signed a memorandum of understanding with an International College to extend hiring-interviews for its top graduates.

c. Giving

We are a proponent of Milton Friedman's views that 'social responsibility' of a business enterprise is to make profits, and that philanthropic activities are best left to shareholders. Each year the Group receives hundreds of solicitations for donation or sponsorship from various bodies and organisations. Whilst we may fulfil a few donations to the most needy, we generally focus our corporate-social-responsibility (CSR) activities on selective causes with some strategic alignment to our corporate objectives. In this regard, we only expended RM13,000 in direct donations over the current financial year.

In the recent past before the pandemic outbreak, we had supported a handful of orphanages with monetary and non-monetary contributions in-conjunction with visits and social-interactions by our employees. Our employees had also organised a donation drive for books and learning tools to stock-up modular children-libraries built by our subsidiary at unserved locations with steel structure materials from the Group. We believe in giving whatever little support we could to under-privileged children, in hope that it could add-up to building a better generation. For the nation, we had organised in-house conferences for 45 participants from the Royal Custom of Malaysia to share our knowledge on the intricacies of the steel value chain and how the myriad of steel classifications could fit into custom HS-codes.

The Group's CSR activities for the current financial year has been curtailed by the pandemic restrictions and safety concerns.

CORPORATE INFORMATION

DOMICILE
Malaysia

LEGAL FORM & PLACE OF INCORPORATION
A public listed company incorporated in Malaysia under the Companies Act 1965 and limited by shares

DIRECTORS
Tunku Dato' Yaacob Khyra
Executive Chairman

En Azlan bin Abdullah
Non-Independent Non-Executive Director

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Non-Independent Non-Executive Director

Datin Seri Raihanah Begum binti Abdul Rahman
Independent Non-Executive Director

Mr Kwo Shih Kang
Senior Independent Non-Executive Director

Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram
Independent Non-Executive Director

SECRETARY
Ms Lily Yin Kam May

AUDIT AND GOVERNANCE COMMITTEE
Mr Kwo Shih Kang
Chairman

Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram
Member

Datin Seri Raihanah Begum binti Abdul Rahman
Member

REGISTRAR & TRANSFER OFFICE
Trace Management Services Sdn Bhd
Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03-6252 8880
Telefax No. : 03-6252 8080

REGISTERED OFFICE
Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03-6252 8880
Telefax No. : 03-6252 8080

PRINCIPAL PLACE OF BUSINESS
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No. 566 Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03-6250 6000
Telefax No. : 03-6257 1555

SOLICITORS
Chooi & Company + Cheang & Ariff
CCA @ LOKE MANSION
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50300 Kuala Lumpur
Telephone No. : 03-2691 0803
Telefax No. : 03-2693 4475

Othman Hashim & Co
6th Floor Wisma Kah Motor
566 Bt 3 ½ Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03-6257 3399
Telefax No. : 03-6259 3393

AUDITORS
Messrs PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Telephone No. : 03-2173 1188
Telefax No. : 03-2173 1288

PRINCIPAL BANKERS (IN ALPHABETICAL ORDER)
Ambank (M) Berhad
Bangkok Bank Berhad
CIMB Islamic Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Number 3778

WEBSITE
www.melewar-mig.com

E-MAIL
enquiry@melewar-mig.com

CORPORATE GROUP STRUCTURE
AS AT 21 OCTOBER 2021

MELEWAR INDUSTRIAL GROUP BERHAD
(Reg. No. 196901000102 (8444-W))

Property Investment and Investment Holding
(Main Market Listed)

- 74.13% **Mycron Steel Berhad** Investment Holding Main Market Listed
  - 100% **Mycron Steel CRC Sdn Bhd** Cold Rolled Coil Manufacturing
    - 100% **Silver Victory Sdn Bhd** Trading of Steel Related Products
  - 100% **Melewar Steel Tube Sdn Bhd** Steel Tube Manufacturing
- 100% **Ausgard Quick Assembly Systems Sdn Bhd** Supply and Construct Quick Assembly Homes
- 100% **Melewar Imperial Limited** Investment Holding
  - 100% **Jack Nathan Limited** Wholesale and Distribution of Steel Tubes in United Kingdom
  - 100% **Melewar Steel UK Ltd** Distribution of Steel Tubes in United Kingdom
- 100% **3Bumi Sdn Bhd** Investment Holding
  - 80% **3Bumi Oleo Sdn Bhd** Bottling and Distribution of Palm Olein Edible Oil
  - 80% **3Bumi Trading Sdn Bhd** Trading of Frozen Meat and Seafood
  - 100% **3Bumi (Cambodia) Co., Ltd.** Food Distribution and Retail Business
  - 100% **3Dara Sdn Bhd** Dormant
  - 100% (1) **3Padi Growers Sdn Bhd** Dormant
- 100% **Melewar Steel Mills Sdn Bhd** Trading of Steel and Iron Products/Scrap
- 100% **Melewar Steel Services Sdn Bhd** Dormant
- 100% **Melewar Steel Assets Sdn Bhd** Dormant

(1) Formerly known as Melewar Ecology Sdn Bhd

STEEL

OTHERS

NON-ACTIVE/DORMANT

QUALITY RECOGNITION

Melewar Industrial Group Berhad, via its main operating sub-subsidiaries, Mycron Steel CRC Sdn Bhd (“MCRC”) and Melewar Steel Tube Sdn Bhd (“MST”) constantly strives to improve operational excellence and meet customers’ expectations.

MCRC achieved its first ISO 9001 certification by SIRIM and IQ Net in 1996, followed by MST in 1997. Over the years, MCRC and MST have established a more effective Quality Management System to adapt to the latest global challenges.





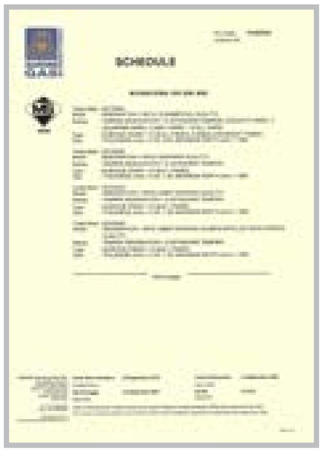



SIRIM ISO 9001 : 2015

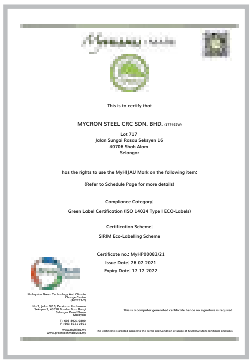
QUALITY RECOGNITION
(continued)

In September 2016, MCRC obtained product certification by SIRIM in recognition of its product quality compliance against the Malaysian Standard (MS 2651 : 2015) and Japanese Industrial Standards (JIS G3141 : 2011). MCRC's products are verified, tested and confirmed, in meeting the parameters covered by the two mentioned Quality Standards. These certifications are beneficial not only to MCRC, but also the industry as a whole, as they provide our customers with assurance of quality and reliability. We are continually raising the bar as far as quality is concerned, aligned with our mission, to be the highest Quality Cold Rolled Steel Sheets manufacturer in Malaysia.





On the environment front, MCRC plays a pivotal role in ensuring continual improvement of environmental performance in all its business operations. In June 2014, MCRC obtained the ISO 14001 : 2004 Environmental Management System certification and in June 2017, MCRC was certified with ISO 14001 : 2015. Subsequently in 2020, MCRC was awarded the SIRIM Eco-Label Licence and was granted the rights to use the MyHIJAU Mark on its products since February 2021.

QUALITY RECOGNITION
(continued)

MST on the other hand, is continuously improving the quality of its products and processes with a variety of certifications such as the EC Factory Production Control Certification and CE Marking from Lloyd's Register, Perakuan Pematuhan Standard (Bahan Binaan) from CIDB Malaysia, and EMAL certification from Cawangan Kejuruteraan Elektrik Jabatan Kerja Raya Malaysia. The conformity of the products and processes with these standards are periodically reviewed and confirmed by way of internal and external audits. The quality of MST's products meets the requirements of many international standards. In 2019, MST successfully obtained the LOGO BUATAN MALAYSIA certification from the Ministry of Domestic Trade and Consumer Affairs for its AURORA conduits and cold rolled products.

International Standards:

British Standard
- BS EN 10255 : 2004 for Welded Steel Tube

British Standard
- BS 31 : 1940 for Steel Conduit for Electrical Wiring

British Standard
- BS EN 39 : 2001 for Loose Steel Tubes for Tube and Coupler Scaffolds

American Standard
- ASTM A 500/A 500M : 2013 for Cold Formed Welded Carbon Steel Structural Tubing in Round and Shape

Japanese Standard
- JIS G 3350 : 2009 for Light Gauge Steel for General Structure

Japanese Standard
- JIS G 3444 : 2010 for Carbon Steel Tube for General Structure

Japanese Standard
- JIS G 3445 : 1988 for Carbon Steel Tube for Machine Structural Purpose

Japanese Standard
- JIS G 3452 : 2010 for Carbon Steel Pipe for Ordinary Piping

QUALITY RECOGNITION
(continued)

Malaysian Standards:

MS 61386-21 : 2010 for Rigid Steel Conduit for Cable Management

MS 863 : 2010 for Welded Steel Pipe

SPAN TS 21827 : PART 2 : 2013 for Non Alloy Steel Tube for Water and Sewerage

MS EN 10219-1 : 2015 for Cold Formed Welded Structural Hollow Section of Non-alloys Steel

MS 1462-2-1 : 2010 for Steel Tubes for Tubular Scaffolding

Other Certifications:

IRON AND STEEL PRODUCTS
- Cold Formed Welded Structural Hollow Sections

IRON AND STEEL PRODUCTS
- Rigid Steel Conduit for Cable Management
- Steel Conduit for Electrical Wiring
- Steel Pipes for Water and Sewerage
- Steel Tube for Metal Scaffolding
- Welded Steel Pipes

Ministry of Domestic Trade and Consumer Affairs LOGO BUATAN MALAYSIA Certificate for AURORA Conduits and Cold rolled products

EC Factory Production Control Certificate EN 10219-1:2006 for Cold Formed Welded Structural Hollow Sections of Non-Alloy Steels

PROFILE OF DIRECTORS

TUNKU DATO' YAACOB KHYRA

Executive Chairman

- Chairman of the Executive Committee

AGED 61

MALAYSIAN

MALE

Tunku Dato' Yaacob Khyra is the Executive Chairman of the Company and was appointed to the Board of Directors of the Company on 7 October 2002. He was the Group Managing Director/Chief Executive Officer of the Company since 11 October 2002 before being redesignated as the Executive Chairman on 26 August 2008. He currently holds the position of Executive Chairman of MAA Group Berhad ("MAAG") and Mycron Steel Berhad ("MSB").

Tunku Dato' Yaacob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is a Board Member of MAAG, MSB, Turiya Berhad, Melewar Group Berhad, Khyra Legacy Berhad ("KLB"), Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C., Ithmaar Bank B.S.C. (Closed) and several private limited companies. He also sits on the Board of Altech Chemicals Limited which is listed in Australia as Non-Executive Director.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees for MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation.

Tunku Dato' Yaacob is the brother to Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah. Tunku Dato' Yaacob is deemed interested in the Company by virtue of him being a beneficiary of a trust known as KLB, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd who are the major shareholders of the Company. Tunku Dato' Yaacob is also deemed to have interest in Avenue Serimas Sdn Bhd ("ASSB"). ASSB is a wholly owned subsidiary of Melewar QE Sdn Bhd who in turn is a wholly owned subsidiary of Melewar Equities Sdn Bhd ("MESB"). KLB is the holding company of MESB. His shareholding in the Company is disclosed on pages 38 and 40 of the Annual Report.

Tunku Dato' Yaacob does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Yaacob does not have any conflict of interest with the Company and he has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(continued)

En Azlan bin Abdullah was appointed to the Board of Directors of the Company on 23 September 2002 as an Independent Non-Executive Director of the Company. Subsequently, he was appointed as an Executive Director of the Company on 10 June 2003. On 1 June 2011, he was redesignated to Managing Director/ Group Chief Executive Officer of the Company.

On 11 August 2018, he was redesignated as Managing Director of the Company. Subsequently, on 11 February 2019, he was redesignated to Non-Independent Non-Executive Director of the Company. He currently sits on the Boards of the Company's subsidiaries, Mycron Steel Berhad, MIDF Amanah Investment Bank Berhad, Langkawi Yacht City Bhd (formerly known as Langkawi Yacht Club Bhd) and several other private limited companies.

En Azlan holds a Bachelor of Science Degree in Business Administration from Trinity University, San Antonio, Texas, USA and a Masters Degree in Business Administration from Morehead State University, Kentucky, USA.

He started his career in 1983 with Citibank N A and in 1987, he joined United Asian Bank ("UAB") where he started and headed the Treasury Marketing Unit. After UAB merged with Bank of Commerce, he was subsequently promoted to Head of Priority Banking Division and Branch Manager of the KL Main Branch in 1992. In 1994, he rejoined Citibank Berhad as Vice President and Head of Public Sector Division. En Azlan was the Deputy President of the Malaysian Iron and Steel Industry Federation ("MISIF") from 2008 until October 2018 and was one of MISIF's representatives on the ASEAN Iron and Steel Council from 2012 until May 2018.

En Azlan has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 38 of the Annual Report.

En Azlan does not have any personal interest in any business arrangements involving the Company.

En Azlan does not have any conflict of interest with the Company and he has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

AZLAN BIN ABDULLAH

Non-Independent Non-Executive Director

AGED 63
MALAYSIAN
MALE

PROFILE OF DIRECTORS
(continued)

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH

Non-Independent Non-Executive Director

AGED 60

MALAYSIAN

MALE

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company on 18 December 2003 as a Non-Independent Non-Executive Director. He currently sits on the Boards of MAA Group Berhad, Khyra Legacy Berhad, Melewar Group Berhad, Jat Acres Berhad, MAA Credit Berhad, MAA Bancwell Trustee Berhad, Mithril Berhad and several other private limited companies.

Tunku Yahaya graduated in 1983 with a Bachelor of Science (Hons) Degree in Economics and Accountancy from City University, London. That year in London, he joined Peat Marwick Mitchell & Co. In 1986, he obtained his Masters of Science in Economics from Birkbeck College, University of London.

Upon returning to Malaysia in 1986, he joined the advertising company, MZC-Saatchi & Saatchi. In 1988, he joined the management of the refurbished Central Market (KL) as Executive Director. In 1994, he was appointed to put into operation and manage the television station, Metro Vision as Managing Director. In 1997, he started the music recording label, Melewar Parallax Sdn Bhd.

Tunku Yahaya is the brother to Tunku Dato' Yaacob Khyra, the Executive Chairman of the Company.

Tunku Yahaya does not have any personal interest in any business arrangements involving the Company.

Tunku Yahaya does not have any conflict of interest with the Company and he has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Datin Seri Raihanah Begum binti Abdul Rahman was appointed to the Board of Directors of the Company on 8 April 2019 as an Independent Non-Executive Director. Datin Seri Raihanah is a Member of the Audit and Governance Committee, Risk and Sustainability Committee and Nomination and Remuneration Committee of the Company. She currently sits on the Boards of MAA Group Berhad, Mycron Steel Berhad, Tuju Setia Berhad and several other private limited companies.

Datin Seri Raihanah is an Associate of the Chartered Insurance Institute (UK) and the Malaysian Insurance Institute. As a scholar of American Malaysian Insurance Sdn Bhd (later known as CIMB Bank Insurance) she started her insurance career with the company immediately after successfully completing her course in 1984 and has held various positions in the Underwriting and Marketing Departments before leaving in 1988 to join Malene Insurance Brokers Sdn Bhd ("Malene").

During her 10-year service at Malene, she was exposed to various aspects of the oil and gas industry and was involved in the Insurance programmes for Petronas, Shell, Esso (now known as Exxon-Mobil) and various other oil and gas-related companies such as Gas Malaysia Sdn Bhd and MISC Berhad. Her experience also included an attachment with a London-based Lloyds broker.

She left Malene in 1997 when she was the Acting Chief Executive Officer, to dedicate more time in bringing up her three young children. To ensure that she was in touch with the insurance industry and coupled with her experience and knowledge in insurance underwriting and broking, she made time, from 1998 to 1999, while being a homemaker, to be a part-time lecturer with the Malaysian Insurance Institute who conducted short courses for those in the insurance industry to obtain a more in-depth knowledge of the business.

In August 2005, Datin Seri Raihanah was appointed as a Non-Executive Director to the board of a public-listed fibre-based manufacturing company called Wang Zheng Berhad ("Wang Zheng"). She served as an active board member at Wang Zheng for 8 years.

She was also appointed as a member of the Board of Trustees for the Malaysian Medical Association ("MMA") Foundation for a three-year term from 2007. MMA Foundation is a non-profit organisation which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

Datin Seri Raihanah has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Datin Seri Raihanah does not have any personal interest in any business arrangements involving the Company.

Datin Seri Raihanah does not have any conflict of interest with the Company and she has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

AGED 59
MALAYSIAN
FEMALE

Independent Non-Executive Director

- Member of the Risk and Sustainability Committee
- Member of the Audit and Governance Committee
- Member of the Nomination and Remuneration Committee

PROFILE OF DIRECTORS
(continued)

KWO SHIH KANG

Senior Independent Non-Executive Director

AGED 61
MALAYSIAN
MALE

- Chairman of the Audit and Governance Committee
- Chairman of the Risk and Sustainability Committee
- Member of the Nomination and Remuneration Committee

Mr Kwo Shih Kang was appointed to the Board of Directors of the Company on 23 August 2019 as an Independent Non-Executive Director. Mr Kwo Shih Kang is the Chairman of the Audit and Governance Committee of the Company. On 27 May 2021, Mr Kwo Shih Kang was redesignated as the Chairman of the Risk and Sustainability Committee and was appointed as a Member of the Nomination and Remuneration Committee. He currently sits on the Boards of Mycron Steel Berhad and several other private limited companies.

Mr Kwo is a qualified actuary with more than 30 years of experience in the insurance industry which include stints in various South East Asian countries, in positions such as Chief Executive Officer, Appointed Actuary and Chief Financial Officer in a number of multinational insurers, such as AXA Affin Life Insurance Berhad, Allianz Life Insurance Malaysia Berhad, Aetna Universal Insurance Berhad, Gibraltar BSN Life Berhad and American International Assurance Berhad. Mr Kwo was also the Chief Operating Officer of Malaysian Assurance Alliance Berhad.

Mr Kwo was the President of the Life Insurance Association of Malaysia (LIAM) from 2012 to 2015. He is also the President of the Malaysian Financial Planning Council (MFPC) and was the President of the Actuarial Society of Malaysia.

Mr Kwo holds a Bachelor's degree in Actuarial Science from City University London and a Master of Business Administration, majoring in Finance, from CASS Business School, London. He is a Fellow of the Society of Actuaries, USA, and is also a Registered Financial Planner (RFP).

Mr Kwo has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Kwo does not have any personal interest in any business arrangements involving the Company.

Mr Kwo does not have any conflict of interest with the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(continued)

Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram was appointed to the Board of Directors of the Company on 3 September 2019 as an Independent Non-Executive Director. On 27 May 2021, Dato' Dr. Ghandhi was redesignated as the Chairman of the Nomination and Remuneration Committee and was appointed as the Member of the Audit and Governance Committee and Risk and Sustainability Committee of the Company. He is also member of the Boards of other private limited companies.

Dato' Dr. Ghandhi is currently a Senior Consultant Cardiothoracic Surgeon for Prince Court Medical Centre and Head of Department of Cardiothoracic Surgery of Gleneagles Hospital Kuala Lumpur. He is also a recognised member of the Society of Thoracic Surgeons of U.S.A., European Association for Cardiothoracic Surgery, Association of Thoracic and Cardiovascular Surgeons of Asia and the Malaysian Association for Thoracic and Cardiovascular Surgery.

Dato' Dr. Ghandhi is the Chairman of Medical Advisory Committee of MAA Medicare Cardiac Diagnostic Centre at Kuala Lumpur. He is also a member of the Executive Committee and Board of Trustees of MAA Medicare Charitable Foundation and a member of the Malaysian Alliance of Corporate Directors.

Dato' Dr. Ghandhi holds a MBBS degree from Mysore University, India. Addition he was trained and accredited in Cardiothoracic surgery in the United Kingdom. He was also trained in the University of Vienna, Austria and had received a Diploma in Cardiovascular Surgery. He has worked as a Consultant Cardiothoracic Surgeon in the UK before returning to Malaysia. Dato' Dr. Ghandhi also holds a Primary Fellowship from the Royal College of Surgeons of Edinburgh and a Diploma of Fellowship from the Royal College of Surgeons of Glasgow. In addition to his credentials, he holds a Certificate of Achievement in Improving Global Health awarded by Harvard University.

In the past he has served as Chairman of the Medical and Dental Advisory Committee of Gleneagles Hospital and as the Clinical Director at Prince Court Medical Centre, Kuala Lumpur to establish the cardiac services.

He has also served in the past as a Committee member of the Editorial Board of the Asian Cardiovascular and Thoracic Annals and continues to be an active reviewer of manuscript publications in the reputed peer-reviewed journal.

Dato' Dr. Ghandhi has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Dato' Dr. Ghandhi does not have any personal interest in any business arrangements involving the Company.

Dato' Dr. Ghandhi does not have any conflict of interest with the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' DR. KILI GHANDHI RAJ A/L K R SOMASUNDRAM

Independent Non-Executive Director

AGED 66
MALAYSIAN
MALE

- Chairman of the Nomination and Remuneration Committee
- Member of the Audit and Governance Committee
- Member of the Risk and Sustainability Committee

PROFILE OF KEY SENIOR MANAGEMENT

TUNKU DATO' YAACOB KHYRA

Executive Chairman

Aged 61
Male
Malaysian

Tunku Dato' Yaacob Khyra is the Executive Chairman of the Company and was appointed to the Board of Directors of the Company on 7 October 2002. He was the Group Managing Director/Chief Executive Officer of the Company since 11 October 2002 before being re-designated as the Executive Chairman on 26 August 2008. His personal profile is listed in the Profile of Directors on page 26 of this Annual Report.

CHOO KAH YEAN

Chief Financial Officer

Aged 56
Male
Malaysian

Mr Choo Kah Yean has been the Chief Financial Officer at Melewar Industrial Group Berhad since 1 November 2012 and shall be stepping down as Chief Financial Officer with effect from 22 October 2021.

Mr Choo has more than 34 years of work experience in finance functions that started in 1987 with the public accounting firm HRM Touche Ross which subsequently evolved into Arthur Anderson & Co. During those initial nine years of professional services, he worked in a wide array of finance functions in various industries covering audit, corporate finance and recovery services, and business consulting. Moving on to the commercial sector, Mr Choo joined IOI Group in its corporate planning and finance function which helmed and oversaw the group's growth in its plantation, property, and downstream edible oil businesses during its formation years. Mr Choo's last engagement was with KNM Group, heading the group's finance functions of its domestic and global operations involving process equipment manufacturing and engineering construction contracts.

Mr Choo holds Bachelor of Business Administration in Finance from Iowa State University, USA and Masters in Business Administration in Finance from University of Hull, UK. He is also a Chartered Management Accountant of ICMA and is a Chartered Accountant member of MIA.

Mr Choo has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Choo does not have any personal interest in any business arrangements involving the Company.

Mr Choo does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAN LOO LING

Chief Financial Officer

Aged 39
Female
Malaysian

Ms Chan Loo Ling was appointed as the Chief Financial Officer of Melewar Industrial Group Berhad on 1 October 2021.

Ms Chan has more than 15 years of working experience. She started her career as an auditor having served various capacities in audit firms, the last with PricewaterhouseCoopers before leaving in 2011 to join the commercial world. She was formerly the Senior Finance and Risk Manager for Sapura Energy Berhad from 2011 to 2015 and Assistant Financial Controller for Yinson Holdings Berhad from 2015 to 2019. Prior to joining the Company, she was the Group Finance and Accounting Manager for Shangri-La Hotels (Malaysia) Berhad.

Ms Chan holds a Bachelor of Business in Accounting and Finance from the University of Technology Sydney, Australia. She is also a member of the Institute of International Auditors (IIA) with Certification in Risk Management Assurance (CRMA), a chartered member of the Malaysian Institute of Accountants (MIA), and a member of the Certified Public Accountants, Australia (CPA).

Ms Chan has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Chan does not have any personal interest in any business arrangements involving the Company.

Ms Chan does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT
(continued)

MOHD SILAHUDDIN BIN JAMALUDDIN

Vice President – Business Development

Aged 61
Male
Malaysian

Encik Silahuddin has been the Business Development Vice President at Melewar Industrial Group Berhad since 1 April 2008.

Encik Silahuddin heads a team in trading and distribution in selected markets in the International Arena, through Melewar Imperial Limited (Labuan) and 3Bumi Sdn Bhd, wholly owned subsidiaries of MIGB. Encik Silahuddin is also responsible for the Group's venture into steel modular Structures through Ausgard Quick Assembly Systems Sdn Bhd, another wholly owned subsidiary, whose purpose is to penetrate the modular building segment of the construction industry by introducing a quick and efficient building method while offering considerable cost savings to the potential client. Both these companies are at the early stages of their overall business models. His other functions include exploring business opportunities for the Group across a variety of Industries from mining to infrastructure to renewable energies to food industries.

Encik Silahuddin has more than 25 years of work experience in developing business in the Local Corporate World that started in 1994, after returning to Malaysia from the United States of America. He has been in the Building Materials Sector since then. During the initial 10 years of his working experience, he was in Regional Management in the Retail Industry and the Medical Insurance Industry in the United States. Moving on to the Building Materials sector, Encik Silahuddin was involved in the Brick and Timber Industries before joining the Steel Industry and Melewar Industrial Group Berhad.

Encik Silahuddin holds Bachelor of Business Administration in Information Systems from Georgia State University, USA. He has attained numerous certificates in the areas of Marketing, Management and Planning throughout his working experience.

Encik Silahuddin has no family ties with any of the Directors and/or major shareholders of the Company and currently has a minor shareholding in the Company.

Encik Silahuddin does not have any personal interest in any business arrangements involving the Company.

Encik Silahuddin does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

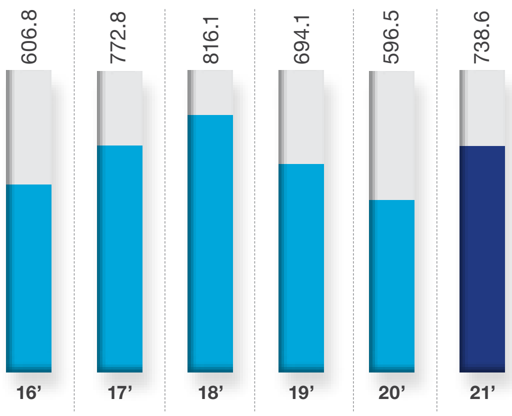
GROUP FINANCIAL HIGHLIGHTS

		2016	2017	2018	2019	2020	2021
1.	**Results of Operations**						
	Revenue (RM mil)	606.8	772.8	816.1	694.1	596.5	738.6^
	Profit/(Loss) Before Tax (RM mil)	23.1	(55.2)	11.2	29.8	(3.7)	71.9^
	Profit/(Loss) After Tax (RM mil) attributed to shareholders	8.2*	(78.2)*	(0.7)*	30.8*	(1.4)*	44.7*^
2.	**Balance Sheet**						
	Share Capital (RM mil)	226.8	227.0@	227.0	250.2	250.2	250.2
	Shareholders' Fund (RM mil)	311.5	241.9	247.9	325.4	325.5	370.8
	Total Assets (RM mil)	695.3	769.1	777.6	732.6	692.5	780.0
3.	**Financial Ratio**						
	Return on Equity (%)	2.6	(32.3)	(0.3)	9.5	(0.4)	12.1^
	Debts#/Equity (Times)	0.61	1.16	0.59	0.37	0.31	0.24
	Current Assets/Current Liabilities (Times)	1.2	1.1	1.1	1.4	1.5	1.8
	Pre-Tax Profit/(Loss)/Average Shareholders' Fund (%)	7.6	(19.9)	4.6	10.4	(1.1)	20.7^
	Pre-Tax Profit/(Loss)/Revenue (%)	3.8	(7.1)	1.4	4.3	(0.6)	9.7^
4.	**Per Share**						
	Gross Earnings/(Loss) per share (sen)	10.2	(24.5)	5.0	8.3	(1.0)	20.0^
	Net Earnings/(Loss) per share (sen)	3.7	(34.7)	(0.3)	8.6	(0.4)	12.4^
	Net Assets per share (RM)	1.38	1.07	1.10	0.91	0.91	1.03
5.	**Dividends**						
	Ordinary Dividend (sen)	-	-	-	-	-	2.23

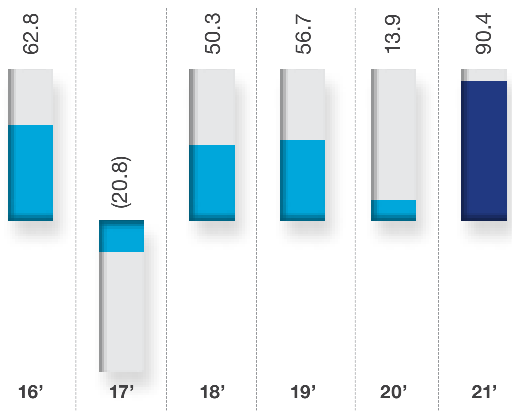
* *Profit After Tax and After Non-Controlling Interests*
^ *Include both continuing and discontinued operations*
# *Debts include interest bearing trade payables*
@ *Impact from the new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017*

GROUP FINANCIAL HIGHLIGHTS
(continued)

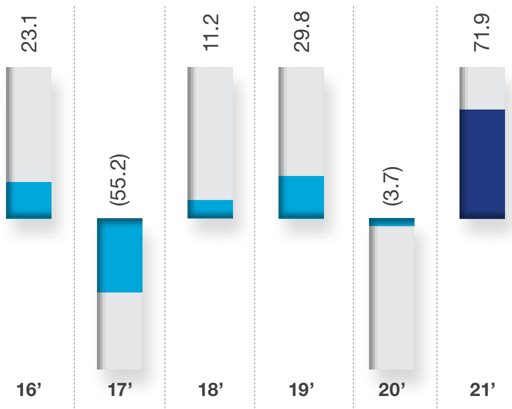
REVENUE RM (Million)



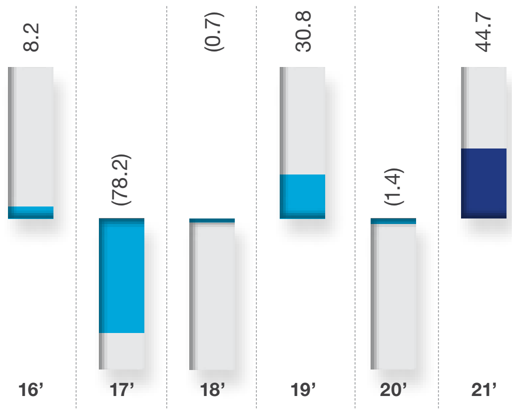
(LBITDA)/EBITDA RM (Million)



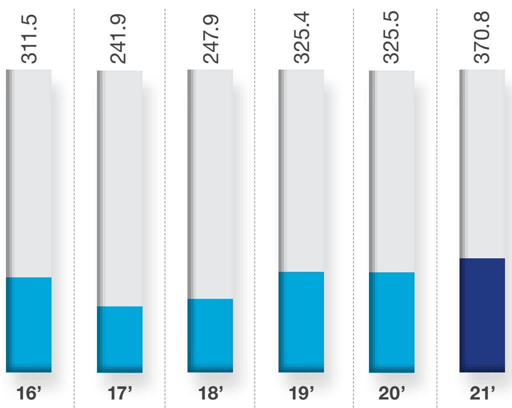
PROFIT/(LOSS) BEFORE TAX RM (Million)



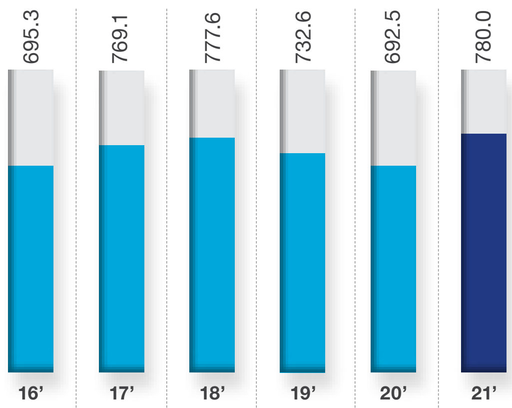
PROFIT/(LOSS) AFTER TAX RM (Million)



SHAREHOLDERS' FUNDS RM (Million)



TOTAL ASSETS RM (Million)



ANALYSIS OF SHAREHOLDINGS
AS AT 1 OCTOBER 2021

Total Number of Issued Shares	-	359,417,703
Class of Shares	-	Ordinary Shares
No. of Shareholders	-	9,705
Voting Rights	-	One (1) vote per ordinary share

No. of Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	908	9.35	30,567	0.01
100 - 1,000	1,022	10.53	631,800	0.18
1,001 - 10,000	5,061	52.15	25,838,631	7.19
10,001 - 100,000	2,454	25.29	78,142,660	21.74
100,001 and below 5% of issued shares	258	2.66	90,011,581	25.04
5% and above of issued shares	2	0.02	164,762,464	45.84
TOTAL	**9,705**	**100.00**	**359,417,703**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2021

No.	Name	No. of Shares Held	[a]% of Shares
1.	Melewar Khyra Sdn Bhd	104,382,731	29.04
2.	Melewar Equities (BVI) Ltd	60,379,733	16.80
3.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: Exempt an for UOB Kay Hian Pte Ltd)	6,350,000	1.77
4.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: UOB Kay Hian Pte Ltd for Bradford Securities Ltd)	4,300,000	1.20
5.	Avenue Serimas Sdn Bhd	3,810,300	1.06
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Mohd Fairus bin Shafie)	3,603,500	1.00
7.	Citigroup Nominees (Asing) Sdn Bhd (Beneficiary: UBS AG)	2,416,900	0.67
8.	Wong Yoon Chee	1,697,900	0.47
9.	Yeoh Phek Leng	1,612,000	0.45
10.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yeoh Ooi Chat)	1,550,000	0.43
11.	Araneum Sdn Bhd	1,500,000	0.42
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd (Beneficiary: The Bank of New York Mellon for Ensign Peak Advisors Inc.)	1,362,800	0.38
13.	Mohamed Nizam bin Mohamed Jakel	1,317,600	0.37
14.	Choo Ghee Sek	1,275,000	0.35
15.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Macrovention Sdn Bhd)	1,200,000	0.33
16.	Chong Chee Hoong	1,190,000	0.33
17.	Ong Teck Peow	1,053,000	0.29
18.	Leow Soon Seng	1,000,000	0.28
19.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lee Kah Weng)	1,000,000	0.28
20.	Sim Keng Chor	1,000,000	0.28

ANALYSIS OF SHAREHOLDINGS AS AT 1 OCTOBER 2021
(continued)

THIRTY LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2021 (CONTINUED)

No.	Name	No. of Shares Held	[(a)]% of Shares
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lim Chai Beng)	900,000	0.25
22.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Hong Leong Bank Bhd for Tiong Toh Chiong)	884,300	0.25
23.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Exempt an for Barclays Capital Securities Ltd)	719,300	0.20
24.	Thong Weng Tim	716,700	0.20
25.	Soh Kim Eng	693,000	0.19
26.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Zet Enterprise Sdn Bhd)	673,333	0.19
27.	Ong Chin Thye	596,000	0.17
28.	Amsec Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Peter Kong Ming Kien)	570,000	0.16
29.	Lim Seng Chee	544,000	0.15
30.	Ong Siok Bee	538,000	0.15
	TOTAL	**208,836,097**	**58.10**

Note:

[(a)] The percentages of thirty largest shareholders are calculated by dividing the shares held by the respective shareholders with the total number of issued shares.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2021

	Number of Shares Held			
Name	**Direct**	**%[(a)]**	**Indirect**	**%[(a)]**
Khyra Legacy Berhad ("KLB")	-	-	168,572,764	46.90[(1)]
Melewar Equities (BVI) Ltd ("MEBVI")	60,379,733	16.8	-	-
Melewar Khyra Sdn Bhd ("MKSB")	104,382,731	29.04	-	-

DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2021

	Number of Shares Held			
Name	**Direct**	**%[(a)]**	**Indirect**	**%[(a)]**
Tunku Dato' Yaacob Khyra ("TY")	-	-	168,572,764	46.90[(2)]
Azlan bin Abdullah	133,333	0.04	-	-

Notes:

[(a)] The percentages of substantial shareholders and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of issued shares.

[(1)] Deemed indirect interest by virtue of it being the holding company of MEBVI and MKSB who are the Major Shareholders of the Company. KLB is also deemed to have indirect interest in Avenue Serimas Sdn Bhd ("ASSB") by virtue of it being the holding company of Melewar Equities Sdn Bhd ("MESB"). ASSB is a wholly owned subsidiary of Melewar QE Sdn Bhd who in turn is a wholly owned subsidiary of MESB. ASSB holds 3,810,300 shares representing 1.06% of the total issued share capital of the Company.

[(2)] Deemed indirect interest by virtue of TY being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the Major Shareholders of the Company. TY is also deemed to have indirect interest in ASSB by virtue of KLB being the holding company of MESB. ASSB is a wholly owned subsidiary of Melewar QE Sdn Bhd who in turn is a wholly owned subsidiary of MESB.

ANALYSIS OF WARRANT HOLDINGS
AS AT 1 OCTOBER 2021

Number of Warrants Issued	-	66,947,418
Number of Warrants Exercised	-	-
Number of Warrants Unexercised	-	66,947,418
Number of Warrants Holders	-	936
Exercise Price	-	RM0.40 per warrant
Exercise Period	-	20 August 2018 to 18 August 2023

No. of Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Issued Warrants
Less than 100	29	3.10	1,152	0.00
100 - 1,000	108	11.54	67,066	0.10
1,001 - 10,000	380	40.60	2,189,179	3.27
10,001 - 100,000	387	41.35	16,081,898	24.02
100,001 and below 5% of issued warrants	31	3.31	7,417,507	11.08
5% and above of issued warrants	1	0.11	41,190,616	61.53
TOTAL	**936**	**100.00**	**66,947,418**	**100.00**

THIRTY LARGEST WARRANT HOLDERS AS AT 1 OCTOBER 2021

No.	Name	No. of Warrants Held	[a]% of Issued Warrants
1.	Melewar Khyra Sdn Bhd	41,190,616	61.53
2.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yee Cheer Sin)	578,000	0.86
3.	Araneum Sdn Bhd	500,000	0.75
4.	SJ Sec Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Looi Siew Yoong)	488,600	0.73
5.	Affin Huang Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Ooi Ying Nee)	400,000	0.60
6.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ho Keat Soong)	400,000	0.60
7.	Ma Yuin Chek	317,500	0.47
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Jin Thai)	300,000	0.45
9.	Lim Wei Jin	300,000	0.45
10.	Sian Book Guan	300,000	0.45
11.	Tan Chek Cheng	300,000	0.45
12.	Yap Shyi Wee	262,000	0.39
13.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chang Soke Hun)	250,100	0.37
14.	Man Foh @ Chan Man Foh	250,000	0.37
15.	Yeoh Kai Ming	220,000	0.33
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Saw Chin Leong)	201,700	0.30
17.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary: Rakuten Trade Sdn Bhd for Lim Beng Seng)	200,000	0.30
18.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Siew Wai Yin)	200,000	0.30
19.	Ong Kong Ji	200,000	0.30
20.	Palany Andavar A/L Pitchamuthu	200,000	0.30

ANALYSIS OF WARRANT HOLDINGS AS AT 1 OCTOBER 2021
(continued)

THIRTY LARGEST WARRANT HOLDERS AS AT 1 OCTOBER 2021 (CONTINUED)

No.	Name	No. of Warrants Held	[a]% of Issued Warrants
21.	Ong Hooi Hean	170,000	0.25
22.	Public Invest Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tam Chee Kheong)	170,000	0.25
23.	See Jee Chong	145,000	0.22
24.	Lee Wai Choong	130,000	0.19
25.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: Exempt an for UOB Kay Hian Pte Ltd)	130,000	0.19
26.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Tan Hong Guan)	129,100	0.19
27.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Chu Lin)	125,000	0.19
28.	Wong Chee Seong	124,500	0.19
29.	Lee Chung Boon	110,000	0.16
30.	Tan Kim Hong	110,000	0.16
	TOTAL	**48,402,116**	**72.30**

Note:

[a] The percentages of thirty largest warrant holders are calculated by dividing the warrants held by the respective warrant holders with the total number of issued warrants.

LIST OF SUBSTANTIAL WARRANT HOLDERS AS AT 1 OCTOBER 2021

	Number of Warrants Held			
Name	**Direct**	**%[a]**	**Indirect**	**%[a]**
Khyra Legacy Berhad ("KLB")	-	-	41,190,616	61.53[1]
Melewar Khyra Sdn Bhd ("MKSB")	41,190,616	61.53	-	-

DIRECTOR'S WARRANT HOLDINGS AS AT 1 OCTOBER 2021

	Number of Warrants Held			
Name	**Direct**	**%[a]**	**Indirect**	**%[a]**
Tunku Dato' Yaacob Khyra ("TY")	-	-	41,190,616	61.53[2]

Notes:

[a] The percentages of substantial warrant holders and Director's warrant holdings are calculated by dividing the warrants held by the respective substantial warrant holders and Director with the total number of issued warrants.

[1] Deemed indirect interest by virtue of it being the holding company of MKSB who is the Major Shareholder of the Company.

[2] Deemed indirect interest by virtue of TY being a beneficiary of a trust known as KLB, being the holding company of MKSB who is the Major Shareholder of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Melewar Industrial Group Berhad ("MIG" or "the Company") is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 30 June 2021. This CG Overview Statement is prepared pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of the CG practices while ensuring compliance with the MMLR and the Companies Act 2016 ("CA") as well as ensuring that the Group monitors developments in industry practise and complies with the other regulations where necessary and applicable.

The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR of Bursa Securities have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year ended 30 June 2021.

This CG Overview Statement should be read together with the CG Report, which is accessible on the Company's website at www.melewar-mig.com/investorsinfo_annualrep.html as well on Bursa Securities website. It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control and the Audit and Governance Committee Report.

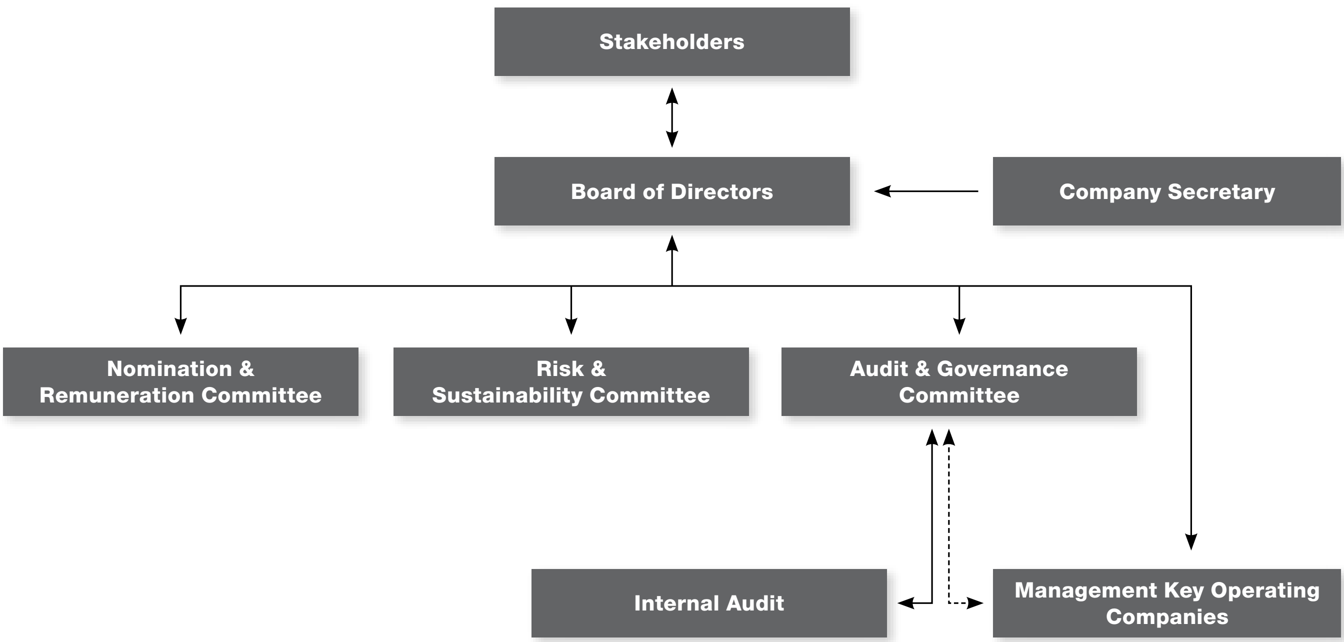
The details on the extent of the application of each CG practice as set out in the MCCG including the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 30 June 2021.

The Board is pleased to provide an overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the FY2021, which are as follows:

Principle A: Board Leadership and Effectiveness.
Principle B: Effective Audit and Risk Management.
Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

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 are illustrated below:



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1.0 Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is responsible for governing, guiding and overseeing the overall management of the Group and retains full and effective control over the affairs of the Group. It reviews the Group's policies and strategies, enforces standards of accountability, actively oversees the conduct, management and business affairs of MIG and monitors the Senior Management's performance.

The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustains long-term shareholder value while safeguarding the interests of all its stakeholders. It works closely with the Senior Management to ensure that the operations of MIG are conducted prudently within the relevant laws and regulations.

All members of the Board are aware of their responsibility to take decisions objectively to promote the success of the Group and to create long-term value for shareholders and other stakeholders. In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, Board committees and Board meeting procedures including division of responsibilities between the Board, the Board Committees, the Executive Chairman and the Managing Director ("MD")/Group Chief Executive Officer ("GCEO"). The key elements of governance principles embedded in the Board Charter regulate the Board's conduct and guide the strategic initiatives of the Group.

Management's role is to implement and execute the strategies adopted by our Board and has delegated authority to manage the business on a day-to-day basis. The limits of Management's authority are embedded in the Internal Control Procedure ("ICP") document, known as the Transaction Authority Limits ("TAL") which sets out the delegation of authority by our Group Executive Chairman to the senior leadership, generally covering approvals for operational and capital expenditure, execution of contracts, procurement and investments up to a certain monetary threshold. Any commitments outside the TAL will require the prior approval of our Board and any changes to the TAL is also subject to Board's approval.

To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by various Board Committees namely:

- Audit and Governance Committee ("AGC");
- Risk and Sustainability Committee ("RSC"); and
- Nomination and Remuneration Committee ("NRC").

The respective Board Committees operate within clearly defined Terms of Reference ("TOR") setting out their duties and responsibilities. All deliberations, recommendations and decisions of the Board Committees are recorded and minutes subsequently confirmed by the Board Committees at the next Board Committee meeting. During Board meetings, the Chairman of the various Board Committees provide reports of the decisions and recommendations made at the Committee meetings and highlight to the Board if any further deliberation is required at Board level. The ultimate responsibility for decision making, however, lies with the Board.

These Board Committees are chaired by Independent Non-Executive Directors.

The Board will review the TOR of Board Committees from time to time to ensure that they are relevant and updated in line with the new policies or regulatory requirements.

The Board views succession planning as also an important factor for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation of key personnel would be filled quickly to ensure no business interruption. Succession planning includes the appointment of, training for, fixing the compensation of and where appropriate, replacement of Senior Management.

The Group has in place, an informal structure and practice to ensure key roles within the Group are supported by competent and calibre second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possibility. There is a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. It fosters and promotes the continual development of key employees and ensures that key positions maintain some measure of continuity, thus enabling the Group to achieve business objectives. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part I - Board Responsibilities (continued)

1.0 Board's Leadership on Objectives and Goals (continued)

1.2 The Chairman

The Board has elected Tunku Dato' Yaacob Khyra as the Company's Chairman whose main role is to provide leadership and guidance to the Board as well as to achieve the Group's strategic vision and also lead the Board in its collective oversight of Management. He is to also ensure effectiveness of the Board by encouraging active participation of all Board members and allowing dissenting views to be freely expressed.

Given that the Chairman, Tunku Dato' Yaacob Khyra who has a wealth of experience in the business operations of the Group, the history of the Group, its structure, business environment and the territories globally in which the Group operates and performance track records, he also assumes the position of an Executive Chairman for continuing leadership.

1.3 Managing Director

With the re-designation of En Azlan bin Abdullah from Managing Director of the Company to Non-Independent Non-Executive Director on 11 February 2019, the roles and responsibilities of the Managing Director is carried out by the Executive Chairman.

1.4 Suitably Qualified and Competent Company Secretary

The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and therefore qualified to act as Company Secretary pursuant to Section 235(2) of the CA.

The Company Secretary plays an advisory role to the Board particularly with regard to the Company's Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.

The Company Secretary attends all Board and Committee meetings and ensures that discussions and deliberations of the Board and Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions. The Company Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.

On an ongoing basis, the Directors have separate and independent access to the Company Secretary. The Board is regularly updated by the Company Secretary on new changes to the legislations and the MMLR of Bursa Securities and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The Company Secretary also serves notices to the Directors and Principal Officers on the closed periods for trading in MIG's shares pursuant to Chapter 14 of the MMLR of Bursa Securities.

1.5 Access to Information and Advice

Prior to the scheduled Board and Committee meetings, a formal and structured agenda together with a set of Board and Committee papers are forwarded to all Directors at least five (5) working days before the relevant Board or Committee meetings to allow sufficient time for the Directors to review and analyse relevant information and if necessary, obtain further information on matters to be deliberated. The Board papers provide, among others, periodic financial information, operational issues and management proposals that require Board's approval.

Senior Management staff are invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. The Directors may interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them. In this way the Board has full access to all information on the Company's affairs to enable them to properly discharge their duties.

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has in place internal procedures for the application and appointment process for the services in the Board Charter.

2.0 Demarcation of Responsibilities

2.1 Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company.

The Board Charter will be reviewed periodically and updated by the Board to ensure it is kept up-to-date with changes in regulations and best practice and ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Board Charter is available on the Company's website at www.melewar-mig.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part I - Board Responsibilities (continued)

3.0 Good Business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Code of Conduct and Ethics has been put in place for all Directors, Management and employees of the Group as a guide in discharging their duties and responsibilities by demonstrating healthy corporate culture, good judgment transparency, fairness and honesty as well as loyalty and ethics in the conduct of its business that are aligned with best practices and applicable laws, rules and regulations.

The Company's Code of Conduct and Ethics is available on the Company's website.

3.2 Whistle-Blowing Policy

As part of best practices in good corporate governance, the Group has established a "Whistle-blowing" Policy encoded in the Internal Control Procedure which is aimed to encourage reporting by employees in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group and the employees making such reports will be protected from reprisal.

The Company's Whistle-blowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Company.

The AGC is committed to investigate and address all cases of reported misconduct and determine the channel for investigation and follow-up action.

For financial year 2021, the Company did not receive any report or complaint of misconduct from employees, Management, public or stakeholders.

The Whistle-blowing Policy can be found on the Company's website at www.melewar-mig.com for easy access by the shareholders and the public.

3.3 Conflict of Interest and Related Party Transactions

The Board is provided guidance on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Group has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be deemed as interested or conflicted.

The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests for the Group's monitoring on a quarterly basis or as and when required.

The above guidelines are encapsulated in the Related Party Transactions Policy which was approved by the Board of Directors on 25 February 2021.

3.4 Anti-Corruption Policy

With the adoption of the Anti-Corruption ("AC") Policy, the Group practises zero tolerance policy against all forms of bribery and corruption. The AC Policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business.

The AC Policy is also applicable to all employees, Directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of Group.

Continuous engagement activities are conducted to spread awareness of the policy and to address any concerns. For more information on the AC Policy, please refer to the Company's website at www.melewar-mig.com.

4.0 Sustainability Statement

The Board is mindful of the importance of business sustainability and in conducting the Group's business, the impact on the environmental, social and governance aspects is considered in the Group's corporate strategies.

The sustainability initiatives and activities undertaken by the Group for the financial year ended 30 June 2021 are disclosed in the "Sustainability Statement" on page 10, provided in this Annual Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition

5.0 Board's Objectivity

5.1 Composition of the Board

The Board composition is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG to have at least half of the Board comprises Independent Directors.

The Company's Constitution stipulates that the minimum and maximum number of Directors on the Board shall not be less than two (2) nor more than twelve (12).

As at the date of this CG Overview Statement, the Board, consists of six (6) members as follows:

- one (1) Executive Chairman;
- two (2) Non-Independent Non-Executive Directors; and
- three (3) Independent Non-Executive Directors.

The Independent Directors make up half of the Board, as recommended by the MCCG. Details of the Directors are set out in the Board of Directors' Profiles section in this Annual Report.

The current composition of the Board is as set out below:

Directors	Designation
Tunku Dato' Yaacob Khyra	Executive Chairman
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	Non-Independent Non-Executive Director
En Azlan bin Abdullah	Non-Independent Non-Executive Director
Mr Kwo Shih Kang	Senior Independent Non-Executive Director
Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	Independent Non-Executive Director

The Group considers its complement of Non-Executive Directors provide an effective Board with a mix of knowledge and broad business and commercial experience. The Independent Non-Executive Directors of the Company are independent of Management and free from any business relationship which could materially interfere with the exercise of their judgement.

They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest probable standards of conduct and integrity are maintained by the Group. All Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

With the passing of En Shazal Yusuf bin Mohamed Zain on 24 April 2021, Mr Kwo Shih Kang was appointed as the Senior Independent Non-Executive Director in place of En Shazal Yusuf, who serves as the point of contact between the Independent Directors and the Board Chairman on sensitive issues and acts as a designated contact to whom shareholders' concerns or queries may be raised. Mr Kwo Shih Kang was redesignated as Chairman of the RSC and was appointed a Member of the NRC. Meanwhile, Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram was redesignated as Chairman of the NRC and was appointed as a Member of AGC and RSC.

Overall, the Board is satisfied with the current number and composition of its members and is of the view that the members represent a diverse set of academic background, skills, knowledge and experience that are necessary to support the Group's growth and success.

5.2 Tenure of Independent Director

The tenure of the Independent Non-Executive Directors should not exceed a cumulative term of nine (9) years and each of the Independent Non-Executive Directors must be assessed on their independence annually or when new interest or relationship surfaces and must be disclosed in the Annual Report. An Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Otherwise, the Board will need to justify and seek shareholders' approval at the Annual General Meeting ("AGM") in the event it retains the Independent Non-Executive Director who has served his tenure for more than nine (9) years, upon an assessment and recommendation from the NRC. If the Board continues to retain the Independent Director after the twelfth year of the person's appointment, the Board should seek shareholders' approval annually through a two-tier voting process.

The Board noted that there are no Independent Directors whose tenure will exceed a cumulative term of nine (9) years in the Company during the period under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

5.0 Board's Objectivity (continued)

5.3 Policy of Independent Director's Tenure

The Company has adopted in the Procedure for the Appointment and Removal of Directors that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon the completion of nine (9) years, an Independent Director may however continue to serve on the Board as a Non-Independent Director.

The shareholders' approval will be obtained at the AGM in the event the Independent Director who has served the Board for a cumulative term of more than nine (9) years is to continue to serve as Independent Director.

The Procedure for the Appointment and Removal of Directors will be reviewed and revised to be in alignment with the MCCG Guidelines which were revised in April 2021 ("MCCG 2021").

5.4 Diverse Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board has in place a set of Directors' selection criteria for use in the selection and recruitment process. This set of criteria will be used as a reference by the Group's Human Resource department for the selection and recruitment of Senior Management of the Group. The Profile of Directors and the Senior Management Team are set out in this Annual Report.

5.5 Gender Diversity Policy

The Board is supportive of the gender diversity in the boardroom as recommended by the Code. In considering Board appointment, the Board, through its NRC, believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Currently the Board has a single female Director on Board.

In this respect, the Board formalised the gender diversity policy on 25 October 2013.

The Board, through the NRC, will continue to observe the female participation in the Board and the Board will strive to meet the objective of the recommendation of the MCCG 2021.

The Diversity Policy can be found on the Company's website at www.melewar-mig.com.

5.6 New Candidates for Board Appointment

The NRC is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.

In making its recommendation, the NRC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

The NRC is also guided by the Procedure for the Appointment and Removal of Directors which was approved by the Board on 30 May 2018. The Board Nomination and Selection Process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned Director vis-a-vis the need of the Company as well as time to effectively discharge his/her role as a Director of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

The NRC does not solely rely on recommendations from existing Board members, Management and major shareholders in identifying suitable candidates. It is also open to referrals from external independent sources available, such as Director's registry or independent search firms to identify suitably qualified candidates, when necessary.

The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

There was no new appointment of Director during the financial year under review except for the appointment of Mr Kwo Shih Kang who was appointed as a new Committee member to the NRC and Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram as a new Committee member to the RSC and AGC. Mr Kwo Shih Kang and Dato' Dr. Kili Ghandhi were also redesignated as Chairman of RSC and NRC respectively on 27 May 2021 with the demise of En Shazal Yusuf who was Chairman of the RSC and NRC.

The Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group. The NRC is mindful of the recommendation 5.6 of the Code and will continue to assess suitable candidates for recommendation to the Board.

The TOR of the NRC is made available for reference on the Company's website at www.melewar-mig.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

5.0 Board's Objectivity (continued)

5.7 NRC

The Board merged the Nomination Committee and Remuneration Committee and renamed the Committee as the Nomination and Remuneration Committee since 27 February 2013.

The NRC is chaired by an Independent Director or the Senior Independent Director.

The NRC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The members of the NRC are as follows:

Chairman : Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram
- Independent Non-Executive Director
(Who replaced En Shazal Yusuf bin Mohamed Zain who passed away on 24 April 2021)

Members : Datin Seri Raihanah Begum binti Abdul Rahman
- Independent Non-Executive Director

: Mr Kwo Shih Kang
- Senior Independent Non-Executive Director
(Appointed on 27 May 2021)

6.0 Overall Board Effectiveness

6.1 Annual Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors and the Board on an annual basis. During the NRC meeting held during the financial year, an evaluation was carried out through a set of questionnaires, self-assessment and/or peer assessment with the results collated, summarised and reported to the Board by the Chairman. The Board, through the recent review and assessment of the NRC, confidently believe that the size and composition of the Board are appropriate, balance and that there is an appropriate mix of skills, experiences and expertise as well as possess appropriate competency to discharge its duties effectively.

In the case of Independent Directors, they had provided the NRC with written confirmation on their independence during the annual assessment exercise conducted for the financial year ended 30 June 2021. The Board was satisfied with the level of independence demonstrated by the Independent Directors and believed that the Independent Directors will continue to bring independent and objective judgment to Board deliberations.

In addition, the Directors are also being evaluated on their personal development and identified their strength and weaknesses in discharging their duties and responsibility as a member of the Board as well as continuously improving themselves to keep themselves updated to counter with the ever-changing environment. There were no major concerns from the results of the assessments.

In accordance with the Company's Constitution, newly appointed Directors shall hold office until the next following AGM. They shall then be eligible for re-election which would be put to a vote by shareholders in the next AGM subsequent to their appointment. The Constitution also provides that one-third (1/3) of the Board are required to retire at every AGM and be subjected to re-election by shareholders and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Summary of Activities Undertaken by the NRC in respect of Financial Year 2021

The NRC had discussed, inter alia, the following matters in respect of financial year 2021:

(a) Conducted annual assessment on the effectiveness of the Board and Committees covering areas such as Board structure and operation, Management relationship with the Board, Board's role and responsibilities, the required mix of skills and experience of the Directors, time commitments, characters, experiences, integrity and competencies to effectively discharge the role as a Director for the financial year ended 30 June 2021 and reported the findings in the Board meeting.

Based on the assessment, the NRC noted that the Board and its Committees are considered to be fully effective and have the right composition and sufficient knowledge of related areas. Overall the quality of the individual Directors was considered acceptable and the Directors were found to possess the relevant qualifications, knowledge, experience and ability to understand the technical requirements, risk and management of the Company's business. In addition, the Directors have demonstrated a willingness to devote time and effort to the affairs of the Company while acting in good faith and with integrity at all times.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

6.0 Overall Board Effectiveness (continued)

6.1 Annual Evaluation (continued)

(b) Reviewed and assessed the independence of the Independent Directors through the assessment of independence of Independent Directors under the annual Board evaluation process. Based on the evaluation results, the NRC concluded that each Independent Director has fulfilled the independence criteria set out in the MMLR and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgment to decisions taken by the Board. The Board was satisfied with the level of independence of all the Independent Directors.

(c) Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to the Company's Constitution at the forthcoming 52nd AGM. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are En Azlan bin Abdullah and Datin Seri Raihanah Begum binti Abdul Rahman.

(d) Reviewed the tenure of service for Independent Non-Executive Directors.

(e) Reviewed the terms of office and performance of the AGC and its members to determine whether the AGC and its members have carried out their duties in accordance with their Terms of Reference.

(f) Reviewed the remuneration policies applicable to Directors, Executive Chairman and Senior Management.

(g) Reviewed the performance bonuses for the Executive Director/Senior Management.

(h) Reviewed attendance of Directors at Board/Board Committees, to ensure compliance to minimum attendance requirement of Board meetings of not less than fifty percent (50%) of the total meetings held during the financial year.

(i) Reviewed the succession planning for Senior Management.

6.2 Time Commitment of the Board

The Board meets at least once on a quarterly basis to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meetings will be called when and if necessary.

An annual meeting calendar is planned and agreed with the Directors prior to the commencement of each new financial which sets out the scheduled dates for meetings of the Board and Board Committees, in order to facilitate and to better plan their schedule to fulfil their commitment to the Company.

During the annual Board evaluation, each Director was assessed whether he was able to devote adequate time and attention for Board meetings, Committee meetings and activities of the Company. Overall, the Board was satisfied with the commitment of all members of the Board and the time contributed by each of them.

The Board met five (5) times during the financial year ended 30 June 2021. The attendance of each Director at the Board meetings held during the financial year ended 30 June 2021 was as follows:

Executive Director	**No. of Attendance**	**%**
1. Tunku Dato' Yaacob Khyra (Executive Chairman)	5/5	100
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/5	100
2. En Azlan bin Abdullah	5/5	100
Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
2. Mr Kwo Shih Kang	5/5	100
3. Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	5/5	100
4. En Shazal Yusuf bin Mohamed Zain *(Demised on 24 April 2021)*	3/4	75

Board meetings were held at locations within the Group's operating businesses to enable the Directors to obtain a better perspective of the businesses and enhance their understanding of the Group's operations. Due to the COVID-19 pandemic and subsequent restrictions on travelling and gathering, there were a number of Board and Committee Meetings which were held virtually.

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

6.0 Overall Board Effectiveness (continued)

6.2 Time Commitment of the Board (continued)

To fulfil Directors' roles and responsibilities, each Director should hold no more than five (5) directorships in listed corporations pursuant to Paragraph 15.06 of the MMLR of Bursa Securities. All Directors of the Company currently adhere to this requirement. All Directors are also required to provide immediate notification when accepting any new external board appointments and seek guidance from the Board Chairman on any potential conflicts of interest if necessary. Any changes to their directorships will be tabled at the quarterly Board meetings.

None of the Directors was absent for more than 50% of the total Board meetings held under the financial year under review, hence complying with Paragraph 15.05(3) of the MMLR of Bursa Securities.

6.3 Continuing Education and Training of Directors

As at the date of this CG Overview Statement, all the Directors have attended the Mandatory Accreditation Programme as required under the MMLR of Bursa Securities.

In line with Paragraph 15.08 of the MMLR, the Directors acknowledge the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board.

As such all Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. Every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself with enhanced knowledge and to effectively contribute to the Board.

Despite the COVID-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. During the financial year ended 30 June 2021, the following training programmes and seminars were attended by the Directors:

Members of the Board	List of Training Programmes/Seminars/Conferences Attended
Tunku Dato' Yaacob Khyra	• Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors. • Deloitte & Touche (M.E.) – Bahrain. • Mergers and Acquisitions – Process and Valuation. • Takeovers, Mergers and Acquisition. • An Overview, Amendments to the Bahrain Commercial Companies Law. • Understanding Board Decision-Making Process. • Corruption Risk Management. • Dawn Raid – Don't be Caught Unprepared. • Raising Defences – Section 17A, MACC Act.
En Azlan bin Abdullah	• Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors.
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors. • Corporate Liability Provision in the MACC Act 2009.
Datin Seri Raihanah Begum binti Abdul Rahman	• MICG – Building & Reporting a Culture of Integrity. • Understanding Board Decision-Making Process. • Implementing Amendments in the Malaysian Code on Corporate Governance. • Corporate Liability Provision in the MACC Act 2009.
Mr Kwo Shih Kang	• Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors. • ESG in the New Normal – A Corporation's Lens by MACD. • Implementing Amendments in the Malaysian Code on Corporate Governance.
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	• Data Driven Decision in Integrated Value Creation Webinar – Malaysian Alliance of Corporate Directors. • MICG – Building & Reporting a Culture of Integrity. • Understanding Board Decision-Making Process. • Raising Defences – Section 17A, MACC Act. • Implementing Amendments in the Malaysian Code on Corporate Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II - Board Composition (continued)

6.0 Overall Board Effectiveness (continued)

6.3 Continuing Education and Training of Directors (continued)

In addition, the Directors are briefed/updated by the Senior Management, the Company Secretary, the External Auditors and Internal Audit Consultants on any changes to the statutory, corporate and regulatory requirement relating to Directors' duties and responsibilities or the discharge of their duties as Directors at Board and AGC Meetings. The External Auditors had also briefed the Board on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

Part III – Remuneration

7.0 Level and Composition of Remuneration

7.1 Remuneration Policy

The Group's Remuneration Policy sets out the procedure of determining the remunerations of Directors (Executive and Non-Executive), Group Managing Director/Group Chief Executive Officer and Key Senior Officers which takes into account the demands, complexity and performance of the Group as well as skills and experience required for the position.

The objectives of this Remuneration Policy are to ensure that the Directors and Senior Management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group's desire to attract and retain the right talent and expertise with the aim to motivate the Directors and Senior Management to achieve the Group's long-term business objectives.

8.0 Remuneration of Directors and Senior Management

The determination of remuneration packages of the Non-Executive Directors including the Executive Chairman as well as Senior Management, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration. All recommendations of the NRC are subject to endorsement of the Board.

In compliance with the provisions of the CA, the fees and any benefits payable to Directors are subject to annual approval at General Meetings. The process of reviewing and recommending matters relating to the remuneration of the Board is undertaken by the NRC.

The Non-Executive Directors are remunerated based on fixed annual Directors' fees and fixed meeting allowances. All Non-Executive Directors are paid Directors' fees of RM37,200 per annum each for serving as members of the Board. The Directors who serve on the AGC and RSC will also receive additional RM6,000 per annum for each committee that they serve in, in recognition of their commitment and additional time contributed. The Directors' fees are appropriate to their contribution, taking into the consideration effort, commitment and time spent as well as the responsibilities of the Directors.

The Non-Executive Directors are paid a meeting allowance of RM500 for each meeting attended. The Executive Directors are not entitled to any meeting allowance.

Each of the Executive Director abstained from deliberating and voting on his/her own remuneration. For the FY2021, the NRC had performed its duty to assess the remuneration package of its Executive Directors and Senior Management.

In addition, the NRC had also deliberated on the Directors' fees for the financial year ending 30 June 2022 which is subject to the shareholders' approval at the forthcoming AGM. Further to the deliberations, the NRC had reported to the Board its recommendation and findings.

Remuneration packages for Senior Management/Executive Directors are structured so as to link rewards to corporate and individual performance. The remuneration of Senior Management/Executive Directors includes salary, bonus, allowance and benefits-in-kind.

For the year 2022, the Board of Directors decided that the Directors' fees be maintained as the previous year for each Director and will recommend to the shareholders for approval at the forthcoming 52nd AGM.

In addition, the Directors are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors and Officers of the MIG Group as their benefit, provided that such Director or Officer has not acted negligently, fraudulently or dishonestly, or is in breach of his/her duty of trust.

The relevant resolutions in relation to the Directors' fees and benefits payable to the Directors will be presented to the shareholders for approval at the forthcoming 52nd AGM.

The Company notes that payments made to Executive Directors pursuant to a service contract need not be approved by shareholders as it is governed by Section 231 of the CA. As such, the Company will not be tabling any resolution on payment to the Executive Chairman at the AGM of the Company.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part III – Remuneration (continued)

8.0 Remuneration of Directors and Senior Management (continued)

The detailed remuneration of the Directors for the financial year ended 30 June 2021 is set out below:

Received from Company

Name	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Director						
Tunku Dato' Yaacob Khyra	1,158.8	180	28.9	-	-	200.8
Non-Independent Non-Executive Directors						
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	2.3	37.2	3	-
En Azlan bin Abdullah	-	-	2.3	37.2	3	-
Independent Non-Executive Directors						
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	2.3	49.2	9	-
Mr Kwo Shih Kang	-	-	2.3	49.2	7.5	-
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	-	-	2.3	38.4	4.5	-
En Shazal Yusuf bin Mohamed Zain *(Demised on 24 April 2021)*	-	-	2.3	40	5	-

Received from Group

Name	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Director						
Tunku Dato' Yaacob Khyra	768.8	50	28	-	-	122.8
Non-Independent Non-Executive Directors						
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	-	-	-	-
En Azlan bin Abdullah	-	-	-	48	3	-
Independent Non-Executive Directors						
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	60	9	-
Mr Kwo Shih Kang	-	-	-	60	7.5	-
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	-	-	-	-	-	-
En Shazal Yusuf bin Mohamed Zain *(Demised on 24 April 2021)*	-	-	-	48.8	4.5	-

* Benefits-in-kind include company car, driver, club membership subscription and medical insurance benefits.
** Others include car allowance, provision for Directors' leave pay, travelling allowances and EPF.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part III – Remuneration (continued)

8.0 Remuneration of Directors and Senior Management (continued)

8.1 Remuneration of Top Five Senior Management

The remuneration of the Senior Management (excluding the Executive Chairman) in bands of RM50,000 is disclosed below:

Remuneration Bands	Number of Key Senior Management
RM250,001 to RM300,000	1
RM450,001 to RM500,000	1
RM550,001 to RM600,000	1
RM700,001 to RM750,000	1
RM750,001 to RM800,000	1

Although the MCCG recommends full disclosure by the Company of the remuneration of its Key Senior Management on named basis, the Board is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. As such, the Company has opted a disclosure of Key Senior Management's remuneration in bands of RM50,000 on an unnamed basis.

In setting the remuneration packages for Key Senior Management, the Company keeps in mind the remuneration and employment conditions within the industry and with comparable companies. The performance of Senior Management is evaluated on an annual basis and measured against pre-determined targets including their individual responsibilities, skills, expertise and contributions to the Group's performance. The Board will ensure that the remuneration for Senior Management is appropriately commensurate with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance.

The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

9.0 Effective and Independent Audit Committee

9.1 Chairman of Audit and Governance Committee ("AGC")

The AGC is chaired by an Independent Non-Executive Director, Mr Kwo Shih Kang, who is not the Chairman of the Board which therefore is in compliance with Practice 9.1 of the Code. The profile of the Chairman of the AGC is set out in the Profile of Directors of this Annual Report.

9.2 Composition of Audit Committee

The Board established the AGC since 15 April 1994 to provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities with regards to the accounting and financial reporting practices. The AGC also reviews the scope and results of internal and external auditing processes and monitors the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions.

During the financial year, the AGC comprised of three (3) members, all of whom are Independent Non-Executive Directors.

All members of the AGC possess a diverse knowledge based on their background as well as commercial experiences to bring some objective and independent judgment in discharging their duties. All members of the AGC are financially literate and can understand matters under the purview of the AGC including the financial reporting processes of the Group. Their performance are reviewed by the NRC annually and recommended to the Board for approval.

The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles on pages 29 to 31 of this Annual Report.

The composition and summary of activities of the AGC during the financial year under review are disclosed in the AGC Report as set out on pages 64 to 70 of this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Part I – Audit Committee (continued)

9.0 Effective and Independent Audit Committee (continued)

9.3 Former Key Audit Partner

None of the Board member nor the AGC members were former Key Audit Partners of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least three years in the event any potential candidate to be appointed as a member of the AGC was a Key Audit Partner of the External Auditors of the Group.

9.4 Assessment of Suitability and Independence of External Auditors

The Company has established and maintained an appropriate and transparent relationship with the Company's External Auditors, PricewaterhouseCoopers PLT in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

During the financial year, the AGC had met the External Auditors three (3) times without the Executive Board members present. In compliance with Malaysian Institute of Accountants ("MIA") By-Laws, the Audit Partners are rotated every seven (7) years to ensure objectivity, independence and integrity of the audit opinions. Such assurance was also given by the External Auditors in the Audit Plan and Audit Report presented to the AGC. The last Audit Partner rotation was in 2018.

The AGC is empowered by the Board to review all issues in relation to the re-appointment of External Auditors. During the financial year under review, the performance evaluation of the External Auditors was carried out by the AGC through a set of questionnaires with the answers collated, summarised and deliberated during the AGC meeting and recommended to the Board for re-appointment of the External Auditors.

The External Auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board has received a written declaration from the External Auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements, including the By-Laws of the MIA.

The Terms of Reference of AGC provides that any former Key Audit Partner to be appointed as a member of the Audit and Governance Committee, a cooling-off period of at least three (3) years will be observed by the Group.

The AGC was satisfied with the competence and independence of the External Auditors and had recommended the re-appointment of the External Auditors for shareholders' consideration at the forthcoming 52nd AGM.

Part II – Risk Management and Internal Control Framework

10.0 Establishment of Risk Management and Internal Control Framework

The Board has the ultimate responsibility in reviewing the Group's risks, approving the risk management framework and overseeing the Group's strategic risk management and internal control system to safeguard shareholders' investments and the Group's assets. In view of this, the RSC has adopted a Risk Management Framework for the Group in 2005.

The objective of this framework is to provide guidance to the Group to facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the operating subsidiaries and business divisions to the holding company in a timely manner.

11.0 Effective Governance, Risk Management and Internal Control Framework

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 have considered the risks that the Group faces whilst balancing out the interest of its many stakeholders and protecting the Group's assets and investments.

The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the AGC. The internal audit function of the Company and the Group has been outsourced to an independent party, Messrs Deloitte Business Advisory Sdn Bhd (formerly known as Deloitte Risk Advisory Sdn Bhd) who reports directly to the AGC. The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.

The Internal Audit Consultants adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The internal audit function is guided by Internal Audit Charter which was approved by the AGC and Board of Directors on 30 May 2017. Audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the AGC.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Part II – Risk Management and Internal Control Framework (continued)

11.0 Effective Governance, Risk Management and Internal Control Framework (continued)

Further evaluation was carried out by the AGC on the performance of the outsourced internal audit function of the Group and the results were reported to the Board. The Board is satisfied that the outsourced internal audit has the necessary competency, experience, resources and independency to carry out its function effectively in discharging its duties of internal audit functions of the Group.

Details of the Company and the Group's internal control system and framework are set out in the Directors' Statement of Risk Management and Internal Control and the AGC Report contained in this Annual Report.

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

Part I – Communication with Stakeholders

12.0 Continuous Communication between the Company and Stakeholders

The Company has in place a Corporate Disclosure Policies and Procedures which sets out clear procedures on corporate disclosure, designated corporate disclosure officer and appointed spokespersons for the Company to ensure that material information disclosed by the Company is accurate, timely and complete. Clear roles and responsibilities of Directors, Management and employees are provided together with levels of authority provided to designated persons in handling and disclosing material information.

The Group maintains its corporate website at www.melewar-mig.com for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements on a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website. Written communications are attended to within a reasonable time from the day of receipt.

The Board has identified Mr Kwo Shih Kang as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed.

(i) Mr Kwo Shih Kang can be contacted as follows:
Telephone number: +603-6250 6000 Facsimile number: +603-6257 1555
Email address: vincentkwo@melewar-mig.com

Queries or concerns regarding the Group may be also conveyed to the following persons:

(ii) Ms Chan Loo Ling (Chief Financial Officer, for financial related matters)
Telephone number: +603-6250 6000 Facsimile number: +603-6257 1555

(iii) Ms Lily Yin Kam May (Company Secretary, for shareholders' enquiries)
Telephone number: +603-6252 8880 Facsimile number: +603-6252 8080

Part II – Conduct of General Meetings

13.0 Encourage Shareholders' Participation at General Meetings

General Meeting serves as the principal platform for the Board and Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests. The Company Secretary, by order of the Board, serve a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the AGM.

If a member is unable to attend and vote in person at the General Meetings, the Company allows him/her to appoint proxies to attend and vote at the General Meetings on his/her behalf. A member may appoint any person, who may but need not be a member of the Company, to be his/her proxy without limitation and the proxy shall have the same rights as the member to speak at the General Meetings.

Notices of General Meetings, the related Circulars and the Annual Reports of the Company are sent to the shareholders in accordance with the regulatory and statutory provisions. Where special business items appear in the Notices of General Meetings, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on such resolution. The Notices of General Meetings are advertised in a national English newspaper within the prescribed deadlines.

All Directors attend the General Meetings. The Senior Management is also present at the General Meetings to respond to shareholders' queries addressed to them during the meetings. The External Auditors and advisers of corporate exercises, where applicable, attend General Meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

Part II – Conduct of General Meetings (continued)

13.0 Encourage Shareholders' Participation at General Meetings (continued)

In accordance with the MMLR, a summary of the key decisions and discussions arising from the AGM in November 2021 will also be posted on our website.

A press conference is normally held after each AGM and/or General Meeting of the Company to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest.

Amid the evolving COVID-19 outbreak in Malaysia and out of the Company's concern to the well-being and safety of its members, the Company's 51st AGM was the first AGM of the Company conducted through live streaming and online remote participation by using Remote Participation and Voting ("RPV") facilities, which is in compliance with Section 327 of the CA. By leveraging on the RPV facilities, members participated in the AGM by viewing a live webcast of the AGM, asking questions online, and submitting votes in real time, without physically attending the AGM.

All resolutions set out in the notice of the 51st AGM were put to vote by poll and the votes casted were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the General Meeting was announced to Bursa Securities at the end of the meeting day.

The Company again will be leveraging on technology to conduct the 52nd AGM fully virtual through live streaming and online remote voting using RPV facilities.

13.1 Poll Voting

In line with Paragraph 8.29A of the MMLR, the Company has ensured that any resolution set out in the notice of any General Meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any General Meeting, is voted by poll. At the same time, the Company always appoints at least one (1) scrutineer to validate the votes cast at the General Meeting.

As for voting in absentia and remote shareholders' participation, the existing Proxy Form authorising proxies or Chairman of meeting is an alternative measure adopted by the Company.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers that the Statement on Corporate Governance Overview provides the information necessary to enable shareholders to evaluate how the Code has been applied. The Board has considered and is satisfied that the Company has fulfilled its obligation under the MCCG, the MMLR of Bursa Securities and all applicable laws and regulations throughout the financial year ended 30 June 2021.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

Other than those disclosed in the financial statements, there were no material contracts including contracts for any loans entered into by the Company and/or its subsidiaries involving the interests of the Directors or Chief Executive who is not a Director and major shareholder.

2. MATERIAL CONTRACTS RELATED TO LOAN

There were no material contracts related to loans entered into by the Company and/or its subsidiaries involving the Company's Directors and/or major shareholders' interests during the financial year under review.

3. AUDIT FEES

The amount of audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2021 amounted to RM658,630 and RM230,000 respectively.

4. NON-AUDIT FEES

The amount of non-audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2021 amounted to RM43,200 and RM14,400 respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021

On 30 November 2020, the Company sought approval for a shareholders' mandate for MIG Group to enter into RRPTs (as defined in the Circular to Shareholders dated 30 October 2020) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the MMLR.

The aggregate value of transactions conducted during the financial year ended 30 June 2021 in accordance with the Shareholders' Mandate obtained at the last AGM were as follows:

A. RRPTs with Trace Management Services Sdn Bhd ("Trace")

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
1.	Trace	Provision of corporate secretarial services by the Related Party to Melewar Industrial Group Berhad ("MIG") and its subsidiaries ("MIG Group")	**Interested Directors** Tunku Dato' Yaacob Khyra ("TY") and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY")	TY and TYY are deemed interested in Trace by virtue of their major interests in Melewar Group Berhad ("MGB"), who in turn is the holding company of Trace; MGB is the family owned investment holding company.	Nil	412,985

B. RRPTs with MAA Group Berhad ("MAAG") and its subsidiaries, collectively

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
1.	MAA Corporation Sdn Bhd ("MAA Corp")	Office rental charged by the Related Party to MIG Group	**Interested Director** TY **Interested Major Shareholders** Melewar Equities (BVI) Ltd ("MEBVI"), Melewar Khyra Sdn Bhd ("MKSB") and Khyra Legacy Berhad ("KLB")	TY is deemed interested in MAA Corp. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	MAA Corp is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB.	87,017
2.	MAA Corp	Office service charged by the Related Party to MIG Group	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MAA Corp. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	MAA Corp is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB.	20,081

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

B. RRPTs with MAA Group Berhad ("MAAG") and its subsidiaries, collectively (continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
				Director	Major Shareholder	
3.	MAACA Legal Advisory Sdn Bhd ("MAACA Legal Advisory")	Provision of corporate consultancy services by the Related Party to MIG Group	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MAACA Legal Advisory. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	MAACA Legal Advisory is a wholly owned subsidiary of MAA Corp who in turn is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB.	Nil

C. Financial assistance between MIG Group and the classes of related parties

Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2020 – 30/06/2021) (RM)
			Director	Major Shareholder	
Provision of financial assistance to the Group by the pooling of funds via a centralized treasury management function within the MIG Group on a short or medium term basis i.e. for a duration not exceeding three (3) years.	MIG Group	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MIG by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the Major Shareholders of MIG.	Nil	Nil
Provision of corporate guarantee to financial institutions, as and when required, to secure the continuing trade facilities extended to direct and indirect subsidiaries.	MIG Group	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MIG by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the Major Shareholders of MIG.	Nil	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the requirements of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and of the Group so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2021.

In preparing the annual audited financial statements, the Directors have:

(a) applied the appropriate and relevant accounting policies on a consistent basis;

(b) made judgments and estimates that are reasonable and prudent; and

(c) prepared the annual audited financial statements on a going concern basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance ("MCCG") sets out the principle that the Board of Directors ("Board") of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment and assets of the Group.

The Board is pleased to present the following Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 June 2021. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system, in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

Whilst the Board has the ultimate responsibility for the Group's risk management and internal control systems, it has delegated the immediate oversight and implementation of these internal controls to the Management who make regular submissions to the Audit and Governance Committee ("AGC") and Risk and Sustainability Committee ("RSC") on the status of actions taken to mitigate and/or minimise identified risks.

The risk management and internal control system is subject to the Board's regular review via the independent Internal Audit function with a view towards appraising and ascertaining the relevancy, adequacy and effectiveness of the controls in place in key operational and business areas as identified in the annual Audit Plan.

From time to time, the Board receives assurances from the Heads or the Chief Executive Officers ("CEO") of the operating subsidiaries and the Chief Financial Officer ("CFO") on the efficacy of the risk management and internal control system and that it sufficiently safeguards the interests of the Group.

COVID-19 Pandemic

During the year, the unprecedented situation caused by the COVID-19 pandemic has significant impact on people and businesses around the world. The Group had established a COVID-19 Task Force to proactively monitor and manage the COVID-19 impact to business and operations, implementing and complying with Standard Operating Procedures issued by Malaysian National Security Council to prevent the COVID-19 outbreak in the workplace.

The Group implements various safety and health measures, inclusive of work from home and split team arrangements; frequent communication on health awareness and declaration of employees' Personal Health; and taking daily precautions, such as sanitisation and daily temperature screening. In line with the Government's objective to create herd immunity, the Group encourages its employees to voluntarily register for the National COVID-19 Immunisation Program which was launched on 24 February 2021. The Group will continue to closely monitor the latest development of COVID-19 cases in Malaysia and will do its best to protect its employees and supply chain.

RISK MANAGEMENT

The main components of the Group's risk governance and structure consists of the Board, the AGC and the RSC. The adequacy and effectiveness of risk management and internal controls are reviewed by the AGC and RSC through internal audits conducted. The internal audits are outsourced to external service provider, Messrs Deloitte Business Advisory Sdn Bhd (formerly known as Deloitte Risk Advisory Sdn Bhd) ("Deloitte"). Internal control issues as well as actions taken by Management to address these issues are tabled by the outsourced service providers for deliberation during the AGC meetings.

The Group has also in place Standard Operating Policies ("SOP") and Internal Control Procedures ("ICP") for its main business highlighting the control objectives, policies, procedures, authority and responsibility. Each business unit and their supporting departments have implemented its own control processes under the leadership of the Executive Chairman/Managing Director, who is responsible for business and regulatory governance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

The CEO of the operating subsidiaries, Senior Management, Division Heads and Departmental Heads are responsible for identifying, assessing and managing the risks of their respective business units, operational units and departments. The specific business risks identified encompasses risks on finance, operations, regulatory compliance and cyber security, including respective internal controls in place to manage the risks. It assures the Board that the Group's risks are effectively managed based on the Risk Management Framework adopted by the Group and the Internal Controls System are operating adequately and effectively, in all material aspects. Regular Management and operational meetings are held to deliberate key risks and the appropriate mitigating controls. This ongoing process is undertaken at all active subsidiaries of the Group.

On a quarterly basis, Management reports to the AGC and RSC on all risk areas faced by the Group and findings identified from the internal audit reviews conducted by Deloitte as well as the actions taken by the Management to address those high risks areas and audit findings. Minutes of the meetings of the AGC and RSC which recorded these deliberations were presented to the Board.

In compliance with the Guidelines for Directors of Listed Issuers which was issued by the Bursa Securities, the Board shall re-evaluate the Group's existing risk management process to ensure it is appropriate for the Group's requirements.

RISK AND SUSTAINABILITY COMMITTEE

The RSC was established by the Board on 18 December 2003. The members of the RSC as at the date of this Annual Report are as follows:

Chairman : Mr Kwo Shih Kang

Members : Datin Seri Raihanah Begum binti Abdul Rahman

: Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram
(Appointed on 27 May 2021)

: En Shazal Yusuf bin Mohamed Zain
(Demised on 24 April 2021)

With the passing of En Shazal Yusuf bin Mohamed Zain on 24 April 2021, there was a vacancy in the RSC. With the appointment of Dato' Dr. Kili Ghandhi Raj A/L K R Somasundam as a member of the RSC on 27 May 2021, the Company complied with its Term of Reference ("TOR") of the RSC meeting the minimum requirement of three (3) members on the RSC. Mr Kwo Shih Kang was also redesignated as Chairman of the RSC on 27 May 2021.

During the financial year ended 30 June 2021, four (4) RSC meetings were held. The details of attendance of each Committee member are as follows:

Name of Committee Members	Total Meetings Attended
Mr Kwo Shih Kang (Chairman, Senior Independent Non-Executive Director)	4/4
Datin Seri Raihanah Begum binti Abdul Rahman (Independent Non-Executive Director)	4/4
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram (Independent Non-Executive Director) *(Appointed on 27 May 2021)*	N/A
En Shazal Yusuf bin Mohamed Zain *(Demised on 24 April 2021)*	2/3

RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process for identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the period under review and up to the date of issuance of this Statement.

The RSC had formally adopted a Risk Management Framework for the Group to provide guidance to the Group and facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the operating subsidiaries and business divisions to the holding company in a timely manner in accordance with the overall risk appetite of the Group.

The roles of the Board of Directors, RSC and the respective Heads of Division/Department are well defined under the framework with clear lines of accountability. Management is responsible for the identification and evaluation of the key risks applicable to their areas of business units/segments on a continuous basis. The Group recognises that Risk Management involves a structured approach, combining the efforts of all functions within the Group, to minimise the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision making.

The RSC will assist and coordinate the implementation of the risk management programme for the Group. The implementation of the risk management programme will provide a consistent approach and guideline in managing the Group's significant risk exposures. It has been a practice for the RSC to invite the relevant Heads of Division/Department to attend the RSC Meetings, where appropriate.

The business interests are operated by the subsidiaries of the Group. Management of the day-to-day affairs of the Group's various subsidiaries are assigned to local management, comprising Chief Operating Officer of the main operating companies, who are accountable for the conduct and performance of their subsidiaries within agreed business strategies. Local management sits at various management and operations meetings, and review financial and operations reports, in order to monitor the performance and profitability of the business of their respective subsidiaries. Paramount to this process is the role played by the Group's Senior Management personnel who, by virtue of their presence on the Boards of both listed and unlisted subsidiaries of the Group, supervise the subsidiaries' activities, and regularly update the Board of Directors of the Company.

The framework is reviewed and revised as and when necessary to ensure it remains relevant and adequate to manage the MIG Group's risks, which continue to evolve along with the changing business environment.

INTERNAL CONTROL

The key elements of the Group's system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system during the financial year ended 30 June 2021 are summarised as follows:

1. Authority and Responsibility

(a) Responsibilities are delegated to Board Committees through clearly defined TOR which are reviewed and revised when necessary. The TOR of the RSC was last reviewed and updated on 30 May 2018.

(b) The Group has a clear organisation structure with well-defined lines of reporting and appropriate levels of responsibility.

(c) The Authority Limits is reviewed and revised when necessary to reflect the authority and authorisation limits of Management.

2. Internal Control Procedures

To ensure the uniformity and consistency of practices and controls within the Group, Internal Control Procedures ("ICPs") have been formalised and documented which were endorsed by both the Management and the Board which cover:

- Internal Control Procedure
- Petty Cash Procedure
- Staff Transport Allowances
- Organisation's Motor Vehicles
- Outstation & Overseas Travel
- Staff Expense Reimbursement
- Employee Advance Control Procedure
- Capital Asset Acquisition Procedure
- Capital Asset Disposal Procedure
- Investment Procedure
- Credit Control Procedure
- Purchase Procedure/Raw Materials Purchase and Sub-Contractor Procedure
- Sub-raw Materials, Tooling, Hardware, Consumable, Equipment, Fuel, Lubricants, General Procurement and Miscellaneous Items Purchase Procedure
- Sales Procedure
- Internal Security Procedure/Site Pre-Qualification Process
- Whistle-blowing Policy
- Project Monitoring Mechanism
- Intercompany Transactions/Loans Advances Procedure
- FX Risk Management
- Manual Journal Transaction Procedure
- Miscellaneous Payments Procedure

The ICPs are subject to review on a regular basis along with the internal audit review of the selected area of operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

3. Policies and Procedures

Operational policies and procedures are formalised to serve as a guiding principle to all employees within the Group for their day-to-day activities and to ensure compliance with internal controls and relevant laws and regulations. The policies and procedures are documented in the ICPs and are reviewed and updated when applicable to ensure its relevancy in addressing the changing environment and operational requirement.

The manufacturing subsidiaries that implement risk-based ISO 9001:2015 Quality Management System ("QMS") benefit from determining the risks and opportunities, planning actions to address them, implementing them in QMS and evaluating their effectiveness to ensure their products or services are consistently meeting customer requirement and expectation. The QMS is reviewed quarterly to maintain its relevancies to meet changes in business, operational and statutory needs.

Besides that, the operating subsidiary had achieved another milestone in their sustainability journey by receiving the ECO-Label certification from SIRIM (SIRIM ECO 032:2020). This achievement is forging a stronger foundation in their claim as a responsible and sustainable manufacturer who produces a reliable and environmentally friendly product in a credible way.

4. Internal Audit Function

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the Audit Committee. The internal audit independently reviews the system of internal controls implemented by Management within the Group. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls and provides recommendations, if any, for the improvement of the control policies and procedures.

Internal audit efforts are directed towards areas with significant risks as identified by Management.

Audit issues and actions taken by the Management to address the shortcomings raised by Deloitte were deliberated and accepted during the AGC meetings. Additionally, the AGC also reviewed the implementation progress of the corrective action plans committed by the Management for all key findings and recommendations highlighted in the previous Internal Audit Reports until the corrective actions were implemented appropriately and as committed. Minutes of the AGC meetings which recorded these deliberations and decisions were subsequently presented to the Board for notation.

5. Managers Meeting ("MANCO")

The Managers of each business division meets on a monthly basis to review, deliberate and resolve various operational issues, financial and key management issues based on the prevailing economic conditions and their potential impact and risks on the Group's business activities and to take the necessary measures on a timely basis, where possible and appropriate.

6. Risk Management Process

As part of the Risk Management process, the Company adopted the implementation of a Risk Register with which the principal business risk is identified and regularly updated to reflect on-going changes in the risk profile.

These on-going monitoring and reviews of the risk register are undertaken on a quarterly basis by the Management to assess the continued applicability and relevance of the risks already identified and to re-rate these risks where necessary; as well as to identify emerging risks or new risk factors, if any, faced by the Group as a whole based on a consistent risk likelihood and impact criteria applied across the Group.

The other key elements of the Group's Internal Controls are as follows:

(i) A Whistle-blowing Policy to assist stakeholders to raise concerns on any malpractices they may observe in the Group, without fear of retaliation;

(ii) An Anti-Corruption Policy to prohibit all forms of bribery and corruption practices, and the Group is committed to conducting business free from any acts of bribery or corruption in upholding high standards of ethics and integrity;

(iii) The operations and any significant changes in the business and external environment are reported to the Board on quarterly basis;

(iv) Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks applicable to their respective business areas, the design and operation of suitable internal control and in ensuring that an effective system of internal control is in place;

(v) Code of Conducts endorsed by the Board and communicated to all employees in the Group to ensure high standards of conduct and ethical values in all business practices;

(vi) Training and development programs were established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives;

(vii) Changes in the regional and global economic conditions, such as trade tensions and other global headwinds that could result in uncertainties and volatilities in the economic environment, which may have an adverse effect on the demand or components, and hence on the Group's financial performance and operations. The Group manages these economic risks through keeping ourselves abreast with the economic and market development, maintaining good relationship with customers and closely following latest news on customers' products performance and business.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the financial year under review and up to the date of the issuance of this Statement, the Management continues to monitor all major risks affecting the Group and the necessary measures to mitigate or minimise them as well as continue to enhance the adequacy and effectiveness of the risk management and internal control system of the Group mainly focusing on strategic, financial, operational and compliance aspect.

In line with the Guidelines, the Board has received assurance from the Heads or CEO from the various operating subsidiaries and the CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management adopted by the Group and the declarations made by the respective Heads of each Division. To the best of knowledge, nothing has come to the attention of the Executive Director, CFO and the Management which may render the financial results presented and the information provided to be misleading in any material respect.

The Board is of the view that the risk management and internal control system of the Group is adequate and effective to safeguard the shareholders' investments, Group's assets and the interests of other stakeholders. There were no adverse compliance events or material control failures that could cause material losses to the Group. Nevertheless, taking into account the rapid changing environment and circumstances, the Board continues to evaluate and take precautionary measures and steps to further strengthen the control environment.

AUDIT AND GOVERNANCE COMMITTEE REPORT

The Board of Directors ("Board") of Melewar Industrial Group Berhad ("MIG" or "the Company") is pleased to present the Audit and Governance Committee Report including a summary of the activities of the Audit and Governance Committee ("AGC") which provides insights into the manner in which the AGC discharged its function for the Group for the financial year ended 30 June 2021 in the areas of corporate governance, internal controls and financial reporting.

The objective of the AGC, as a Committee of the Board is to assist the Board in the effective discharge of its fiduciary responsibilities on corporate governance, financial reporting and internal control system of the Company and its subsidiaries ("the Group"). The primary functions of the AGC, include, among others, the following:

(a) Assess the Group's process relating to its risks and control environment;
(b) Oversee financial reporting; and
(c) Evaluate the internal and external audit process.

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the AGC are aligned with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and recommendations of the Malaysian Code on Corporate Governance ("MCCG"). The TOR will be revised accordingly, to cater for changes, if any.

The TOR of the AGC is available on the Company's website at www.melewar-mig.com.

COMPOSITION

As at the date of this Annual Report, the AGC comprises of three (3) members, all of whom are Independent and Non-Executive Directors in compliance with the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities. No Alternate Director is appointed as a member of the AGC.

The current composition of the AGC, their respective designations and directorate are as follows:

Designation	Name	Directorship
Chairman	Mr Kwo Shih Kang	Senior Independent Non-Executive Director
Members	Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director
	Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram *(Appointed on 27 May 2021)*	Independent Non-Executive Director

En Shazal Yusuf who was a member of the AGC had passed away on 24 April 2021. The Nomination and Remuneration Committee had agreed on 27 May 2021 to appoint Dato' Dr. Kili Ghandhi as the additional Committee member to fulfill the requirement that AGC is to have at least three (3) members.

The AGC Chairman, Mr Kwo Shih Kang, is a graduate from CASS Business School, London with a Master of Business Administration, majoring in Finance. He is also a Fellow of the Society of Actuaries, USA. Mr Kwo Shih Kang is also a Registered Financial Planner. Thus, the Company has complied with Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The Chairman of the AGC is not the Chairman of the Board. This is in line with Practice 9.1 under the MCCG.

The Company recognised the need to uphold independence of its External Auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AGC of the Company were former Key Audit Partners of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least three years in the event any potential candidate to be appointed as a member of the AGC was a Key Audit Partner of the External Auditors of the Group.

All members of the AGC are adequately financially equipped and are able to understand financial statements to effectively discharge their duties and responsibilities as members of the AGC. The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles set out on pages 29 to 31 in the Annual Report.

During the financial year 2021, all members of the AGC had undertaken the relevant training programmes to keep themselves abreast of the latest development in statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of trainings attended is disclosed in the Corporate Governance Overview Statement in this Annual Report.

MEETINGS AND ATTENDANCE

The AGC shall meet at least four (4) times annually or more frequently as circumstances dictate. The Chief Executive Officers or Heads of the operating subsidiaries were invited to all AGC meetings to provide further clarification on the operations of the Group, the risk management and internal control system. The Chief Financial Officer ("CFO") attended all meetings of the AGC to present all financial results and to clarify any issues relating to financial reporting. Other Board members, employees, a representative of the External Auditors and Internal Audit Consultants attended meetings upon the invitation of the AGC.

The Company Secretary shall be the secretary to the AGC. All deliberations during the AGC meetings, including the issues tabled and decision based on justified substantiated rationale were properly recorded. Minutes of the AGC meetings were tabled for confirmation at the following AGC meeting and subsequently presented to the Board for notation. The AGC Chairman also conveys to the Board key matters deliberated at the AGC meetings and matters of significant concerns as and when raised by the External Auditors or Internal Audit Consultants and those matters which require the decision or approval of the Board.

During the financial year ended 30 June 2021, there were five (5) AGC meetings held. The number of meetings attended by each AGC member were as follows:

Members	No. of Meetings Attended	%
Mr Kwo Shih Kang	5/5	100
Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram *(Appointed on 27 May 2021)*	N/A	N/A
En Shazal Yusuf bin Mohamed Zain *(Demised on 24 April 2021)*	3/4	75

The AGC meetings of the Company were convened with proper notices and agenda and these were distributed to all members of the AGC about five (5) days before the meetings. At the meeting, matters to be addressed by Management raised at the meetings are issued by the Company Secretary on the decisions made and action required. These are then circulated to Management for their onward action.

The External Auditors were also invited to present to the AGC the audit plan, the audit findings, the independent auditors' report as well as any other matters which they considered were important for the AGC's attention. During the financial year under review, the AGC had conducted three (3) private meetings with the External Auditors, to give opportunity to the External Auditors to raise any matters without the presence of the executive Board members and the Management.

Other Senior Management staff may be invited to attend certain AGC meetings if so required, requested or invited by the Chairman of the Committee to seek clarification on audit issues and facilitate direct communication as well as to solicit information in relation to the operations of the Company. Conversely, the External Auditors and Internal Audit Consultants may also respectively request a meeting with the AGC if they consider it necessary.

The composition of the AGC is reviewed by the Nomination and Remuneration Committee ("NRC") annually and appropriate recommendations are made to the Board.

The NRC had on 26 August 2021 reviewed the terms of office and performance of the AGC members. The Board, through its NRC, reviewed the performance of the AGC and the skills, experience and competencies possessed by the members of the AGC through an annual AGC effectiveness assessment.

The Board was satisfied with the performance of the AGC and its members based on the assessment carried out.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021

In line with the TOR, the AGC held five (5) meetings during the financial year and carried out the following activities:

<table>
<tr>
<td>Financial Reporting</td>
<td>
(a) The AGC reviewed the unaudited quarterly financial results and audited financial statements of the Group with the aim to ensure that the interim financial reports and financial statements were prepared in accordance with the approved Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”), the Companies Act 2016 and other statutory requirements. In reviewing the interim financial report, the CFO provided explanations on the analysis of the quarterly results and major variances. The AGC was also briefed on the Group’s business operations, factors affecting the Group’s performance and market outlook.

(b) In its review of the quarterly results and audited financial statements, the AGC also took note of the changes of accounting standards and impacts on the financial performance or position of the Group with adoption of the new accounting standards. The following were the primary areas of financial reporting judgement and disclosure considered by the AGC in relation to financial statements for financial year ended 2021 based on the assessment made by the External Auditors on the macroeconomic changes which could affect the business of the Group:

(i) Impact on outbreak of COVID-19 on financial reporting
The Group had considered and appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of its financial statements for financial year ended 2021. The area of audit emphasis included the going concern assessment, potential breach of financial covenants, valuation of financial and non-financial assets which would lead to some form of assessment as to whether there requires any impairment on assets and receivables balances. The Group does not expect any going concern issue and no concern of the Group not fulfilling the debt covenants. The AGC was satisfied that the effect of the COVID-19 pandemic on financial reporting had been considered and appropriately taken up as well as disclosed in the financial statements.

(ii) Impact on increasing steel prices
There was a heightened increase in steel prices over the period from 30 June 2020 to 30 April 2021 which could lead to increase in risk of material misstatement in revenue recognition. As such, the External Auditors would need to carry a more focussed assessment on revenue recognition of sales transactions in the correct accounting period.

(iii) Impact on China’s emissions crackdown
With the stricter regulations imposed by the Chinese government on the production of their steel, there has been a reduction in supply of steel both globally and locally which exacerbated the increase in steel prices. As such, the External Auditors would also need to carry out same assessment as explained in item (ii) above.
.
(c) Sought clarification from Management especially from the CFO of the Group on the following information for better understanding of the overall state of the financial position of the Company:

• Performance of the key divisions of the Company including the variations and contributing factors to the performance;
• Foreign exchange exposure;
• Cash flow position of the Group with specific details on the compliance to the financial covenants with the various financial institutions who had granted facilities to the Group;
• Position of the gearing ratio of the Company.

(d) Reviewed the key audit matters highlighted in the auditors’ report based on auditors’ professional judgement which were considered as most significant in their audit of the financial statements of the Group and of the Company for the current financial year.

(e) Reviewed and ascertained that the audited annual financial statements do not contain any misstatement of transactions and the auditors are in a position to issue an unqualified opinion on the matter of truth and fairness of the financial performance and the financial position of the Company and of the Group.
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</table>

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021 (CONTINUED)

External Audit and Interim Review	(a) On 27 May 2021, the External Auditors presented the Audit Plan for financial year ended 30 June 2021 which outlined the engagement team, audit timetable, group scoping, areas of audit emphasis and their engagement letter. The External Auditors also briefed the AGC on developments in laws and regulations on accounting standards which would potentially affect the valuation of financial assets and non-financial assets of the Group as well as treatment of issues which would have some impact on the Group. At the meeting, the External Auditors confirmed their independence in relation to the audit engagement for financial year ended 2021, in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"). (b) The AGC had on 26 August 2021, reviewed with the External Auditors, the significant auditing and accounting matters in respect of their audit for the financial year ended 30 June 2021. In the said meeting, the AGC reviewed with the External Auditors the internal control recommendations, the new accounting standards and other developments in laws and regulations. (c) The AGC had in August 2021 conducted a review of the External Auditors' performance, suitability and independence of the External Auditors and terms of engagement before recommending their re-appointment and remuneration. In ensuring independence, the AGC:- • looked into the criteria stipulated under Paragraph 15.21 of the MMLR when deciding on the External Auditors. • ensured audit partner responsible for external audit of MIG is subject to rotation at least once every seven (7) financial years in accordance with the MIA By-Laws which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond seven (7) years. The last audit partner rotation was in 2018. (d) At the same meeting held in August 2021, the AGC reviewed the provision of audit and non-audit fees by the External Auditors for the financial year 2021. The AGC having reviewed the nature and amount of the non-audit fees, was satisfied that the non-audit services would not impair the independence of the External Auditors. The details of the audit fees and non-audit fees paid to the External Auditors for the financial year ended 2021 are set out in the Additional Disclosure Statements of this Annual Report. (e) The AGC reviewed with the External Auditors the final draft of Financial Statements for the financial year ended 30 June 2021 ("FS"), held in October 2021 including the status and outcome of their audit findings and key audit matters to be disclosed in the FS. (f) The AGC held three (3) private sessions with the External Auditors in August 2020, October 2020 and May 2021 without the presence of the executive board members and management, for a greater exchange of free views and opinion concerning audit matters. There were no major concerns raised by the External Auditors that needed the attention of the Board of Directors. (g) The AGC had reviewed the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls and risk management within the Group and also the AGC's Report which would be reviewed by the External Auditors prior to the Board's approval for inclusion in the Annual Report. (h) Received updates on the statutory and regulatory requirements including the implementation of the accounting standards applicable in the preparation of financial statements and their implications on the financial statements.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021 (CONTINUED)

Internal Control and Internal Audit	(a) Reviewed and approved the Internal Audit Consultants' Annual Internal Audit Plan and ensured principal risks, key entities, scope and functions were adequately identified and covered in the plan. (b) Reviewed and evaluated the overall adequacy and effectiveness of the risk management and Group's internal control system on a quarterly basis through review of results of work performed by Internal Audit Consultants and discussions with the Management. (c) Reviewed the internal audit reports presented by the Internal Audit Consultants at each AGC meeting and their activities with respect to: • Status of audit activities as compared to the approved Annual Audit Plan. • Monitored the outcome of the audits, follow-up, investigation to ascertain all action plans were adequately implemented to address the key risks. • Adequacy of Management's responsiveness to the audit findings and recommendations. • Adequacy of audit resources of the Internal Audit Consultants. (d) Reviewed and deliberated on internal audit reports, audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks. (e) Monitored the implementation of action plans agreed by Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented in the related areas based on the committed timelines. (f) Reviewed and monitored the implementation status of the audit recommendations made by the auditors to ensure that key risks and controls have been addressed. This includes any improvement on the system of the internal controls and procedures. (g) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. (h) Undertook the performance appraisal of the Internal Audit Consultants and recommended to the Board the re-appointment of the external service provider for internal audit services. (i) Reviewed and debated on the recommendations made by the Internal Audit Consultants on the auditable areas where further improvements are required with subsequent recommendation to the Board on steps to improve the system of internal control derived from the findings of the Internal Audit Consultants.
Corporate Governance	(a) Reviewed, assessed the effectiveness and adequacy of the relevant framework and the Policy on Related Party Transactions to be adopted and implemented for the Group. (b) Reviewed and monitored the disclosure of related party transactions and any conflict of interest situation and questionable transactions to ensure compliance with the MMLR and that they were not more favourable to the related parties than those generally available to the public and were not detrimental to minority shareholders. (c) Reviewed the following draft Statement/Circular to Shareholders and recommended the same to the Board for approval: (i) Proposed share buy-back of up to ten percent (10%) of the total number of issued shares of the Company subject to the Company fulfilling the conditions for the share buy-back; and (ii) Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance. (d) Reviewed the AGC Report, Corporate Governance Overview Statement, Corporate Governance Report, Board's responsibility on the annual audited financial statements and the state of internal control and other relevant documents for publication in the Company's Annual Report.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Audit ("IA") function of the Group was outsourced to an independent external professional firm, Deloitte Business Advisory Sdn Bhd (formerly known as Deloitte Risk Advisory Sdn Bhd) ("Deloitte" or "Internal Audit Consultants"). Deloitte reports directly to the AGC and assists the Board to review and assess the adequacy of the key business processes in place for each of the auditable area that they have been tasked to look into as well as to be in compliance with applicable rules and regulations to ensure a sound internal control system is established and to function effectively and satisfactorily within the Group.

The IA function adopts a risk based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on timely basis.

These processes provide reasonable assurance that such internal control system would continue to operate satisfactorily and effectively in the Group.

The Internal Audit Consultants submits the internal audit report with audit findings and recommendations on areas of concern to the AGC for its review and deliberation on a quarterly basis.

During the financial year ended 30 June 2021, the Internal Audit Consultants had carried out a review on the Group's policies, procedures, processes and controls covering the following areas based on the approved audit plan 2020/2021

Companies	Key Areas	Activities
• Mycron Steel CRC Sdn Bhd ("MCRC")	Production Operations	Reviewed the process and controls pertaining to the following: • Compliance with established policies and procedures and identified any areas of improvement, where applicable; • Usage of raw materials and utilities during the production time and assess the trend of the variances on the usage; • Factory production planning and actual monthly output generated and analysis on any variances; • Timeliness of updates of the actual finished goods production quantity into the ERP Application System; • Production schedule planning, monitoring and reporting process; • Actual tracking of output from the production line to inventory; and • Production line downtime monitoring and reporting.
• MCRC • Melewar Steel Tube Sdn Bhd ("MST")	(i) Maintenance Management	Reviewed and evaluated the processes and controls pertaining to the following: • Compliance with established policies and procedures and identified any areas of improvement, where applicable; • Adequacy and compliance with equipment weekly/monthly/yearly maintenance plans including completeness of the preventive and predictive maintenance plan; • Compliance with testing of equipment and calibration *(only for MCRC)*; • Repairs and maintenance costs incurred; • In house/outsourced vendor maintenance contract and timeliness of action taken *(only for MCRC)*; • Trend of machinery downtime and planned shutdown set by maintenance including the action/improvement plan in place to reduce unplanned downtime; and • Monitoring of machinery breakdown and time taken for repair and maintenance.
	(ii) Procurement to Payment Management	Reviewed the process and controls pertaining to the following: • Compliance with established policies and procedures and identified any areas of improvement, where applicable; • Governance over order processing (i.e. segregation of duties and approval/ authorisation); • Vendor sourcing, evaluation and selection; • Receipt of goods and/or services; • Processing payment to Vendors; and • Monitoring of long outstanding orders.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

Companies	Key Areas	Activities
• MIG	(i) Investment Review	Reviewed the internal control procedures pertaining to the following: • Adequacy of existing framework or policy, as well as compliance with the said framework or policy in relation to investment management; • Initiation process including preliminary assessment in deciding whether or not to pursue the investment; • Preparation of proposal paper and approvals from the appropriate authorising body; • Due diligence and conflict of interest management; • Monitoring of performance and delivery including budget, plans, milestones and timeline, as well as the contractual obligations and conditions precedent; and • Post mortem review and reporting to identify indication of any issues that need to be addressed.
	(ii) Related Party Transactions	Reviewed the internal control procedures pertaining to the following: • Adequacy of the relevant framework or policy in relation with related party transactions; • Process of identification and reporting of related parties and transactions; • Protocol for disclosing such relationships or transactions by the Board members and the relevant designated personnel; • Updating and maintaining the database of related parties; and • Awareness on the understanding and agreement to abide by the Company's related party framework or policy, as well as the listing requirement.
	(iii) IT Governance Review	Reviewed the internal control procedures pertaining to the following: • Compliance with the established policies and procedures in relation to information system management; • Change management; • Anti-virus management; • Audit trails controls; • Backup management and restoration; and • Disaster recovery plan.
• 3Bumi Trading Sdn Bhd	(i) Sales and Delivery	Reviewed the process and controls pertaining to the following: • Compliance with the established policies and procedures; • Credit assessment process for new customers; • Governance over sales order processing (i.e. segregation of duties, approval/ authorisation and order cancellation); • Sales order delivery process; and • Payment collection process.
	(ii) Procure to Pay	Reviewed the process and controls pertaining to the following: • Compliance with the established policies and procedures; • Credit assessment process for new suppliers (if applicable); • Governance over purchase order processing (i.e. segregation of duties and approval/ • authorisation); • Receiving process (if any); and • Payment process.
• Ausgard Quick Assembly Systems Sdn Bhd	Contract Management	Reviewed the process and controls pertaining to the following: • Compliance with established policies and procedures and identified any areas of improvement, where applicable; • Variation/change order processing; • Monitoring of performance against the contract; and • Monitoring of agreed budgets set out within the contract against payments made.

The AGC had noted the overall findings covering the above auditable areas as well as the recommendations made by the Internal Audit Consultants on the areas where further improvements were required.

The AGC was generally satisfied with the results of the audit.

The costs incurred in respect of the internal audit reviews performed by the professional services firm was RM115,000 for the financial year ended 30 June 2021.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021.

DIRECTORS

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

Tunku Dato' Yaacob Khyra
Azlan bin Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Datin Seri Raihanah Begum binti Abdul Rahman
Kwo Shih Kang
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram
Shazal Yusuf bin Mohamed Zain (Demised on 24 April 2021)

In accordance with Article 96(1) of the Company's Constitution, Azlan bin Abdullah and Datin Seri Raihanah Begum binti Abdul Rahman are to retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offers themselves for re-election.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of property investment and investment holding. The principal activities of its subsidiaries are in mid-stream steel cold rolled coil and steel tube manufacturing as disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year, other than the disposed engineering subsidiary as disclosed in Note 11 to the financial statements.

FINANCIAL RESULTS

	Group	Company
	RM	RM
Net profit for the financial year	58,407,543	13,039,109
Attributable to:		
- Equity holders of the Company	44,726,405	13,039,109
- Non-controlling interests	13,681,138	-
Net profit for the financial year	58,407,543	13,039,109

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures for the financial year ended 30 June 2021.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those benefits shown under Directors' Remuneration section 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.

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings, required to be kept under Section 59 of the Companies Act 2016 in Malaysia, none of the Directors who held office at the end of the financial year held any interest in shares or debentures of the Company, and every other body corporate being the Company's subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares in the Company			
Melewar Industrial Group Berhad (the Company)	**At 01.07.2020**	**Bought**	**Sold**	**At 30.06.2021**
Tunku Dato' Yaacob Khyra				
- deemed indirect interest (i)	164,762,464	3,810,300	-	168,572,764
Azlan bin Abdullah				
- direct interest	133,333	-	-	133,333

	Number of ordinary shares			
Mycron Steel Berhad (Related corporation)	**At 01.07.2020**	**Bought**	**Sold**	**At 30.06.2021**
Tunku Dato' Yaacob Khyra				
- deemed indirect interest (ii)	242,523,025	-	-	242,523,025
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
- deemed indirect interest (iii)	62,760	-	-	62,760
Azlan bin Abdullah				
- direct interest	100,000	-	46,100	53,900

(i) Deemed indirect interest by virtue of Tunku Dato' Yaacob Khyra ("TY") being a beneficiary of a trust known as Khyra Legacy Berhad ("KLB"), being the holding company of Melewar Equities (BVI) Ltd ("MEBVI") and Melewar Khyra Sdn Bhd ("MKSB") who are the Major/Substantial Shareholders of the Company. TY is also deemed to have indirect interest in Avenue Serimas Sdn Bhd ("ASSB") by virtue of KLB being the holding company of Melewar Equities Sdn Bhd ("MESB"). ASSB is a wholly owned subsidiary of Melewar QE Sdn Bhd who in turn is a wholly owned subsidiary of MESB.

(ii) Deemed indirect interest by virtue of TY being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the Major/Substantial Shareholders of the Company, a Major Shareholder of Mycron Steel Berhad.

(iii) Deemed indirect interest by virtue of Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah being a shareholder with 12.5% shareholdings in Melewar Group Berhad ("MGB") which is the family owned investment holding company. MGB holds 0.02% of the issued share capital of Mycron Steel Berhad.

By virtue of the above mentioned Directors' direct and indirect interests in ordinary shares of the Company, they are deemed to have an interest in the shares of all the subsidiaries to the extent the Company has an interest.

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

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 30 June 2021 on 359,417,703 ordinary shares:	
- Interim single-tier tax-exempt dividend of 2.23 sen per share, declared on 29 March 2021 and paid on 28 April 2021.	8,015,018

No further or final dividend for the financial year ended 30 June 2021 was recommended by the Directors.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 9 to the financial statements.

The names of Directors of subsidiaries where the shares are held by the Company are listed below (excluding those who are also Directors of the Company):

Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Roshan Mahendran bin Abdullah
Soo Teong Chuan
Dato' Seri Lim Ewe Chye (Resigned on 1 February 2021)
Mohd Silahuddin bin Jamaluddin
Ahmad Hamdan bin Jamaluddin
Brayn White
Alexius Lim Chong Jin
Muk Sai Tat
Kamarul Ariffin bin Mansor
Mary Cristine Cadenas Bumaat (Appointed on 23 April 2021)
Farid Wakim bin Kamarudin (Appointed on 23 April 2021)

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group and of the Company are covered by Directors and Officers Liability Insurance ("D&O") for any liability incurred in the discharge of their duties that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The sum insured was determined by the Company after taking into account the diversified nature of the Group's businesses. The premium borne by the Group and the Company for the D&O coverage during the financial year was approximately RM37,400 and RM22,950 (2020: RM50,000 and RM30,000) respectively.

SIGNIFICANT EVENTS DURING AND AFTER REPORTING DATE

Details of the significant events during and after the reporting date are set out in Note 35 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

  (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values 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.

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

  (i) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

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

  (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

OTHER STATUTORY INFORMATION (CONTINUED)

(d) No contingent or other liability 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 affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

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

(f) In the opinion of the Directors:

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

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, other than the subsequent events as disclosed in Note 35 to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 16 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 21 October 2021. Signed on behalf of the Board of Directors:

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

KWO SHIH KANG
INDEPENDENT NON-EXECUTIVE DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tunku Dato' Yaacob Khyra and Kwo Shih Kang, being two of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 80 to 175 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance to their resolution dated 21 October 2021.

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

KWO SHIH KANG
INDEPENDENT NON-EXECUTIVE DIRECTOR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Choo Kah Yean, the Officer primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 175 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 Declarations Act, 1960, in Malaysia.

CHOO KAH YEAN
CHIEF FINANCIAL OFFICER
MIA No.24018

Subscribed and solemnly declared by the abovenamed Choo Kah Yean, at Kuala Lumpur in Malaysia on 21 October 2021, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)
(Registration No. 196901000102 (8444-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Melewar Industrial Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position of the Group and of the Company as at 30 June 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 175.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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.

Key audit matters	**How our audit addressed the key audit matters**
Valuation and impairment assessment of land and buildings, plant, machinery and electrical installation Refer to Note 2(d) on accounting policies for property, plant and equipment, Note 2(f) on accounting policies for leases, Note 3 – Critical accounting estimates and judgements, Note 13 – Property, plant and equipment and Note 14 – Leases to the financial statements. **(i) Valuation of land and buildings, plant, machinery and electrical installation** The Group carries its land and buildings, plant, machinery and electrical installation at their fair values.	**(i) Valuation of land and buildings, plant, machinery and electrical installation** Evaluation of the valuer's objectivity and competency We checked the valuation reports for the land and buildings, plant, machinery and electrical installation and discussed the reports with the valuer. We found that the valuation approach for each category of asset was performed in accordance with MFRS 13 "Fair value measurement" in determining the fair values as at 30 June 2021. We evaluated the valuer's competence by checking the valuer's qualifications and their registration to the Board of Valuers. We read their terms of engagement to determine whether there were any matters that might have affected their objectivity.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (continued)
(Incorporated in Malaysia)
(Registration No. 196901000102 (8444-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation and impairment assessment of land and buildings, plant, machinery and electrical installation (continued) **(i) Valuation of land and buildings, plant, machinery and electrical installation (continued)** As at 30 June 2021, the carrying amount of the Group's land and buildings, plant, machinery and electrical installation classified under property, plant and equipment of approximately RM293.8 million; and leasehold land under right-of-use assets of approximately RM83.0 million, respectively. The valuation of the Group's land and buildings, plant, machinery and electrical installation are carried out by an independent professional valuer on an annual basis. The valuation of the land and buildings is inherently subjective due to the individual nature of each property and its location; whereas the plant, machinery and electrical installation is inherently subjective due to the physical wear and tear and technological development of the individual assets at the point of valuation. **(ii) Impairment assessment of land and buildings, plant, machinery and electrical installation** Management carried out impairment assessment in accordance with MFRS 136 on the Group's property, plant and equipment and right-of-use assets as a result of the existence of an impairment indicator as the Group's market capitalisation value is below the total carrying amount of its net assets. As the land has already been fair valued approximates those required by MFRS 136, the management has substantiated the carrying amount of the buildings, plant, machinery and electrical installation by performing an impairment assessment based on the value-in-use ("VIU") method which involved significant estimates of the future results of the business, in particular, the key assumptions on sales volume growth rates, operating profit margins and pre-tax discount rates used in the future cash flows forecasts. We focused on these areas because there are significant judgements and estimates made in relation to the valuation and impairment assessment of the Group's land and buildings, plant, machinery and electrical installation.	**(i) Valuation of land and buildings, plant, machinery and electrical installation (continued)** Estimates on land For the land revalued during the financial year, the fair values were determined based on the Market approach by reference to observable prices in the market or recent market transactions of comparable properties in close proximity and are adjusted for differences in key attributes such as property size (Level 3). The valuer has considered the impact of COVID-19 when performing the valuations. The most significant input into this valuation approach is selling price per square foot. We tested all pieces of land valuation by comparing the fair value per square foot with transacted values of similar land in and around the area. The values were obtained from independent online property portal website. Estimates on buildings and plant, machinery and electrical installation For buildings and plant, machinery and electrical installation, the fair values were determined based on the depreciated replacement cost method, which is based on the initial cost of purchase and construction of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3). We obtained an understanding on the basis of valuation and checked the reasonableness of the basis of valuation through discussions with the valuer on the basis of their estimates. **(ii) Impairment assessment of land and buildings, plant, machinery and electrical installation** With respect to management's impairment assessment, we performed the following procedures: • Obtained an understanding of management's business plans; • Checked the appropriateness of management's identification of CGUs; • Checked the 5-year detailed cash flows projections for the three different scenarios (i.e. best case, medium case and worst case) prepared by management to the budget and cash flows projections approved by the Board of Directors; • Assessed the reliability of management's forecast comparing historical trends of actual financial performances against previous forecasted results; • Checked the key assumptions used by management in the VIU calculations, in particular revenue cash flows projections and operating profit margins by comparing to historical trends and relevant industry forecasts; • Checked that the terminal growth rate did not exceed the long-term average growth rates of the similar industry;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (continued)
(Incorporated in Malaysia)
(Registration No. 196901000102 (8444-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
	(ii) Impairment assessment of land and buildings, plant, machinery and electrical installation (continued) • Checked the pre-tax discount rates used by comparing the rate to independent computation by auditors' expert; • Checked the weighted average computation of the recoverable amount based on the expected probabilities of the possible outcomes; • Checked the outcome of the related sensitivity analysis based on range of possible changes determined by management to corroborate that any reasonable changes on these key assumptions would not give rise to an impairment; and • Assessed the adequacy of the disclosures in the financial statements. Based on the above procedures performed, no exception was noted from the results of management's impairment assessment.

There are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and all other sections of 2021 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (continued)

(Incorporated in Malaysia)
(Registration No. 196901000102 (8444-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 16 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2023 J
Chartered Accountant

Kuala Lumpur
21 October 2021

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	GROUP 2021 RM	GROUP 2020 RM	COMPANY 2021 RM	COMPANY 2020 RM
Continuing operations					
Revenue	6	738,322,868	595,798,768	19,560,160	8,065,860
Cost of sales/services provided		(625,906,111)	(558,972,020)	(2,054,589)	(1,754,514)
Gross profit		112,416,757	36,826,748	17,505,571	6,311,346
Other operating income/(expenses)		81,179	(2,226,518)	35,000	14,400
Gain on disposal of a subsidiary	7	5,016,793	-	750,000	-
Net foreign currency gain/(loss)	7	206,094	(208,493)	-	-
Fair value (loss)/gain on investment properties	15	-	(707,000)	2,600,000	-
Fair value gain/(loss) on derivatives	21	-	-	3,535,879	(101,025)
(Impairment)/Write back on:					
- property, plant and equipment	13	(4,329,440)	(2,413,326)	13,417	(555)
- trade receivables	4(c)(iv)	(403,319)	(127,305)	-	-
- other receivables	4(c)(iv)	(505,000)	6,497,770	-	1,102,470
- investment in subsidiaries	16	-	-	(68,269,611)	-
- amounts owing by subsidiaries	4(c)(iv)	-	-	60,943,108	1,411,969
Selling and distribution costs		(6,131,932)	(5,580,603)	-	-
Administrative and general expenses		(32,257,782)	(29,459,828)	(3,030,192)	(2,352,178)
		74,093,350	2,601,445	14,083,172	6,386,427
Finance income	8	1,306,596	1,382,698	125,144	64,016
Finance costs	8	(3,416,236)	(6,469,286)	(12,969)	(17,132)
Finance (costs)/income – net		(2,109,640)	(5,086,588)	112,175	46,884
Profit/(Loss) before tax	7	71,983,710	(2,485,143)	14,195,347	6,433,311
Taxation	10	(13,534,459)	(440,969)	(1,156,238)	(706,040)
Net profit/(loss) for the financial year from continuing operations		58,449,251	(2,926,112)	13,039,109	5,727,271

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

	Note	GROUP 2021 RM	GROUP 2020 RM	COMPANY 2021 RM	COMPANY 2020 RM
Discontinued operations					
Net loss for the financial year from discontinued operations	11	(41,708)	(1,222,942)	-	-
Net profit/(loss) for the financial year		58,407,543	(4,149,054)	13,039,109	5,727,271
Other comprehensive income/(loss) (net of tax):					
Item that may be reclassified subsequently to profit or loss:					
Currency translation differences		(351,693)	4,715	-	-
Item that will not be reclassified to profit or loss:					
Asset revaluation reserve:					
- Revaluation surplus on property, plant and equipment, net of tax	30	7,256,414	610,222	74,951	48,515
- Revaluation surplus on right-of-use assets, net of tax	30	3,799,873	1,045,284	-	-
Total comprehensive income/(loss) for the financial year		69,112,137	(2,488,833)	13,114,060	5,775,786
Net profit/(loss) attributable to:					
- Equity holders of the Company					
- from continuing operations		44,768,113	(224,022)	13,039,109	5,727,271
- from discontinued operations		(41,708)	(1,222,942)	-	-
		44,726,405	(1,446,964)	13,039,109	5,727,271
- Non-controlling interests		13,681,138	(2,702,090)	-	-
Net profit/(loss) for the financial year		58,407,543	(4,149,054)	13,039,109	5,727,271
Total comprehensive income/(loss) attributable to:					
- Equity holders of the Company					
- from continuing operations		53,405,707	1,275,662	13,114,060	5,775,786
- from discontinued operations		(41,708)	(1,222,942)	-	-
		53,363,999	52,720	13,114,060	5,775,786
- Non-controlling interests		15,748,138	(2,541,553)	-	-
Total comprehensive income/(loss) for the financial year		69,112,137	(2,488,833)	13,114,060	5,775,786

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

	Note	GROUP 2021 RM	GROUP 2020 RM	COMPANY 2021 RM	COMPANY 2020 RM
Profit/(Loss) per share attributable to equity holders of the Company during the financial year:					
- Basic (sen)					
- from continuing operations		12.45	(0.06)		
- from discontinued operations		(0.01)	(0.34)		
	12	12.44	(0.40)		
- Diluted (sen)					
- from continuing operations		10.50	n.a		
- from discontinued operations		(0.01)	n.a		
	12	10.49	n.a		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		GROUP		COMPANY	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	320,024,217	315,545,844	750,259	778,851
Right-of-use assets	14	84,182,643	80,720,500	186,897	264,235
Investment properties	15	-	11,870,000	72,000,000	69,400,000
Net investment in subleases	14	-	288,006	-	-
Investments in subsidiaries	16	-	-	88,067,457	88,514,867
Deferred tax assets	18	837,665	1,008,698	-	-
		405,044,525	409,433,048	161,004,613	158,957,953
CURRENT ASSETS					
Inventories	19	227,955,277	157,121,730	-	-
Trade and other receivables	20	43,404,003	76,359,907	161,617	175,842
Contract assets	17	244,092	2,799,320	-	-
Derivatives	21	2,019,630	2,122,531	5,051,256	1,515,377
Amounts owing by subsidiaries	22	-	-	381,617	10,147
Tax recoverable		384,819	374,019	137,230	-
Deposits with licensed financial institutions	23	90,085,023	36,398,969	7,860,000	8,750,000
Cash and bank balances	23	10,844,216	7,867,588	622,723	203,689
		374,937,060	283,044,064	14,214,443	10,655,055
LESS: CURRENT LIABILITIES					
Trade and other payables	24	121,750,627	145,600,240	1,322,717	1,263,644
Contract liabilities	17	23,382,740	1,851,050	-	-
Amounts owing to subsidiaries	22	-	-	700	1,800
Derivatives	21	3,282	8,301	-	-
Borrowings	25	59,956,090	45,458,088	-	-
Lease liabilities	14	219,112	513,323	78,459	74,048
Tax payable		2,702,721	196,566	-	129,743
		208,014,572	193,627,568	1,401,876	1,469,235
NET CURRENT ASSETS		166,922,488	89,416,496	12,812,567	9,185,820

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021 (continued)

		GROUP		COMPANY	
	Note	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
LESS: NON-CURRENT LIABILITIES					
Trade and other payables	24	-	207,300	-	-
Deferred tax liabilities	18	52,810,908	45,506,828	17,687,965	17,035,141
Deferred income	26	6,036,458	-	-	-
Borrowings	25	27,464,876	28,517,680	-	-
Lease liabilities	14	999,567	1,102,151	104,678	183,137
		87,311,809	75,333,959	17,792,643	17,218,278
		484,655,204	423,515,585	156,024,537	150,925,495
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	27	250,207,537	250,207,537	250,207,537	250,207,537
Warrant reserve	28	3,568,297	3,568,297	3,568,297	3,568,297
Retained earnings/(Accumulated losses)		44,323,263	2,322,895	(98,056,147)	(103,080,238)
Asset revaluation reserve	30	72,992,974	69,320,269	304,850	229,899
Foreign currency translation reserve		(289,912)	61,781	-	-
		370,802,159	325,480,779	156,024,537	150,925,495
Non-controlling interests		113,853,045	98,034,806	-	-
TOTAL EQUITY		484,655,204	423,515,585	156,024,537	150,925,495

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

GROUP

	← Attributable to equity holders of the Company					→		
	Share capital	Warrant reserve	Foreign currency translation reserve	Asset revaluation reserve	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2020	250,207,537	3,568,297	61,781	69,320,269	2,322,895	325,480,779	98,034,806	423,515,585
Net profit for the financial year	-	-	-	-	44,726,405	44,726,405	13,681,138	58,407,543
Other comprehensive income:								
Currency translation differences	-	-	(351,693)	-	-	(351,693)	-	(351,693)
Revaluation surplus on:								
- property, plant and equipment, net of tax (Note 30)	-	-	-	5,557,687	-	5,557,687	1,698,727	7,256,414
- right-of-use assets, net of tax (Note 30)	-	-	-	3,431,600	-	3,431,600	368,273	3,799,873
Realisation of revaluation surplus upon disposal (Note 15)	-	-	-	(5,316,582)	5,316,582	-	-	-
Total comprehensive income for the financial year	-	-	(351,693)	3,672,705	50,042,987	53,363,999	15,748,138	69,112,137
Transactions with owners:								
Non-controlling interest								
- change in effective interest (Note 16)	-	-	-	-	(27,601)	(27,601)	70,101	42,500
Dividend paid (Note 29)	-	-	-	-	(8,015,018)	(8,015,018)	-	(8,015,018)
At 30 June 2021	250,207,537	3,568,297	(289,912)	72,992,974	44,323,263	370,802,159	113,853,045	484,655,204

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

GROUP

	Attributable to equity holders of the Company							
	Share capital	**Warrant reserve**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Retained earnings/ (Accumulated losses)**	**Total**	**Non-controlling interests**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 July 2019	250,207,537	3,568,297	57,066	67,825,300	3,769,859	325,428,059	100,576,359	426,004,418
Net loss for the financial year	-	-	-	-	(1,446,964)	(1,446,964)	(2,702,090)	(4,149,054)
Other comprehensive income:								
Currency translation differences	-	-	4,715	-	-	4,715	-	4,715
Revaluation surplus on:								
- property, plant and equipment, net of tax (Note 30)	-	-	-	521,831	-	521,831	88,391	610,222
- right-of-use assets, net of tax (Note 30)	-	-	-	973,138	-	973,138	72,146	1,045,284
Total comprehensive loss for the financial year	-	-	4,715	1,494,969	(1,446,964)	52,720	(2,541,553)	(2,488,833)
At 30 June 2020	250,207,537	3,568,297	61,781	69,320,269	2,322,895	325,480,779	98,034,806	423,515,585

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

COMPANY

	Non-distributable				
	Share capital	Warrant reserve	Asset revaluation reserve	Accumulated losses	Total
	RM	RM	RM	RM	RM
At 1 July 2020	250,207,537	3,568,297	229,899	(103,080,238)	150,925,495
Net profit for the financial year	-	-	-	13,039,109	13,039,109
Other comprehensive income:					
Revaluation surplus on property, plant and equipment, net of tax (Note 30)	-	-	74,951	-	74,951
Total comprehensive income for the financial year	-	-	74,951	13,039,109	13,114,060
Dividend paid (Note 29)	-	-	-	(8,015,018)	(8,015,018)
At 30 June 2021	250,207,537	3,568,297	304,850	(98,056,147)	156,024,537
At 1 July 2019	250,207,537	3,568,297	181,384	(108,807,509)	145,149,709
Net profit for the financial year	-	-	-	5,727,271	5,727,271
Other comprehensive income:					
Revaluation surplus on property, plant and equipment, net of tax (Note 30)	-	-	48,515	-	48,515
Total comprehensive income for the financial year	-	-	48,515	5,727,271	5,775,786
At 30 June 2020	250,207,537	3,568,297	229,899	(103,080,238)	150,925,495

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax				
- from continuing operations	71,983,710	(2,485,143)	14,195,347	6,433,311
- from discontinued operations	(41,679)	(1,223,413)	-	-
	71,942,031	(3,708,556)	14,195,347	6,433,311
Adjustments for:				
Amortisation of deferred income	(63,542)	-	-	-
Property, plant and equipment:				
- depreciation	14,730,453	14,476,075	148,109	143,007
- impairment	4,329,440	2,413,326	(13,417)	555
- net (gain)/loss on disposals	(84,857)	73,185	(17,000)	-
Depreciation on right-of-use assets	1,636,431	1,675,506	77,338	77,338
Impairment/(Write back) on:				
- investment in subsidiaries	-	-	68,269,611	-
- amounts owing by subsidiaries	-	-	(60,943,108)	(1,411,969)
- trade receivables	403,319	25,119	-	-
- other receivables	505,000	(6,497,770)	-	(1,102,470)
Provision for onerous contract reversed during the year	(9,653)	(99,722)	-	-
Fair value loss/(gain) on investment properties	-	707,000	(2,600,000)	-
Fair value (gain)/loss on derivatives assets	-	-	(3,535,879)	101,025
Gain on disposal of a subsidiary	(5,016,793)	-	(750,000)	-
Dividend income	-	-	(13,390,000)	(1,380,000)
Net unrealised gain on foreign exchange	(21,367)	(101,364)	-	-
Net gain on waiver of amount owing to a supplier	-	(65,500)	-	-
Finance income:				
- interest on deposits with financial institutions	(1,306,596)	(1,382,698)	(125,144)	(64,016)
- interest income from net investment in subleases	(1,392)	(25,263)	-	-
Finance costs:				
- borrowings	3,334,812	6,397,550	-	-
- lease liabilities	83,038	121,997	12,969	17,132
	90,460,324	14,008,885	1,328,826	2,813,913

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

	GROUP		COMPANY	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Changes in working capital:				
- inventories	(70,782,862)	30,407,624	-	-
- trade and other receivables	31,261,814	23,340,924	14,225	1,107,590
- trade and other payables	(15,978,814)	(2,346,890)	59,073	39,819
- intercompany balances	-	-	(397,246)	15,866
- contract assets	(66,353)	(12,568)	-	-
- contract liabilities	21,531,690	(403,543)	-	-
Cash generated from operations	56,425,799	64,994,432	1,004,878	3,977,188
Tax paid	(6,138,647)	(2,995,087)	(794,056)	(697,840)
Tax refunded	4,154	740,964	-	-
Net cash generated from operating activities	50,291,306	62,740,309	210,822	3,279,348
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(14,680,080)	(31,687,576)	(7,480)	(14,105)
Proceeds from disposal of property, plant and equipment	277,861	110,353	17,000	3,400
Proceeds from grant on property, plant and equipment (Note 26)	6,100,000	-	-	-
Proceeds from disposal of investment property	11,870,000	-	-	-
Proceeds from disposal of a subsidiary	523,184	-	750,000	-
Principal received from net investment in subleases	-	233,851	-	-
Interest received:				
- deposits with financial institutions	1,306,596	1,502,932	125,144	64,016
- net investment in subleases	-	25,263	-	-
Investment in subsidiary	-	-	-	(2)
Dividend received	-	-	13,390,000	1,380,000
Advances granted to subsidiaries	-	-	(6,797,840)	(3,109,751)
Expenses paid on behalf of subsidiaries	-	-	(503,422)	(453,553)
Repayment of advances granted to subsidiaries	-	-	472,250	4,974,688
Net cash generated from/(used in) investing activities	5,397,561	(29,815,177)	7,445,652	2,844,693

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(8,015,018)	-	(8,015,018)	-
Proceeds from borrowings	178,698,412	241,672,139	-	-
Repayment of borrowings	(163,006,180)	(275,306,689)	-	-
Repayment of hire purchase	(2,247,034)	(2,521,792)	-	-
Principal payment of lease liabilities	(242,508)	(589,878)	(74,048)	(69,885)
Interest paid:				
- borrowings	(4,132,719)	(5,483,039)	-	-
- lease liabilities	(83,038)	(121,997)	(12,969)	(17,132)
Repayment to subsidiaries	-	-	(25,405)	(38,726)
Net cash generated from/(used in) financing activities	971,915	(42,351,256)	(8,127,440)	(125,743)
NET CHANGE IN CASH AND CASH EQUIVALENTS	56,660,782	(9,426,124)	(470,966)	5,998,298
EFFECTS OF CHANGES IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	1,900	4,715	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	44,266,557	53,687,966	8,953,689	2,955,391
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 23)	100,929,239	44,266,557	8,482,723	8,953,689

During the financial year, the Group has a non-cash purchase of plant, machinery and electrical installation of RM4,000 by trade-in arrangement (Note 13).

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

Cash-flows movement in-relation to 'changes in liabilities arising from financing activities' on a year-to-date basis is outlined below:

GROUP	Bankers' acceptance	Term loan	Mortgage loan	Hire purchase creditors	Factoring	Lease liabilities	Total
2021	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 July 2020	31,200,000	16,686,279	18,120,605	3,526,799	4,442,085	1,615,474	75,591,242
Cash flows:							
Proceeds from borrowings	172,200,000	6,498,412	-	-	-	-	178,698,412
Repayment of borrowings	(152,310,000)	(4,375,000)	(1,879,095)	-	(4,442,085)	-	(163,006,180)
Repayment of hire purchase	-	-	-	(2,247,034)	-	-	(2,247,034)
Interest paid	(1,973,439)	(760,772)	(720,603)	(152,067)	(73,995)	(83,038)	(3,763,914)
Principal payment of lease liabilities	-	-	-	-	-	(242,508)	(242,508)
Disposal of a subsidiary	-	-	-	-	-	(297,587)	(297,587)
Working capital	239,710	-	-	-	-	-	239,710
Non-cash:							
Additions during the year	-	-	-	-	-	48,118	48,118
Exchange differences	-	-	-	-	-	95,182	95,182
Interest charged	1,733,729	760,772	720,603	152,067	73,995	83,038	3,524,204
At 30 June 2021	51,090,000	18,809,691	16,241,510	1,279,765	-	1,218,679	88,639,645
2020							
At 1 July 2019	80,650,000	3,617,104	19,823,313	6,048,591	-	2,199,503	112,338,511
Cash flows:							
Proceeds from borrowings	219,028,000	18,202,054	-	-	4,442,085	-	241,672,139
Repayment of borrowings	(268,478,000)	(5,124,999)	(1,703,690)	-	-	-	(275,306,689)
Repayment of hire purchase	-	-	-	(2,521,792)	-	-	(2,521,792)
Interest paid	(3,177,553)	(426,935)	(1,040,965)	(273,988)	(41,866)	(121,997)	(5,083,304)
Principal payment of lease liabilities	-	-	-	-	-	(589,878)	(589,878)
Exchange differences	-	-	-	-	-	5,849	5,849
Working capital	(737,626)	-	-	-	-	-	(737,626)
Non-cash:							
Interest charged	3,915,179	419,055	1,041,947	273,988	41,866	121,997	5,814,032
At 30 June 2020	31,200,000	16,686,279	18,120,605	3,526,799	4,442,085	1,615,474	75,591,242

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

Cash-flows movement in-relation to 'changes in liabilities arising from financing activities' on a year-to-date basis is outlined below:

COMPANY	**Lease liabilities**	**Amount owing to subsidiaries**	**Total**
2021	**RM**	**RM**	**RM**
At 1 July 2020	257,185	1,800	258,985
Cash flows:			
Repayment to subsidiaries	-	(25,405)	(25,405)
Interest paid	(12,969)	-	(12,969)
Principal payment of lease liabilities	(74,048)	-	(74,048)
Non-cash:			
Interest charged	12,969	-	12,969
Expenses paid on behalf by subsidiaries	-	24,305	24,305
At 30 June 2021	183,137	700	183,837
2020			
At 1 July 2019	327,070	24,660	351,730
Cash flows:			
Repayment to subsidiaries	-	(38,726)	(38,726)
Interest paid	(17,132)	-	(17,132)
Principal payment of lease liabilities	(69,885)	-	(69,885)
Non-cash:			
Interest charged	17,132	-	17,132
Expenses paid on behalf by subsidiaries	-	15,866	15,866
At 30 June 2020	257,185	1,800	258,985

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1 GENERAL INFORMATION

The principal activities of the Company are that of property investment and investment holding. The principal activities of its subsidiaries are in mid-stream steel cold rolled coil and steel tube manufacturing as disclosed in Note 16 to the financial statements. Engineering services has been disposed and disclosed in Note 11 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is:

Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur

The principal place of business of the Company is:

15th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur

As at 30 June 2021, all monetary assets and liabilities of the Group and the Company are denominated in Ringgit Malaysia, unless otherwise stated.

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 21 October 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies on the revaluation of land and buildings, and financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current event and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as disclosed in Note 3 to the financial statements.

<u>Standards, amendments to published standards and interpretations that are effective</u>

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 July 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'
- Amendments to MFRS 16 'COVID-19-Related Rent Concessions'

<u>Amendments to MFRS 3 'Definition of a Business'</u>

Amendments to MFRS 3 'Definition of a Business' revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including situations where an acquisition does not have outputs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards, amendments to published standards and interpretations that are effective (continued)

Amendments to MFRS 3 'Definition of a Business' (continued)

In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. The assets acquired would not represent a business when substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets).

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 July 2020.

Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by inter-bank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the statement of comprehensive income. The reliefs will cease to apply when the uncertainty arising from interest rate benchmark reform is no longer present.

In accordance with the transition provisions, the Group has adopted the amendments to MFRS 9 and MFRS 7 retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date. These amendments had no impact on the amounts recognised in the current or prior period.

The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IFRIC agenda decisions that are concluded and published

IFRIC agenda decision - over time transfer of constructed goods

The IFRIC agenda decision explained that receivables and contract assets are not qualifying assets for the purpose of capitalisation of borrowing costs. The agenda decision also clarified that work-in-progress inventories are not qualifying assets because such inventories are ready for its intended sale under its current condition, as the inventories will be transferred to the customer as soon as the Group finds a buyer and signs the contract with the customer.

In line with the IFRIC agenda decision, the Group has changed its accounting policy to exclude properties under construction where control of these properties is transferred over time as qualifying assets for the purposes of borrowing cost capitalisation.

These amendments had no impact on the amounts recognised in the current or prior period.

Standards and amendments that have been issued but not yet effective

(i) A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2021. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform – Phase 2' provide practical expedient allowing entities to update the effective interest rate for instruments measured at amortised cost, lessees and insurers applying the temporary exemption from MFRS 9 to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

  The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

  The amendments shall be applied retrospectively but comparatives are not restated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective (continued)

(ii) A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2022.

- Amendments to MFRS 3 'Reference to Conceptual Framework' replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 137 'Onerous contracts—cost of fulfilling a contract' clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

(iii) Amendments to standards and interpretations are effective for financial year beginning after 1 July 2023.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at reporting date is not affected by expectations of the entity or events after the reporting date.

- Amendments to MFRS 101 and MFRS Practice Statement 2 on "Disclosure of Accounting Policies" requires companies to disclose material accounting policies rather than significant accounting policies and provides guidance on the concept of materiality to accounting policy disclosures. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

  The amendments shall be applied prospectively.

- Amendments to MFRS 108 on "Definition of Accounting Estimates" clarifies that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

  An entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which it applies the amendments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective (continued)

(iii) Amendments to standards and interpretations are effective for financial year beginning after 1 July 2023. (continued)

These amendments to published standards will be adopted on the respective effective dates. The Group and the Company have started a preliminary assessment on the effects of the above amendments to published standards and the impact is still being assessed.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group .

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(iv) Acquisitions

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration and the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

(c) Investments in subsidiaries in separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's net investments in the subsidiaries.

(d) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are initially stated at cost. Freehold land, buildings, plant, machinery and electrical installation are subsequently shown at fair values, based on periodic valuation by external valuers, less subsequent depreciation and impairment losses, with sufficient regularity or when the fair value of the revalued assets differ materially from the carrying values. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of freehold land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. When property, plant and equipment is revalued, the carrying amount of property, plant and equipment is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the property, plant and equipment. The revaluation surplus included in equity in respect of property, plant and equipment will be transferred directly to retained earnings when the assets are de-recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss. When revalued assets are sold, the revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in profit or loss for the period in which the changes arise.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(g) on impairment of non-financial assets.

(ii) Depreciation

Freehold land is not depreciated as it has infinite life. Spare parts recognised are depreciated over a period that does not exceed the useful life of the assets to which they relate. Other property, plant and equipment are depreciated on the straight-line basis based on cost of the assets or their revalued amounts, to their residual values, over their estimated useful lives as follows:

Buildings	50 years
Plant, machinery and electrical installation	4 – 40 years
Motor vehicles, furniture, fittings and equipment	5 – 20 years

Depreciation on assets under construction commences when the assets are ready for its intended use.

(e) Investment properties

Investment properties comprising principally land, factory and office buildings are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment properties are carried at their fair values. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Changes in fair values are recognised in profit or loss. Investment properties are de-recognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes off a property at fair value in an arm's length transaction, the carrying value will be adjusted to the lower of their carrying amounts and fair value less costs to sell, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use assets is consistent with those investment properties owned by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties (continued)

If a valuation obtained for a property held by the Group (as lessee) as a right-of-use assets is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of such a property at the date of transfer is treated in the same way as a revaluation under MFRS 116 'Property, Plant and Equipment'. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase credited directly to other comprehensive income in asset revaluation reserve. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

(f) Leases

Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to Note 2(f)(iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs, if any.

ROU assets that are leasehold land properties are subsequently measured based on 'fair value' determination by independent certified real-estate valuers. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment properties owned by the Group. Refer to accounting policy Note 2(e) on investment properties.

The Group presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (continued)

Accounting by lessee (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU assets in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When adjustments to lease payments take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise plant equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 capital impairment (refer to Note 2(g) on impairment of non-financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (continued)

Accounting by lessor (continued)

(ii) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iv) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case, it is taken to asset revaluation reserve.

(h) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (through profit or loss), and
(ii) those to be measured at amortised cost

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment and principal and interest ('SPPI').

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are two measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVOCI') are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss in the period which it arises.

Subsequent measurement – Impairment

Impairment for debt instruments

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has four types of financial instruments that are subject to the ECL model:

(i) Trade and other receivables
(ii) Amounts owing by subsidiaries
(iii) Contract assets
(iv) Net investment in subleases

Whilst cash and cash equivalents and derivative financial assets placed with licensed financial institutions are also subject to the impairment requirements of MFRS 9, the credit risks and any impetus for credit impairment has been determined to be immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(ii) the time value of money; and
(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Subsequent measurement – Impairment (continued)

Impairment for debt instruments (continued)

The ECL approach can be classified into the categories below:

(i) General 3 stage approach for other receivables and amounts owing by subsidiaries

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for trade receivables, contract assets and net investment in subleases

The Group applied the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and net investment in subleases. Note 4(c) sets out the measurement details of ECL. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria:
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 60 days of when they fall due.

(ii) Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due in-relation to its 'overdue-days matrix'.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired, other receivables and intercompany balances are assessed on individual basis for ECL measurement.

Write-off

(i) Trade receivables, contract assets and net investment in subleases

Trade receivables are written off from credit impairment allowance account when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables, contract assets and net investment in subleases are presented as net impairment losses in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables and amounts owing by subsidiaries

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in write back of impairment.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(j) Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values at each reporting date. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

Derivative financial instruments that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss and accounted for in accordance with accounting policy set out in Note 2(h) on financial assets.

Derivatives that qualify for hedge accounting are designated as either:

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(iii) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Derivative financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies fair value hedge accounting for hedging forward contracts on purchases. The gain or loss relating to the effective and ineffective portion of both the hedging instrument and the hedged item are recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Raw material cost is determined on the weighted average cost basis. Finished goods and work-in-progress comprise cost of materials, direct labour, other direct costs including import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise of cash in hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of 3 months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Financial liabilities

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

Financial liabilities, within the scope of MFRS 9 ‘Financial Instruments’, are recognised in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities which are subsequently measured at fair value through profit or loss or amortised cost.

(i) Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative financial liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities subsequently measured at amortised cost

The Group’s financial liabilities subsequently measured at amortised cost include trade payables, other payables, amounts owing to subsidiaries and borrowings.

These financial liabilities are recognised initially at fair value less transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial liabilities (continued)

(ii) Financial liabilities subsequently measured at amortised cost (continued)

Financial liabilities are classified as current liabilities for those having maturity dates of no more than 12 months after the end of the reporting period, and the balance is classified as non-current.

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another form 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 de-recognition of the original liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provision is not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(i) Onerous contracts/Liquidated ascertained damages

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(o) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental cost incurred directly attributable to the issue of new ordinary shares are deducted against equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting date but not distributed at the end of the reporting date.

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial year in which the dividends are approved.

(iv) Purchase of own shares

When the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, re-issued or disposed of. Where such ordinary shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when the Group transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of steel products (cold rolled coils, steel tubes and pipes and scraps)

The Group manufactures and sells a range of steel products to customers. Sales from the sale of steel products are recognised when control of the products has been transferred (i.e. when the products are delivered to the customer); and when the customers has the full discretion to direct the use or movement over the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sale of steel products is recognised based on terms specified in the contracts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made on credit terms which are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The Group's obligation to transfer goods or services to a customer for which the Group has received consideration in advance from customer is presented as contract liability.

(ii) Processing service and management fees income

The Group offers galvanising, slitting, toll-manufacturing service to its customers. Tolling services are where the customers provide steel products for further processing (e.g. galvanizing). Revenue from providing such service is recognised in the accounting period which services is rendered.

There is no element of financing present as the sales is made on credit terms of up to 90 days, which is consistent with industry practice.

The Company offers management service to its subsidiaries. Revenue from providing such service is recognised in the accounting period which services is rendered.

(iii) Consultancy, project management and construction contracts

This category comprises mostly of contracts where the transaction price is fixed and the revenue is determined and recognised over a period-of-time based on progression computed using the input method (i.e. percentage of cost-to-completion). If performance obligations in the contract distinguishes separately between goods and services, the transaction price would be allocated to the performance obligations based on observable methods, and the ensuing revenue would be recognised based on progress.

Construction costs are capitalised only to the extent that these are contractual fulfilment cost that relate to satisfying future performance obligations. Cost incurred in the current period that relates to the satisfaction of past performance obligations are expensed out.

In the determination of revenue over a period-of-time based on progression of input cost, those costs incurred on wasted materials and labour, and those cost of uninstalled materials shall be excluded as progression in percentage of completion computation.

A contract is determined to be 'onerous' when unavoidable cost to fulfil a contract exceeds the receivable economic benefits. In determining the 'unavoidable cost', the lower of (a) 'costs to fulfil contract' or (b) 'compensation/penalties arising from failure to fulfil the contract' applies. Unavoidable cost excludes overheads and indirect costs which would have to be incurred regardless.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(iii) Consultancy, project management and construction contracts (continued)

In the negotiation for construction contracts, effort shall be made to separately identify performance obligations for ease of revenue recognition if the integration of goods and services is insignificant; if the level of customisation and modification work is insignificant; or if multiple performance obligations are not highly interrelated.

Revenue from other sources

(i) Dividend income (for Company)

Dividend income is recognised when the Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

(ii) Lease rental income

Lease payments received under operating leases are recognised as lease income on a straight-line basis over the lease term. Refer to accounting policy Note 2(f) on leases.

Other income

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(q) Employees' benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, and bonuses that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined contribution plan

The Group contributes under statutory obligation to the Employee Provident Fund, which is a defined contribution plan, regulated and managed by the Government. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(r) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Current and deferred income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences at the reporting date arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets (including tax benefit from reinvestment allowance) are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. For practical reasons, the average rate for the month is used as the approximate transaction-date-rate for all transactions in each foreign currency occurring during that period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. If the foreign currency transaction was hedge accounted, the transaction would be translated at the original basis-rate of exchange on which it was hedge designated.

All foreign exchange gains and losses are presented in profit or loss on a net basis within 'net foreign currency gain/(loss)'.

For translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Segment reporting

Operating segments are reported in a manner consistent with the requirements of MFRS 8 and with the internal reporting provided to the chief operating decision-maker. The Group's Executive Committee comprising unit heads and Executive Directors is responsible for allocating resources and assessing performance of the operating segments.

(u) Contingent liabilities and contingent assets

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 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. A contingent liability is not recognised when it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset 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. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(v) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time. In the case of engineering contracts, contract asset is the excess of cumulative revenue earned over cumulative billings to-date. The balance is classified as contract assets under current assets in the statement of financial position. Contract assets are subject to impairment based on the expected credit loss model, refer to Note 2(h) to the financial statements for ECL measurement.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The balance is classified as contract liabilities under current liabilities in the statement of financial position.

(w) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or losses other operating income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the useful lives of the related assets.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that the Directors believe to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Revaluation of certain property, plant and equipment and right-of-use assets/fair value of investment properties

As disclosed in Notes 13, 14 and 15 to the financial statements, the Group carries its freehold and leasehold land (classified as right-of-use assets) and buildings, plant, machinery and electrical installation and investment property at fair values. On an annual basis, the Group appoints independent professional firms to determine the fair values of these property, plant and equipment, right-of-use assets and investment properties which generally do not have quoted prices in active markets for identical assets. The Directors at the advice of the appointed professional-valuers exercised judgement and made assumptions in the selection and deployment of the most suitable valuation techniques in the ensuing fair value determination.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of non-financial assets

In assessing the impairment of the cash-generating units ("CGU"), the Group and the Company compared the carrying amounts of these assets with its recoverable amount, measured at the higher of the fair value less cost to sell and the value-in-use. In measuring the value-in-use based on the CGU's discounted cash flows, certain estimates and assumptions are applied.

(c) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits (including reinvestment allowance) can be utilised. This involves judgement regarding future taxable profits of a particular entities within the Group in which the deferred tax asset has been recognised. With effect from the tax assessment year 2019, the allowable carrying forward period on unutilised tax losses and reinvestment allowances has been limited to 7 years. Estimating future taxable profits and the utilisation of tax losses and reinvestment allowances over the allowed time-period involve significant assumptions. During the financial year, the Group has recognised deferred tax assets arising from unutilised tax losses, reinvestment allowances and other deductible temporary differences as disclosed in Note 18 to the financial statements.

(d) Lease options

The Group considers all economic factors and circumstances in assuming whether renewal option and/or an early termination option under any lease/rental agreements are exercised or not in determining the lease duration. Where multiple renewal options are allowed, the management only includes the immediate next renewal period in computing the lease term- as opposed to assuming an infinite period. Management's judgements are exercised in affirming the aforementioned assumption.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks. The Group's overall financial risk management objective is to optimise value creation for shareholders whilst minimising potential adverse impact arising from its exposure to the various financial risks as discussed hereinafter. Financial risk management is carried out at both functional and operational levels, and is embedded into its policies, processes, and controls where appropriate. This is further reinforced with continuous assessment and improvement on the effectiveness and adequacy of its financial risk management practises by its Executive Committee, internal audit, and the Risk and Sustainability Committee which reports to the Board.

Various risk management policies that are approved by the Directors for controlling and managing financial risks in the day-to-day operations of the Group are set out below.

(a) Capital risk

The Group's capital management objectives are (i) to ensure the economic deployment of its capital for sustainable returns which in the long run would exceed the cost of capital provision; and (ii) to ensure uninterrupted and adequate supply of capital to fulfil objective (i).

The Group views its equity (total equity less intangibles including deferred tax) plus interest bearing debts (excluding lease liabilities) totalling to RM624.0 million (2020: RM568.4 million) as capital resources, and has a policy to maintain the debt-to-equity ratio below 1.5. Capital deployment amongst the Group's subsidiaries and/or business units is at the purview of the Board, but each of its subsidiaries and/or business units is primarily responsible for the management of its allocated capital subject to the oversight by the Executive Committee and the Board.

The Group's external borrowings are mainly incepted at the indirectly held Cold Rolled and the Steel Tube subsidiaries, with the Company itself being free from any debt gearing. The external borrowings of the Group's steel subsidiaries are subjected to specific 'capital' covenants on minimum adjusted shareholders' funds and maximum allowable 'debt-to-equity' ratio computed at both the entity and at the consolidated levels under their respective debenture. For the current financial reporting period, the Group's steel subsidiaries complied with all the aforementioned capital covenants and have been capital-sufficient in meeting peak business needs.

Over the current reporting period, the equity capital deployed in the Group and interest-bearing-debt capital have increased by around RM68.6 million (or up 14.7%) and decreased by around RM12.9 million (or down 13%). The Group's debt-equity ratio closed at 0.16 times for the current reporting period compared to 0.21 times at the preceding close.

The Group has deployed around RM5.7 million of its capital into new food businesses (i.e. frozen meats trading, and edible oils) over the current financial year. See Note 16. It is expected that more capital would be deployed to grow these new businesses in the next financial year.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Capital risk (continued)

In the current financial year, the Cold Rolled subsidiary obtained an additional multi-tradeline of RM25 million from an existing debenture holder which boosted its capital availability to meet higher steel raw material prices. Similarly, the Steel Tube subsidiary obtained additional RM35 million tradeline limit after the financial year end. Overall, the Board is of the opinion that the Group's capital deployed and available for deployment is adequate for the business purposes intended.

(b) Liquidity risk

Liquidity risk is the risk that the Group's and the Company's financial resources are insufficient to meet financial obligations when due or have to be met at excessive cost. The Group's liquidity risk management objective is to ensure that all its committed and foreseeable funding commitments can be met when due in a cost effective manner.

The Group's exposure to liquidity risk arises principally from its various payables and borrowings. The Group maintains a level of cash and cash equivalents, and adequate bank facilities to meet its financial liabilities when due. The Group's liquidity risk management is largely decentralised at the respective subsidiaries/business units for timely intervention as funding are raised at the respective subsidiaries' level. As such, each subsidiary has its own unique liquidity risk profile. Nevertheless, the Company's and subsidiaries' liquidity risk management are governed by a common set of Group's practices and policies:

- Maintain sufficient stand-by credit facilities and the continuing support from a diversified range of funding sources/credit providers
- Maintain a strict debt or financial liabilities servicing plan vis-à-vis its cash-flows generated from operations and from maturing financial assets
- Rolling cash-flow planning on weekly, monthly, and annual basis
- Manage the concentration and maturity profile of both financial and non-financial liabilities
- Manage cash conversion cycles and optimise working capital deployment

The Group's financial obligations as shown in the tables below are mainly short-term (i.e. due within 12 months) largely due to the rolling trade financing facilities deployed by its indirectly held Cold Rolled and Steel Tube subsidiaries where their short-term-bank-debts to total-bank-debts ratio is 33.6% and 78.3% respectively. However, the said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current-ratio of 1.80 times at the close of the current reporting period (2020: current ratio at 1.46 times).Their significant reliance on short-term bank trade facilities which are callable on demand poses a degree of liquidity risk – which however is diversified with trade credit lines from key suppliers amounting to USD48.9 million (RM203.1 million) and USD23.2 million (RM96.4 million) respectively for the Cold Rolled subsidiary and the Steel Tube subsidiary.

The Group's steel subsidiaries are subjected to a liquidity covenant on the minimum allowable 'Debt Service Cover Ratio'. For the reporting period, both the steel subsidiaries complied with the aforementioned liquidity covenant imposed despite the COVID-19 shutdown.

In June of the current financial year, the steel operations entered into mandatory business shutdown for 4 weeks (extended by another 6 weeks into the next financial year) under the Full Movement Control Order (FMCO) to address the nation's COVID-19 infection surge. The shutdown disrupted cashflows due to lost sales, inventory build-up, and delayed collections; and substantially increased liquidity risks. Whilst the food operations were allowed to operate as 'essential sectors', their capital requirements further add to outflows. Nevertheless, the Group managed to meet all financial obligations due over the shutdown period, and has projected to be able meet all financial obligations coming due in the next financial year on the hindsight that all operations were allowed to resume from 16 August 2021. The Group does not expect the need to reschedule any of its financial obligations.

The total balance undrawn banking trade-line facilities for the subsidiaries at the reporting date is around RM133.0 million (2020: RM139.9 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis

The tables below summarise the maturity profile of the Group's financial liabilities as at the current and preceding financial year's reporting date based on undiscounted contractual payments:

Group	Carrying amount	Contractual interest rate	Contractual cash flows	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years
	RM	% per annum	RM	RM	RM	RM	RM	RM	RM
30 June 2021									
Non-derivative financial liabilities									
Bankers' acceptance	51,090,000	3.19% - 4.11%	51,521,788	51,521,788	-	-	-	-	-
Term loan	18,809,691	4.06% - 4.41%	20,165,896	6,521,688	6,281,263	6,039,605	1,323,340	-	-
Mortgage loan	16,241,510	4.07% - 4.42%	18,804,186	2,602,761	2,592,228	2,592,228	2,592,228	2,592,228	5,832,513
Hire purchase creditors	1,279,765	2.29% - 2.85%	1,354,190	1,108,566	209,417	36,207	-	-	-
Trade and other payables, excluding derivatives and payroll liabilities	117,136,880	-	117,136,880	117,136,880	-	-	-	-	-
Lease liabilities	1,218,679	3.40% -5.80%	1,663,634	288,209	262,252	107,919	86,165	86,165	832,924
Derivative financial liabilities									
Forward contracts	3,282	-	3,282	3,282	-	-	-	-	-
	205,779,807		210,649,856	179,183,174	9,345,160	8,775,959	4,001,733	2,678,393	6,665,437
30 June 2020									
Non-derivative financial liabilities									
Bankers' acceptance	31,200,000	3.61% - 5.15%	31,403,824	31,403,824	-	-	-	-	-
Term loan	16,686,279	4.49% - 5.54%	17,832,561	6,482,982	6,222,919	5,126,660	-	-	-
Factoring	4,442,085	8.00%	4,545,364	4,545,364	-	-	-	-	-
Mortgage loan	18,120,605	4.42% - 5.64%	22,124,361	2,690,997	2,680,464	2,680,464	2,680,464	2,680,464	8,711,508
Hire purchase creditors	3,526,799	2.29% - 2.85%	3,753,282	2,399,092	1,108,566	209,417	36,207	-	-
Trade payables	26,362,804	4.73%	26,625,917	26,625,917	-	-	-	-	-
Trade and other payables, excluding derivatives and payroll liabilities	117,450,606	-	117,450,606	117,243,306	207,300	-	-	-	-
Lease liabilities	1,615,474	5.80%	2,107,208	597,839	255,731	233,262	100,593	78,839	840,944
Derivative financial liabilities									
Forward contracts	8,301	-	8,301	8,301	-	-	-	-	-
	219,412,953		225,851,424	191,997,622	10,474,980	8,249,803	2,817,264	2,759,303	9,552,452

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis (continued)

The tables below summarise the maturity profile of the Company's financial liabilities as at the current and preceding financial year's reporting date based on undiscounted contractual payments:

Company	Carrying amount	Contractual interest rate	Contractual cash flows	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years
	RM	% per annum	RM	RM	RM	RM	RM	RM
30 June 2021								
Non-derivative financial liabilities								
Other payables and accruals, excluding payroll liabilities	1,099,187	-	1,099,187	1,099,187	-	-	-	-
Amounts owing to subsidiaries	700	-	700	700	-	-	-	-
Lease liabilities	183,137	5.80%	195,788	87,017	87,017	21,754	-	-
	1,283,024		1,295,675	1,186,904	87,017	21,754	-	-
30 June 2020								
Non-derivative financial liabilities								
Other payables and accruals, excluding payroll liabilities	1,263,644	-	1,263,644	1,263,644	-	-	-	-
Amounts owing to subsidiaries	1,800	-	1,800	1,800	-	-	-	-
Lease liabilities	257,185	5.80%	282,805	87,017	87,017	87,017	21,754	-
	1,522,629		1,548,249	1,352,461	87,017	87,017	21,754	-

(c) Credit risk

Credit risk is the risk of financial loss resulting from counterparties' failure to discharge their contractual obligations. The Group's objectives on credit risk management are to minimise the probability of financial loss resulting from any counterparty's default.

The Group's exposure to credit risk arises primarily from cash and bank balances, trade and other receivables and related company (outside the Group) balances.

The Group has credit-control policies on credit sales, and the exposure to credit risk is monitored on a continuous basis through periodic review of the receivables' aging. Credit evaluations are performed on all customers and are reviewed annually. Credit terms and limits are assigned based on the financial strength of the customers; and where deemed appropriate, corporate guarantees and personal indemnities are obtained from customers.

At the reporting date, the Group has significant concentration of credit risk in its trade receivables where the top 10 corporate customers' outstanding of the Cold Rolled and the Steel Tube subsidiaries represent about 91% (2020: 86%) and 55% (2020: 59%) of their respective trade receivables. At the reporting date, the Group has 2 (2020: 2) external customers that contributes to more than 10% of the Group's revenue. The revenue contributed by the said customers amounted to RM133.1 million (2020: RM105.2 million). Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

The Group's and the Company's major classes of financial assets are as disclosed in Note 34 to the financial statements. The Group and the Company has four types of financial instruments that are subject to the ECL model under MFRS 9:

- Trade and other receivables
- Amounts owing by subsidiaries
- Contract assets
- Net investment in subleases

Whilst cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the credit risks and any impetus for credit impairment has been determined to be immaterial. Credit risk measurement with regards to the mentioned categories of financial instruments are as below.

(i) Trade receivables, contract assets and net investment in subleases using the simplified approach

The Group adopts MFRS 9 prescribed 'simplified approach' in measuring ECL which estimates a lifetime expected credit loss allowance for all trade receivables. Information on the Group's accounting policy on impairment of trade receivables using the 'simplified approach' basing on aging brackets in estimating ECL is disclosed in Note 2(h) to the financial statements. However, for the current financial year end, the Group has taken additional steps to assess the credit position of trade-debtors affected by the multi-states FMCO mandatory shutdown and has extended time allowance for trade-debt settlement where required. In this regard, situational modification to the 'simplified approach' in estimating ECL was made.

(ii) Other receivables and amounts owing by subsidiaries using the general 3 stage approach

The Group uses four categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime on an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.	Lifetime expected losses
Non-performing	There is evidence indicating the assets are credit-impaired.	Lifetime expected losses
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL, by considering the likelihood that the debtor would not be able to repay during the contractual period, the percentage of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. In addition, forward-looking information such as the macroeconomic conditions has been incorporated into the determination of expected credit losses.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Other receivables and amounts owing by subsidiaries using the general 3 stage approach (continued)

For the amounts owing by subsidiaries that are repayable on demand, the calculation of ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial;
- If the borrower could not repay the loan if demanded at the reporting date, the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower; and
- If the recovery strategies indicate that the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

(iii) The Group's collateral at the end of the reporting period is summarised as follows:

2021	**Net exposure**	**Collateral and credit enhancement**	**Maximum exposure (Net of impairment)**
	RM	**RM**	**RM**
Trade receivables	6,523,963	32,423,865	38,947,828
Other receivables	705,329	-	705,329
Refundable deposits	2,729,567	-	2,729,567
Contract assets	244,092	-	244,092
Derivative financial assets	2,019,630	-	2,019,630
Deposits with licensed financial institutions	90,085,023	-	90,085,023
Cash and bank balances	10,844,216	-	10,844,216
	113,151,820	32,423,865	145,575,685
2020			
Trade receivables	25,358,451	45,714,722	71,073,173
Other receivables	1,539,606	-	1,539,606
Refundable deposits	1,272,738	-	1,272,738
Contract assets	2,799,320	-	2,799,320
Derivative financial assets	2,122,531	-	2,122,531
Deposits with licensed financial institutions	36,398,969	-	36,398,969
Cash and bank balances	7,867,588	-	7,867,588
Net investment in subleases	288,006	-	288,006
	77,647,209	45,714,722	123,361,931

Certain trade receivables of the Group are secured by financial guarantees given by corporates, shareholders or Directors of the receivables. There were no instances during the year whereby loss allowances were not recognised due to the utilisation of these collaterals and credit enhancements.

The Company's maximum exposure to credit risk for each class of financial assets is the carrying amount of each class of financial assets presented in the statement of financial position.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iv) Financial assets that are impaired

Group

Details of the Group's financial assets that are impaired and the reconciliation of the impairment as at the current financial year's reporting date are set out below:

At 30 June 2021	Trade receivables RM	Other receivables RM	Total RM
At gross amounts	39,726,753	1,370,472	41,097,225
Less: Accumulated impairment	(778,925)	(665,143)	(1,444,068)
	38,947,828	705,329	39,653,157
Accumulated impairment:			
At 1 July	1,866,451	939,641	2,806,092
Impairment charge for the financial year (Note 7)	403,319	505,000	908,319
Disposal of a subsidiary	(1,490,845)	(779,498)	(2,270,343)
At 30 June	778,925	665,143	1,444,068

During the current financial year (based on the lifetime expected credit loss assessment):

- The Group's Steel Tube subsidiary made an impairment charge on two trade debtors as the customer was determined to be non-performing, in default and credit impaired. Accordingly, ECL amounting to RM20,691 was recorded;
- The Group's Food subsidiary made an impairment charge on two trade debtors and one other receivable as the overdue receivables were determined to be non-performing, in default and credit impaired. Accordingly, ECL amounting to RM368,643 and RM505,000 was recorded respectively.
- The Group's UK subsidiary made an impairment charge on overdue trade receivables amounting to equivalent RM13,985 determined to be non-performing, in default, and credit impaired

No other major ECL was deemed required other than the abovementioned.

Details of the Group's financial assets that are impaired and the reconciliation of the impairment as at the preceding financial year's reporting date are set out below:

At 30 June 2020	Trade receivables RM	Other receivables RM	Total RM
At gross amounts	72,939,624	2,479,247	75,418,871
Less: Accumulated impairment	(1,866,451)	(939,641)	(2,806,092)
	71,073,173	1,539,606	72,612,779
Accumulated impairment:			
At 1 July	1,841,332	7,437,411	9,278,743
Impairment charge for the financial year (Note 7)	127,305	128,343	255,648
Write back of impairment for the financial year (Note 7)	(102,186)	(6,626,113)	(6,728,299)
At 30 June	1,866,451	939,641	2,806,092

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iv) Financial assets that are impaired (continued)

During the preceding financial year (based on the lifetime expected credit loss assessment):

- The Group's Steel Tube subsidiary made an impairment charge on a single trade debtor as the customer was determined to be non-performing, in default and credit impaired. Accordingly, ECL amounting to RM127,305 was recorded;
- The Group's Engineering subsidiary also made a write back of impairment on trade receivables of RM102,186 upon settlement of outstanding debts;
- On 22 May 2020, the Group recovered an impaired debt of RM6,626,113 from Mperial Power Ltd - which was fully divested as an associate of the Group back in February 2018;
- Another subsidiary of the Group involved in the construction of children library made an impairment charge on other receivables amounting to RM128,343 due to the trigger of a financial difficulty event and was determined to be irrecoverable.

Company

Details of the Company's financial assets that are impaired and the reconciliation of the impairment at the current financial year's reporting date are as set out below:

	Amounts owing by subsidiaries
At 30 June 2021	**RM**
At gross amounts	12,642,423
Less: Accumulated impairment	(12,260,806)
	381,617
Accumulated impairment:	
At 1 July	73,383,056
Impairment charge for the financial year (Note 7)	6,879,093
Write back on impairment for the financial year (Note 7)	(67,822,201)
Write-offs	(179,142)
At 30 June	12,260,806

During the current financial year (based on the expected credit loss assessment):

- The Company made additional impairment charge on the advances made to its various subsidiary totalling RM6,879,093 as these were determined to be non-performing;
- Prior to the disposal of Melewar Integrated Engineering ("MIE"), the Company had in July 2020 wrote-back past impairments on advances made to MIE over a period of time from the financial years 2017 to 2020 totalling RM67,822,201 before capitalising the said sum in the subsidiary's equity. Post-capitalisation, MIE had a carrying net liabilities of RM4,266,793 and was disposed for a cash consideration of RM750,000 (Note 11).

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iv) Financial assets that are impaired (continued)

Company (continued)

Details of the Company's financial assets that are impaired and the reconciliation of the impairment at the preceding financial year's reporting date are as set out below: (continued)

At 30 June 2020	Other receivables RM	Amounts owing by subsidiaries RM	Total RM
At gross amounts	1,252	73,393,203	73,394,455
Less: Accumulated impairment	-	(73,383,056)	(73,383,056)
	1,252	10,147	11,399
Accumulated impairment:			
At 1 July	1,102,470	74,795,025	75,897,495
Impairment charge for the financial year (Note 7)	-	3,100,505	3,100,505
Write back on impairment for the financial year (Note 7)	(1,102,470)	(4,512,474)	(5,614,944)
At 30 June	-	73,383,056	73,383,056

During the preceding financial year (based on the expected credit loss assessment):

- On 22 May 2020, the Company recovered an impaired debt of RM1,102,470 from Mperial Power Ltd - which was fully divested as an associate of the Group back in February 2018;
- The Company made additional impairment charge on the advances made to its wholly owned Engineering subsidiary (MIE) of RM1,251,754 and other subsidiaries of RM1,848,751, as these were determined to be non-performing;
- The Company also recovered a previously impaired amount of RM4,512,474 from another fellow subsidiary tied to similar recovery from Mperial Power Ltd.

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows and/or fair valuations of the Group's and the Company's interest bearing financial instruments will be negatively impacted due to fluctuation in market interest rates. The Group's objective on interest rate risk management is to achieve a balance between re-pricing risks and minimising its weighted average borrowing cost.

The Group's interest bearing financial instruments are mainly its borrowings which comprise of both floating rate loan instrument, and fixed rate trade and credit instruments (utilised to finance raw coil material purchases and credit sales). The floating rate loan instrument is subjected to revision of the lender's cost of funds in computing the interest rate. The short-term fixed rate trade and credit instruments are subject to re-pricing upon frequent rollover every 3 to 4 months.

Bank Negara Malaysia has maintained the Overnight Policy Rate (OPR) at 1.75% since the last cut of 25 basis points on 7 July 2020.

The Directors of the Company are of the view that the prevailing low interest rate environment will persist in the short-to-medium term and may possibly rise gradually in tandem with the pace of economic recovery although this remains uncertain at this juncture.

The Group also have interest bearing asset instruments, comprised mainly of fixed interest bearing short-term deposits subject to frequent re-pricing. Similarly, the Group recorded lower interest income from these. Neither the Group nor the Company holds any interest-rate derivatives during and at the close of the current financial year.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk (continued)

Details of the interest bearing financial liability instruments for the Group are as follows:

	Group	
	2021 RM	2020 RM
Current		
Fixed rate borrowings, denominated in RM	52,148,805	37,889,119
Floating rate borrowings, denominated in RM	7,807,285	7,568,969
Fixed rate credit from supplier, denominated in RM (Note 24)	-	26,362,804
Non-current		
Fixed rate borrowings, denominated in RM	220,960	1,279,765
Floating rate borrowings, denominated in RM	27,243,916	27,237,915
	87,420,966	100,338,572

The risk impact for the floating rate financial liability instruments had the overall interest rates being 1% higher, is that the Group's profit after tax for financial year 2021 would decrease by RM266,389 (2020: RM264,532). A 1% lower interest rate would have the equal but opposite effect to the aforementioned amounts.

(e) Foreign currency exchange risk

Foreign currency risk is the risk that the fluctuation of foreign exchange ("FX") rates may negatively impact fair value or future cash-flow of financial instruments in currencies other than its own functional currency. The Group's foreign currency risk management objective is to minimise foreign currency exposure on financial instruments that may give rise to fluctuation in fair value or future cash-flows.

The Group's revenue streams from its domestic subsidiaries are mainly denominated in Ringgit Malaysia which are their functional currencies. The foreign UK subsidiaries' contribution to the Group is negligible and post little FX risk. The Cold Rolled and the Steel Tube subsidiaries' raw material coils are however mostly imported from abroad and denominated in USD. The Steel Tube operation derives a small portion of its revenue (around 7%) from export sales denominated mainly in SGD. The new Food operation occasionally imports frozen meat from abroad denominated in AUD and usually paid upfront.

In summary, the Group FX exposure is mainly in USD-short and to a lesser extent SGD-long. The Company is not exposed to any FX risk.

As a policy, the Group would seek natural hedge methods to mitigate its FX exposure before incepting any derivatives as hedging instrument. On this, the Group would hedge at least 80% of its net FX exposure with a matching FX forward contract (depending on the availability of its limited FX facilities with the counterparty banks, and on the length of the forward duration periods) to facilitate future payment in that foreign currency. In this regard, the Group designates qualifying FX hedges for fair value hedge accounting over the reporting period on effective FX forwards incepted to hedge the Group's USD exposure arising from its imported raw materials. These hedges are designated on inception after been tested for prospective effectiveness using the 'dollar-offset' ratio method. On Steel Tube's affirmed export sales in foreign currencies, the Group would sell forward around 25% of its future foreign currency receivables. But these FX forwards are usually not hedge accounted as they do not fulfil all the criteria for hedge accounting, but are fair valued through profit or loss.

FX was particularly volatile throughout the financial year. The Ringgit strengthened against the USD by more than 229 basis points in the 1st half of the financial year on improving outlook before falling-off by more than 140 basis points in the 2nd half of the financial year as the COVID-19 infection resurges and the nation goes into FMCO lockdown in June 2021. The Group's FX risk management activities have significantly hedged against FX losses over the current financial year as shown in the table below. Further disclosures are made in Note 21 on derivatives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

A summary of the realised and unrealised (loss)/gain from incepted hedging instruments (being foreign exchange forwards) and the hedged items (being receivables or payables in foreign currencies) over the twelve months period for the current and the preceding financial year as comparison are outlined below:

	2021			2020		
	Unrealised RM'000	**Realised RM'000**	**Total RM'000**	**Unrealised RM'000**	**Realised RM'000**	**Total RM'000**
FX Fair Value						
FX Hedging Instruments						
Not hedge accounted	(3)	7	4	(7)	15	8
Hedge accounted	2,020	(5,123)	(3,103)	2,122	916	3,038
	2,017	(5,116)	(3,099)	2,115	931	3,046
FX Hedged Items						
Not hedge accounted	(22)	178	156	109	(325)	(216)
Hedge accounted	(2,020)	5,123	3,103	(2,122)	(916)	(3,038)
	(2,042)	5,301	3,259	(2,013)	(1,241)	(3,254)
Net FX (loss)/gain	(25)	185	160	102	(310)	(208)

Details of the Group's foreign currencies exposure in its Ringgit Malaysia functional currency as at the reporting date (and preceding financial year's reporting date) are set out in the respective tables below.

	From USD	**From SGD**	**From GBP**	**From AUD**	**Total**
As at 30 June 2021					
Financial assets					
Trade and other receivables	23,599	4,643,190	62,315	953,234	5,682,338
Cash and bank balances	551,488	1,616,213	116,887	-	2,284,588
	575,087	6,259,403	179,202	953,234	7,966,926
Less: Financial liabilities					
Trade and other payables	(105,896,249)	-	(82,675)	-	(105,978,924)
Net financial (liabilities)/assets	(105,321,162)	6,259,403	96,527	953,234	(98,011,998)
Off balance sheet					
Contracted commitments	(113,555,524)	-	-	-	(113,555,524)
Less: Forward foreign currency contracts at notional value at closing rate	198,067,749	(648,207)	-	-	197,419,542
Net currency exposure	(20,808,937)	5,611,196	96,527	953,234	(14,147,980)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

	From USD	From EURO	From SGD	From GBP	Total
As at 30 June 2020					
Financial assets					
Trade and other receivables	18,042	-	3,261,277	45,066	3,324,385
Cash and bank balances	119,339	-	1,565,870	128,545	1,813,754
	137,381	-	4,827,147	173,611	5,138,139
Less: Financial liabilities					
Trade and other payables	(102,006,789)	(54,681)	-	-	(102,061,470)
Net financial (liabilities)/assets	(101,869,408)	(54,681)	4,827,147	173,611	(96,923,331)
Off balance sheet					
Contracted commitments	(16,194,656)	-	-	-	(16,194,656)
Less: Forward foreign currency contracts at notional value at closing rate	102,539,555	-	(1,199,676)	-	101,339,879
Net currency exposure	(15,524,509)	(54,681)	3,627,471	173,611	(11,778,108)

'Net currency exposure' if positive is in long position, and if negative is in short position of the captioned foreign currency.

The Company does not have any foreign currency exposure for the current financial year ended 30 June 2021.

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the US Dollar ("USD"), Euro Dollar ("EURO"), Singapore Dollar ("SGD"), Great British Pounds ("GBP") and Australian Dollar ("AUD") exchange rates against RM, with all other variables in particular interest rates held constant.

	(Increase)/ Decrease In Profit	Increase/ (Decrease) In Loss
	2021 RM	2020 RM
GROUP		
RM appreciates against USD by 2% (2020: 3%)	316,296	353,959
RM appreciates against EURO by 2% (2020: 3%)	-	1,247
RM appreciates against SGD by 2% (2020: 3%)	(85,290)	(82,706)
RM appreciates against GBP by 2% (2020: 3%)	(1,467)	(3,958)
RM appreciates against AUD by 2% (2020: 3%)	(14,489)	-

A 2% (2020: 3%) weakening of the above currencies against the RM would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

5 FAIR VALUE

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade intercompany balances). The determination of the fair value for other financial assets and liabilities may require the application of certain valuation methods.

Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group's financial assets/(liabilities) that are measured at fair value on reporting date:

GROUP

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2021				
Assets				
Foreign currency exchange forward contracts	-	2,019,630	-	2,019,630
Liabilities				
Foreign currency exchange forward contracts	-	(3,282)	-	(3,282)
2020				
Assets				
Foreign currency exchange forward contracts	-	2,122,531	-	2,122,531
Liabilities				
Foreign currency exchange forward contracts	-	(8,301)	-	(8,301)

The fair value of financial instruments that are not traded in an active market, such as those foreign currency exchange forward contracts held by the Group at the close of the financial year, is determined by way of marking-to-market the underlying variable using published market rates or as quoted by counterparty financial institutions and with the resulting value discounted back to present value if the maturity tenure is material. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates, and is classified under Level 2. Those foreign currency exchange forward contracts with marked-to-market positive fair value is classified as derivative financial assets, whilst those with marked-to-market negative fair value is classified as derivative financial liabilities.

The Group does not hold any financial assets where fair values are assessed at Level 1 and Level 3.

5 FAIR VALUE (CONTINUED)

Fair value estimation (continued)

The following table presents the Company's financial assets that are measured at fair value on reporting date:

COMPANY

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Assets				
Free detachable warrants	5,051,256	-	-	5,051,256
2020				
Assets				
Free detachable warrants	1,515,377	-	-	1,515,377

The Company is holding 20,205,022 listed detachable warrants in its subsidiary Mycron Steel Berhad ("MSB") pursuant to its full subscription of MSB's Rights Issue duly completed on 31 January 2019. The number of warrants held by Company at the close of the current financial year remains the same at opening, as none was traded nor exercised over that period. The Company's holding of these warrants is fair valued at assessment 'Level 1' at initial recognition and at the end of each reporting period by way of marking-to its published market closing price on Bursa Malaysia with the changes in fair value charged to profit or loss. For the current financial year, a mark-to-market gain of RM3,535,879 from the warrants is charged to the Company's statement of comprehensive income.

The Company does not hold any financial assets where fair values are assessed at Level 2 and Level 3.

6 REVENUE

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers:				
Sales of goods	725,800,634	592,814,724	-	-
Construction contracts	-	261,380	-	-
Processing service income	12,108,488	1,948,287	-	-
Management fees	-	-	2,724,300	3,240,000
	737,909,122	595,024,391	2,724,300	3,240,000
Revenue from other sources:				
Dividend income	-	-	13,390,000	1,380,000
Lease rental income:				
- investment properties	329,236	764,160	3,445,860	3,445,860
- others	84,510	10,217	-	-
	413,746	774,377	16,835,860	4,825,860
Total revenue	738,322,868	595,798,768	19,560,160	8,065,860

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

6 REVENUE (CONTINUED)

Further disaggregation of revenue from contracts with customers by timing and sub-categories for the financial year are as follows:

GROUP

	Timing of Revenue Recognition - FY 2021			
	At a point in time		Over time	Total
	Local RM	Abroad RM	Local RM	RM
Segments				
Steel tube	250,780,911	18,702,499	1,699,855	271,183,265
Cold rolled	453,315,248	-	10,408,633	463,723,881
Others	2,852,920	149,056	-	3,001,976
	706,949,079	18,851,555	12,108,488	737,909,122
Major goods & service lines				
Sales of primary goods				
Steel tubes and pipes	246,812,021	18,851,555	-	265,663,576
Cold rolled coils	441,867,523	-	-	441,867,523
Sales of steel scraps and by-products	15,416,615	-	-	15,416,615
Trading of foods	2,852,920	-	-	2,852,920
Processing service income	-	-	12,108,488	12,108,488
	706,949,079	18,851,555	12,108,488	737,909,122

	Timing of Revenue Recognition - FY 2020			
	At a point in time		Over time	Total
	Local RM	Abroad RM	Local RM	RM
Segments				
Steel tube	179,210,348	21,167,166	1,546,819	201,924,333
Cold rolled	388,793,788	3,564,660	401,468	392,759,916
Others	261,380	78,762	-	340,142
	568,265,516	24,810,588	1,948,287	595,024,391
Major goods & service lines				
Sales of primary goods				
Steel tubes and pipes	178,854,794	21,245,928	-	200,100,722
Cold rolled coils	379,547,954	3,564,660	-	383,112,614
Sales of steel scraps and by-products	9,601,388	-	-	9,601,388
Processing service income	-	-	1,948,287	1,948,287
Construction contracts	261,380	-	-	261,380
	568,265,516	24,810,588	1,948,287	595,024,391

6 REVENUE (CONTINUED)

On the revenue derived from foreign sources, around 98% are from Singapore with the balance in negligible proportion from Kuwait.

There are no direct pre-contract costs incurred to obtain contracts with customers.

COMPANY

	2021 RM	2020 RM
Revenue from contracts with customers:		
Management fees		
- recognised over time	2,724,300	3,240,000

7 PROFIT/(LOSS) BEFORE TAX

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
The following expenses have been charged/(credited) in arriving at profit/(loss) before tax:				
Auditors' remuneration:				
- statutory audit	658,630	609,060	230,000	217,400
- non-audit services	43,200	27,210	14,400	13,850
Professional fees	935,160	1,013,221	435,383	347,749
Changes in inventories of finished goods and work in progress	(3,998,645)	(3,455,790)	-	-
Raw materials consumed	582,620,071	516,280,982	-	-
Consumables (inventories) consumed	14,415,800	13,889,110	-	-
Property, plant and equipment (Note 13):				
- depreciation	14,727,797	14,434,578	148,109	143,007
- impairment/(write back)	4,329,440	2,413,326	(13,417)	555
- net (gain)/loss on disposal	(84,857)	7,382	(17,000)	-
Depreciation on right-of-use assets [a]	1,631,540	1,585,507	77,338	77,338
Fair value loss/(gain) on				
- investment properties (Note 15)	-	707,000	(2,600,000)	-
- derivative assets (Note 21)	-	-	(3,535,879)	101,025
Gain on disposal of a subsidiary (Note 11)	(5,016,793)	-	(750,000)	-
Staff costs - excluding Directors' remuneration				
- salaries, bonuses and allowances	31,418,127	26,997,944	1,306,291	692,394
- defined contribution plan	3,721,816	3,637,368	180,510	165,930
- others	1,222,636	1,393,456	30,733	33,033
Shutdown overheads [b]	3,696,210	3,634,276	-	-
Government wage subsidies [d]	(927,401)	(685,237)	(18,000)	(14,400)
Compensation received for acquisition of land by government	-	(340,611)	-	-
Rental expense [a]	20,081	33,937	20,081	20,081

7 PROFIT/(LOSS) BEFORE TAX (CONTINUED)

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
The following expenses have been charged/(credited) in arriving at profit/(loss) before tax: (continued)				
Maintenance of plant and machinery	8,989,516	7,551,336	-	-
Net impairment/(write back of impairment):				
- investment in subsidiaries	-	-	68,269,611	-
- amounts owing by subsidiaries (Note 4(c)(iv))	-	-	(60,943,108)	(1,411,969)
- trade receivables (Note 4(c)(iv))	403,319	127,305	-	-
- other receivables (Note 4(c)(iv))	505,000	(6,497,770)	-	(1,102,470)
Insurance claim recovery [c]	(2,537,474)	-	-	-
Amortisation of deferred income (Note 26)	(63,542)	-	-	-
Net foreign exchange (gain)/loss				
- realised	(184,727)	309,857	-	-
- unrealised	(21,367)	(101,364)	-	-

(a) The rental expense on the rented land and buildings deemed as an operating lease is now represented through the depreciation of the right-of-use assets on the aforementioned lease and the implicit interest charge on the corresponding lease liabilities. (See Note 8 and Note 14). The remaining ‘rental expense’ for the current financial year relates to rentals of low value assets which are exempted from lease accounting under MFRS 16.

(b) The Group incurred RM3,696,210 (2020: RM3,634,276) of unabsorbed factories’ fixed overheads and direct labour costs during the mandatory COVID-19 shutdown period of 4 weeks (2020: 6 weeks) where production capacity was incapacitated.

(c) One of the steel operations had a major equipment failure incident which affected net income due to business interruption and rectification cost outlay. A successful insurance claim on its ‘machine breakdown and consequential-loss policy’ was made.

(d) The Group received wage subsidy aid under the Prihatin Perkeso Program Subsidi Upah 1.0 & 2.0 pursuant to the COVID-19 pandemic.

8 FINANCE INCOME AND COSTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Finance income:				
Interest on deposits with financial institutions [a]	(1,306,596)	(1,382,698)	(125,144)	(64,016)
Finance costs on:				
Borrowings	3,289,100	5,418,047	-	-
Hire purchase	152,067	273,988	-	-
Suppliers’ credit	200,238	1,102,824	-	-
Lease liabilities [b]	81,424	89,208	12,969	17,132
	3,722,829	6,884,067	12,969	17,132
Less: Interest expense capitalised in property, plant and equipment (Note 13)	(306,593)	(414,781)	-	-
Total finance costs	3,416,236	6,469,286	12,969	17,132
Net finance costs/(income)	2,109,640	5,086,588	(112,175)	(46,884)

8 FINANCE INCOME AND COSTS (CONTINUED)

(a) Interest income from fixed-deposits and money-market REPO (repurchase agreement) placements with Banks for very short tenure.

(b) Interest expense on lease liabilities is an implicit charge on lease liabilities representing the discounted lease commitment streams over the remaining term of the leases, pursuant to the adoption of MFRS 16. See Note 14.

9 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received/receivable by Directors of the Company from the Company and its subsidiaries are as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-Executive Directors:				
- fees	570,619	632,390	251,205	262,035
- allowances	67,500	73,500	32,000	35,000
- estimated monetary value of benefits-in-kind	16,302	20,416	13,853	14,999
Executive Directors:				
- salaries, bonuses and other emoluments	4,512,864	3,614,681	1,338,768	1,170,000
- allowances	61,950	14,321	-	-
- estimated monetary value of benefits-in-kind	98,508	119,180	28,878	28,682
- defined contribution plan	677,889	548,800	200,817	175,500
	6,005,632	5,023,288	1,865,521	1,686,216

The numbers of Directors of the Company whose total remuneration paid by the Company falling within certain bands are outlined below:

	Number of Directors	
	2021	2020
Executive Directors:		
RM1,350,001 – RM1,400,000	-	1
RM1,500,001 – RM1,600,000	1	-
Non-Executive Directors:		
Less than RM50,000	4	5
RM50,001 – RM100,000	2	3

During the current financial year, one Non-Executive Director has demised on 24 April 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

10 TAXATION

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Current Malaysia tax:				
- current year	8,801,164	2,477,568	433,436	698,993
- (over)/under accrual in the prior year	(171,316)	(167,665)	93,647	7,782
	8,629,848	2,309,903	527,083	706,775
Deferred taxation (Note 18):				
- origination and reversal of temporary differences	4,904,611	(1,868,934)	629,155	(735)
Tax expense	13,534,459	440,969	1,156,238	706,040

The explanation of the relationship between tax expense and profit/(loss) before tax is as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax	71,983,710	(2,485,143)	14,195,347	6,433,311
Tax calculated at the Malaysian tax rate of 24% (2020: 24%)	17,276,090	(596,434)	3,406,883	1,543,995
Tax effects of:				
- expenses not deductible for tax purposes	1,390,914	2,060,092	18,179,567	860,075
- income not subject to tax	(1,126,563)	(2,167,616)	(20,523,859)	(1,705,812)
- (over)/under accrual in the prior year	(171,316)	(167,665)	93,647	7,782
- reversal of deferred tax due to RPGT exemption (Note 15)	(1,020,336)	-	-	-
- difference in tax rate	51,691	94,580	-	-
- tax losses and allowances (recognised)/not recognised as deferred tax	(2,866,021)	1,073,871	-	-
- reversal of previously recognised deferred tax	-	144,141	-	-
Tax expense	13,534,459	440,969	1,156,238	706,040

11 DISCONTINUED OPERATIONS

The Company on 14 August 2020 entered into a Share Sale Agreement to dispose the entire equity interest in its engineering subsidiary, Melewar Integrated Engineering Sdn Bhd ("MIE") comprising of 69,022,201 ordinary shares and 2,000 redeemable preference shares to the subsidiary's chief executive officer cum director (Datuk Uwe Ahrens) for a cash consideration of RM750,000 pursuant to the latter's management buyout offer. The disposal of MIE has resulted in the Group taking a gain of RM5,016,793 on the disposal, comprising of the proceeds (RM750,000) as well as from the de-consolidation MIE's net liabilities (RM4,266,793) upon completion of the transaction on 14 August 2020.

11 DISCONTINUED OPERATIONS (CONTINUED)

The subsidiary sold is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the month ended 31 July 2020 and the financial year ended 30 June 2020.

	2021 RM	2020 RM
Revenue	264,179	703,849
Expenses	(305,858)	(1,927,262)
Loss before tax	(41,679)	(1,223,413)
Taxation	(29)	471
Net loss after tax on discontinued operations	(41,708)	(1,222,942)
Gain on sale of the subsidiary after tax	5,016,793	-
Profit/(Loss) from discontinued operation	**4,975,085**	**(1,222,942)**
Net cash inflow/(outflow) from operating activities	102,681	(1,268,810)
Net cash inflow from investing activities	32,779	524,815
Net cash outflow from financing activities	(38,012)	(456,144)
Net cashflow generated from/(used in) the subsidiary	**97,448**	**(1,200,139)**

(b) Details of the sale of the subsidiary

	2021 RM
Cash consideration received	750,000
Carrying amount of net liabilities sold	4,266,793
Gain on sale before tax	5,016,793
Gain on sale after tax	5,016,793

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

11 DISCONTINUED OPERATIONS (CONTINUED)

(b) Details of the sale of the subsidiary (continued)

The carrying amounts of assets and liabilities as at 31 July 2020 were:

	RM
Property, plant and equipment	37,313
Right-of-use asset	39,126
Deferred tax assets	442
Trade and other receivables	604,278
Contract asset	2,621,581
Net investment in subleases	256,619
Cash and cash equivalents	226,816
Total assets	**3,786,175**
Trade and other payables	7,743,700
Lease liability	297,587
Tax payable	11,681
Total liabilities	**8,052,968**
Net liabilities	**(4,266,793)**

12 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

	GROUP	
	2021 RM	**2020 RM**
Continuing operations		
Profit/(Loss) attributable to owners of the Company	44,768,113	(224,022)
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Basic earnings/(loss) per share (sen)	12.45	(0.06)
Discontinued operations		
Loss attributable to owners of the Company	(41,708)	(1,222,942)
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Basic loss per share (sen)	(0.01)	(0.34)
Total		
Profit/(Loss) attributable to owners of the Company	44,726,405	(1,446,964)
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Basic earnings/(loss) per share (sen)	12.44	(0.40)

12 EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted earnings/(loss) per share

The market price of the listed Company closed at 51.5 sens or 11.5 sens above the exercisable price (40 sens) of its 66,947,418 outstanding listed warrants - at the end of the current financial year. Assuming that these warrants are exercised, the diluted earnings per share of the Group are as follows:

	GROUP	
	2021 RM	2020 RM
Continuing operations		
Profit attributable to owners of the Company	44,768,113	n.a
Weighted average number of ordinary shares in issue (net of treasury shares)	426,365,121	n.a
Diluted earnings per share (sen)	10.50	n.a
Discontinued operations		
Loss attributable to owners of the Company	(41,708)	n.a
Weighted average number of ordinary shares in issue (net of treasury shares)	426,365,121	n.a
Diluted loss per share (sen)	(0.01)	n.a
Total		
Profit attributable to owners of the Company	44,726,405	n.a
Weighted average number of ordinary shares in issue (net of treasury shares)	426,365,121	n.a
Diluted earnings per share (sen)	10.49	n.a

No diluted loss per share is presented in the preceding financial year, given that the issued and listed warrants were in an anti-dilutive position since its exercisable price (at 40 sens) is above the market price of the listed mother share. Accordingly, the diluted loss per share is the same as the basic loss per share.

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land	Buildings	Plant, machinery and electrical installation	Motor vehicles, furniture, fittings and equipment	Spare parts	Construction work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM
2021							
Cost/Valuation							
At 1 July 2020							
- Cost	-	-	-	16,057,250	173,984	11,869,544	28,100,778
- Valuation	60,000,000	66,911,322	193,342,803	-	-	-	320,254,125
	60,000,000	66,911,322	193,342,803	16,057,250	173,984	11,869,544	348,354,903
Additions	-	20,440	5,495,977	238,802	-	9,235,454	14,990,673
Acquisition of a subsidiary's assets	-	-	-	102,696	-	-	102,696
Currency translation differences	-	-	-	70,692	-	-	70,692
Disposals	-	-	(943,657)	(398,204)	-	-	(1,341,861)
Write-offs	-	-	(350,364)	(5,023)	-	-	(355,387)
Revaluation during the financial year	5,000,000	1,598,542	2,028,318	-	-	-	8,626,860
Disposal of a subsidiary (Note 11)	-	-	-	(1,504,505)	-	-	(1,504,505)
Effects of elimination of accumulated depreciation on revaluation	-	(2,512,065)	(10,346,001)	-	-	-	(12,858,066)
Reclassification	-	93,083	476,977	71,317	(2,001)	(639,376)	-
At 30 June 2021	65,000,000	66,111,322	189,704,053	14,633,025	171,983	20,465,622	356,086,005
Less: Accumulated depreciation							
At 1 July 2020	-	-	-	9,678,943	-	-	9,678,943
Charge for the financial year (Note 7)							
- continuing operations	-	2,512,065	11,143,808	1,071,924	-	-	14,727,797
- discontinued operations	-	-	-	2,656	-	-	2,656
Currency translation differences	-	-	-	18,338	-	-	18,338
Disposals	-	-	(797,807)	(309,800)	-	-	(1,107,607)
Write-offs	-	-	-	(5,023)	-	-	(5,023)
Disposal of a subsidiary (Note 11)	-	-	-	(1,467,192)	-	-	(1,467,192)
Effects of elimination of accumulated depreciation on revaluation	-	(2,512,065)	(10,346,001)	-	-	-	(12,858,066)
At 30 June 2021	-	-	-	8,989,846	-	-	8,989,846
Less: Accumulated impairment loss							
At 1 July 2020	-	-	23,033,826	96,290	-	-	23,130,116
Charge for the financial year (Note 7)	-	-	4,326,729	2,711	-	-	4,329,440
Disposals	-	-	(37,250)	-	-	-	(37,250)
Write-offs	-	-	(350,364)	-	-	-	(350,364)
At 30 June 2021	-	-	26,972,941	99,001	-	-	27,071,942
Net book value							
At 30 June 2021	65,000,000	66,111,322	162,731,112	5,544,178	171,983	20,465,622	320,024,217
Representing:							
- Cost	-	-	-	5,544,178	171,983	20,465,622	26,181,783
- Valuation	65,000,000	66,111,322	162,731,112	-	-	-	293,842,434
	65,000,000	66,111,322	162,731,112	5,544,178	171,983	20,465,622	320,024,217

Included in the Group's additions to property, plant and equipment is finance cost amounting to RM306,593 capitalised at an average capitalisation rate of 4.48% for the financial year ended 30 June 2021.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land	Buildings	Plant, machinery and electrical installation	Motor vehicles, furniture, fittings and equipment	Spare parts	Construction work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM
2020							
Cost/Valuation							
At 1 July 2019							
- Cost	-	-	-	15,302,421	642,521	6,422,910	22,367,852
- Valuation	60,000,000	69,111,322	181,373,904	-	-	-	310,485,226
	60,000,000	69,111,322	181,373,904	15,302,421	642,521	6,422,910	332,853,078
Additions	-	-	2,058,148	819,825	-	28,809,603	31,687,576
Currency translation differences	-	-	-	738	-	-	738
Disposals	-	-	-	(319,205)	-	-	(319,205)
Write-offs	-	-	(3,370,595)	(136,418)	-	-	(3,507,013)
Revaluation during the financial year	-	269,547	533,377	-	-	-	802,924
Effects of elimination of accumulated depreciation on revaluation	-	(2,483,504)	(10,635,691)	-	-	-	(13,119,195)
Asset classified as investment property (Note 15)	-	-	(44,000)	-	-	-	(44,000)
Reclassification	-	13,957	23,427,660	389,889	(468,537)	(23,362,969)	-
At 30 June 2020	60,000,000	66,911,322	193,342,803	16,057,250	173,984	11,869,544	348,354,903
Less: Accumulated depreciation							
At 1 July 2019	-	-	-	8,872,256	-	-	8,872,256
Charge for the financial year (Note 7)							
- continuing operations	-	2,483,504	10,918,520	1,032,554	-	-	14,434,578
- discontinued operations	-	-	-	41,497	-	-	41,497
Currency translation differences	-	-	-	(470)	-	-	(470)
Disposals	-	-	-	(134,460)	-	-	(134,460)
Write-offs	-	-	(282,829)	(132,434)	-	-	(415,263)
Effects of elimination of accumulated depreciation on revaluation	-	(2,483,504)	(10,635,691)	-	-	-	(13,119,195)
At 30 June 2020	-	-	-	9,678,943	-	-	9,678,943
Less: Accumulated impairment loss							
At 1 July 2019	-	-	23,708,266	100,274	-	-	23,808,540
Charge for the financial year (Note 7)	-	-	2,413,326	-	-	-	2,413,326
Write-offs	-	-	(3,087,766)	(3,984)	-	-	(3,091,750)
At 30 June 2020	-	-	23,033,826	96,290	-	-	23,130,116
Net book value							
At 30 June 2020	60,000,000	66,911,322	170,308,977	6,282,017	173,984	11,869,544	315,545,844
Representing:							
- Cost	-	-	-	6,282,017	173,984	11,869,544	18,325,545
- Valuation	60,000,000	66,911,322	170,308,977	-	-	-	297,220,299
	60,000,000	66,911,322	170,308,977	6,282,017	173,984	11,869,544	315,545,844

Included in the Group's additions to property, plant and equipment is finance cost amounting to RM414,781 capitalised at an average capitalisation rate of 5.31% for the financial year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Building	Plant, machinery and electrical installation	Motor vehicles, furniture, fittings and equipment	Total
	RM	RM	RM	RM
2021				
Cost/Valuation				
At 1 July 2020				
- Cost	-	-	1,643,880	1,643,880
- Valuation	111,322	805,840	-	917,162
	111,322	805,840	1,643,880	2,561,042
Additions	-	-	7,480	7,480
Disposals	-	-	(228,100)	(228,100)
Revaluation during the financial year	-	98,620	-	98,620
Elimination of accumulated depreciation on revaluation	-	(129,037)	-	(129,037)
At 30 June 2021	111,322	775,423	1,423,260	2,310,005
Less: Accumulated depreciation				
At 1 July 2020	-	-	1,412,756	1,412,756
Charge for the financial year (Note 7)	-	129,037	19,072	148,109
Disposals	-	-	(228,100)	(228,100)
Elimination of accumulated depreciation on revaluation	-	(129,037)	-	(129,037)
At 30 June 2021	-	-	1,203,728	1,203,728
Less: Accumulated impairment loss				
At 1 July 2020	-	288,840	80,595	369,435
Write back for the financial year (Note 7)	-	(13,417)	-	(13,417)
At 30 June 2021	-	275,423	80,595	356,018
Net book value				
At 30 June 2021	111,322	500,000	138,937	750,259
Representing:				
- Cost	-	-	138,937	138,937
- Valuation	111,322	500,000	-	611,322
	111,322	500,000	138,937	750,259

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Building	Plant, machinery and electrical installation	Motor vehicles, furniture, fittings and equipment	Total
	RM	RM	RM	RM
2020				
Cost/Valuation				
At 1 July 2019				
- Cost	-	-	1,645,801	1,645,801
- Valuation	111,322	845,285	-	956,607
	111,322	845,285	1,645,801	2,602,408
Additions	-	-	14,105	14,105
Disposals	-	-	(5,100)	(5,100)
Revaluation during the financial year	-	63,835	-	63,835
Elimination of accumulated depreciation on revaluation	-	(103,280)	-	(103,280)
Write-offs	-	-	(10,926)	(10,926)
At 30 June 2020	111,322	805,840	1,643,880	2,561,042
Less: Accumulated depreciation				
At 1 July 2019	-	-	1,385,655	1,385,655
Charge for the financial year (Note 7)	-	103,280	39,727	143,007
Disposals	-	-	(1,700)	(1,700)
Elimination of accumulated depreciation on revaluation	-	(103,280)	-	(103,280)
Write-offs	-	-	(10,926)	(10,926)
At 30 June 2020	-	-	1,412,756	1,412,756
Less: Accumulated impairment loss				
At 1 July 2019	-	288,285	80,595	368,880
Charge for the financial year (Note 7)	-	555	-	555
At 30 June 2020	-	288,840	80,595	369,435
Net book value				
At 30 June 2020	111,322	517,000	150,529	778,851
Representing:				
- Cost	-	-	150,529	150,529
- Valuation	111,322	517,000	-	628,322
	111,322	517,000	150,529	778,851

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Valuation of certain property, plant and equipment and ROU assets

Fair value of the Group's land and buildings at the end of the financial year as determined by the professional valuer is within Level 3 of the fair value hierarchy. Land and buildings of the Group were revalued in June 2021 by an independent firm of professional valuers, C H Williams, Talhar & Wong based on adjusted market comparison approach and depreciated replacement cost approach respectively. The leasehold land classified as ROU assets continues to be measured using the same revaluation model by the aforementioned valuer-firm.

Fair value of the Group's plant, machinery, and electrical installation at the end of the financial year as determined by the professional valuer is within Level 3 of the fair value hierarchy. Please refer to Note 13(v) for the details of fair value measurements using significant unobservable input (Level 3).

The Group's revaluation surplus on property, plant and equipment of RM8,626,860 (2020: RM802,924) and ROU assets refer Note 14 amounting to RM4,999,833 (2020: RM1,375,374) was credited directly to asset revaluation reserve account and its related deferred taxation arising from the revaluation was provided accordingly (Note 18). The net revaluation deficit amounting to RM4,329,440 (2020: RM2,413,326) was taken up as impairment in profit or loss.

The Company's revaluation surplus of RM98,620 (2020: RM63,835) was credited directly to asset revaluation reserve account and its related deferred taxation arising from the revaluation was provided accordingly (Note 18). The net revaluation surplus amounting to RM13,417 (2020: impairment of RM555) was taken up as write back of impairment in profit or loss.

The construction of the Group's Cold Rolled subsidiary's Acid Regeneration Plant (ARP) which has been significantly delayed due to the COVID-19 curbs, was near completion and remained classified under 'Construction in Progress' at the close of the current financial year. The ARP's 'start-up and commissioning' was only concluded on 15 July 2021 in the next financial year due to the FMCO lockdown.

Cost progression of the Group's major capital expenditure projects classified under 'Construction Work-In-Progress' are as follows:

	ARP	Others	Total
	RM	RM	RM
2021			
At 1 July 2020	11,189,964	679,580	11,869,544
Additions during the year	8,791,712	443,742	9,235,454
Reclassification	-	(639,376)	(639,376)
At 30 June 2021	19,981,676	483,946	20,465,622
Budgeted cost to completion	76%		

	CPL	ARP	Others	Total
2020	RM	RM	RM	RM
At 1 July	3,612,113	2,314,063	496,734	6,422,910
Additions during the year	19,347,011	8,875,901	586,691	28,809,603
Reclassification	(22,959,124)	-	(403,845)	(23,362,969)
At 30 June	-	11,189,964	679,580	11,869,544
Budgeted cost to completion	84%	53%		

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Valuation of certain property, plant and equipment and ROU assets (continued)

The net book values of the revalued property, plant and equipment that would have been included in the financial statements had these assets been carried at deemed cost less accumulated depreciation are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Freehold land	31,300,000	31,300,000	-	-
Buildings	52,957,997	55,891,131	111,322	111,322
Plant, machinery and electrical installation	178,870,660	187,088,944	339,796	386,971
	263,128,657	274,280,075	451,118	498,293

The fair value of ROU assets and property, plant and equipment are individually determined periodically, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date. The valuers have relied on the following methodologies:

- Freehold land, leasehold land – adjusted market comparison by reference to observable prices per square foot in an active market or recent market transactions on arm's length terms (Level 3).
- Buildings, plant, machinery and electrical installation - depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3).

The valuers have considered the impact of COVID-19 when determining the fair values of the abovementioned assets.

(ii) Assets acquired under hire-purchase arrangements

There were no assets acquired by means of hire-purchase for the preceding and current financial year.

As at 30 June 2021, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group is RM5,039,311 (2020: RM6,701,826).

(iii) Assets pledged as securities

Property, plant and equipment of subsidiaries with a net book value of RM305.9 million (2020: RM301.8 million) are pledged as securities for certain banking facilities granted to the Group. Refer Note 25 to the financial statements for further details.

(iv) Impairment assessment

In assessing the reasonableness of the fair value of the land, building, plant, machinery and electrical installation which has been determined by the external valuer, management had separately assessed these plant, machinery and electrical installation as separate Cash-Generating Units ("CGU's"). Management had determined the recoverable amount of these plant, machinery and electrical installation based on the discounted cash flows of the CGU's using the value-in-use ("VIU") model which was built based on the expected value method.

It was determined that no impairment was necessary as the indicative recoverable amount is higher than its carrying amount.

The VIU assessments included the following key assumptions:

Assumption	2021 rates		2020 rates	
	MCRC	MST	MCRC	MST
Projection period	27 years	18 years	25 years	18 years
Pre-tax discount rate	9.5%	9.5%	9.5%	9.5%
Sales volume growth rate	0% - 3%	0% - 3%	2% - 4%	1% - 3%

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(iv) Impairment assessment (continued)

The Directors and management have considered and assessed reasonable variations in the underlying key assumptions used in the computation of the recoverable amount and is satisfied with the headroom of the CGU's recoverable amount over its carrying amount.

(v) Fair value measurements using significant unobservable inputs (Level 3)

	Plant, machinery and electrical installation	
	2021 RM	**2020 RM**
GROUP		
At 1 July	170,308,977	157,665,638
Additions	5,495,977	2,058,148
Disposals	(108,600)	-
Revaluation during the financial year	2,028,318	533,377
Impairment charge for the financial year	(4,326,729)	(2,413,326)
Depreciation charge for the financial year	(11,143,808)	(10,918,520)
Assets classified as investment property	-	(44,000)
Transfer from construction work-in-progress and spare parts	476,977	23,427,660
At 30 June	162,731,112	170,308,977
COMPANY		
At 1 July	517,000	557,000
Revaluation during the financial year	98,620	63,835
Impairment charge/(Write back) for the financial year	13,417	(555)
Depreciation charge for the financial year	(129,037)	(103,280)
At 30 June	500,000	517,000

The following table presents the valuation techniques and key inputs that were used to determine the fair value of plant, machinery and electrical installation categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 30 June 2021 RM	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	162,731,112	Depreciated replacement cost method	Useful life of 18 years	The longer the useful life, the higher the fair value

The external valuation of the Level 3 plant, machinery and electrical installation have been performed using depreciated replacement cost approach. The external valuer, in discussion with the Group's management, has determined the unobservable input based on the useful life of the plant, machinery and electrical installation.

As at 30 June 2021, if the unobservable input based on the useful life of the plant, machinery and electrical installation increases/decreases by one year, the fair value of the plant, machinery and electrical installation will increase/decrease by approximately RM11.1 million (2020: RM10.9 million) respectively.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(v) Fair value measurements using significant unobservable inputs (Level 3) (continued)

	Land and buildings	
	2021 RM	2020 RM
GROUP		
At 1 July	126,911,322	129,111,322
Additions	20,440	-
Revaluation during the financial year	6,598,542	269,547
Depreciation charge for the financial year	(2,512,065)	(2,483,504)
Transfer from construction work-in-progress and spare part	93,083	13,957
At 30 June	131,111,322	126,911,322
COMPANY		
At 1 July/30 June	111,322	111,322

The unobservable inputs used to determine the fair value of land, which includes leasehold land classified under ROU assets, is the adjusted price per square foot ("psf") (ranging from RM84 to RM117 psf) which are adjusted by key attributes such as property size and location. The higher the price per square foot, the higher the fair value of the subject property.

The unobservable inputs used to determine the fair value of buildings is the adjusted depreciated building cost per square foot ("psf") (ranging from RM32 to RM115 psf) which are adjusted by key attributes such as property size and building condition. The higher the cost per square foot, the higher the fair value of the subject property.

14 LEASES

Information on the Group's leases and accounting changes over the current financial year are outlined below:

A) GROUP

Leases as lessee

		ROU assets		Lease liabilities	
	Footnote	2021 RM	2020 RM	2021 RM	2020 RM
At 1 July					
ROU assets					
- leasehold lands	(a)	79,400,000	79,400,000	-	-
- rented properties	(b)	1,320,500	1,800,883	1,615,474	2,199,503
Total		80,720,500	81,200,883	1,615,474	2,199,503

14 LEASES (CONTINUED)

A) GROUP (continued)

Leases as lessee (continued)

	Footnote	ROU assets 2021 RM	ROU assets 2020 RM	Lease liabilities 2021 RM	Lease liabilities 2020 RM
Changes to assets					
Revaluation during the year	(c)	4,999,833	1,375,374		
Depreciation during the year:	(d)				
- leasehold lands (Note 7)		(1,399,833)	(1,375,374)		
- rented properties (Note 7):					
(i) continuing operations		(231,707)	(210,133)		
(ii) discontinued operations		(4,891)	(89,999)		
Additions during the year		48,118	-		
Transfer of ROU assets to net investment in subleases		-	(187,860)		
Exchange difference		89,749	7,609		
Disposal of a subsidiary (Note 11)		(39,126)	-		
Total		3,462,143	(480,383)		
Changes to liabilities					
Lease payment	(e)			(325,546)	(711,875)
Interest expense (Note 8)	(f)				
(i) continuing operations				81,424	89,208
(ii) discontinued operations				1,614	32,789
Exchange differences				95,182	5,849
Additions during the year				48,118	-
Disposal of a subsidiary (Note 11)				(297,587)	-
Total				(396,795)	(584,029)
At 30 June					
ROU assets					
- leasehold lands		83,000,000	79,400,000	-	-
- rented properties		1,182,643	1,320,500	1,218,679	1,615,474
Total	(g)	84,182,643	80,720,500	1,218,679	1,615,474

14 LEASES (CONTINUED)

A) GROUP (continued)

Leases as lessee (continued)

(a) The Group's leasehold lands comprise of the following properties on-which its factory plants were erected. The property lessor is the Selangor State Government with no corresponding lease liabilities to the lessor. The leasehold land under the Group's Steel Tube subsidiary is pledged against a banking facility.

	Description	Registered title owner	Lease expiry date	Remaining leasehold period	Value
					(RM)
i.	Lot 53, Persiaran Selangor	MST	22.05.2078	57	23,000,000
ii.	Lot 49, Jalan Utas 15/17	MIG	13.04.2072	51	35,000,000
iii.	Lot 10, Persiaran Selangor	MIG	11.05.2085	64	25,000,000
					83,000,000

The total net book value of these leasehold land that would have been included in the financial statements had these assets been carried at deemed costs less accumulated depreciation is RM37,229,208 (2020: RM37,891,905).

(b) The Group rents two pieces of land and buildings abroad for its steel business in UK and an office space for its corporate-office. Its edible oil subsidiary also has a shop lot lease in Rawang. As a tenant, the subsidiaries do not have ownership rights to full 'risk and reward' of the property. The rental details are:

	Description	Monthly fixed rent	Deposits paid	Next expiry date	Next renewal option period
i.	15 & 17 White Lion Road, Amersham	£1,250	-	24.02.2036	Nil
ii	Membury Airfield, Lambourn	£1,425	£4,275	31.03.2023	Nil
iii.	Level 15, No. 566 Jalan Ipoh	RM7,251	RM14,503	30.11.2023	Nil
iv.	Level 11, No. 566 Jalan Ipoh	RM38,012	-	31.03.2021	Nil
v.	No. 23 Jalan Cempaka Utama, Rawang	RM1,400	RM2,800	31.07.2022	1 year

The lease liabilities are derived from the stream of fixed rent commitments over the remaining term of the tenancy with the economic assumption on whether the next renewal option is exercised, and discounted using the tenant or lessee's estimated incremental borrowing rate at 5.8% p.a., except for the Rawang lease at 3.4% p.a. The ROU assets comprised of this lease liabilities sum adjusted for any pre-payments and restoration cost where contractually applicable. Lease commitment for item (iv) above relates to the discontinued engineering operation (see Note 11) and ceased to apply with effect from August 2020. These lease liabilities or ROU assets for rental properties are excluded from any financial covenant ratios computation unless the netting effect from both is included.

(c) This amount represents the revaluation gain on the leasehold lands which are subject to monthly depreciation based on its balanced lease-life, and re-measured at fair value towards the close of the financial year. The assumptions used in the valuation of ROU assets is consistent with the assumptions used for land and building as disclosed in Note 13(v) to the financial statements.

(d) This amount represents the depreciation of the ROU assets on straight-line basis over the term of the lease and assumed renewal period where applicable.

(e) This amount represents the contractual rent payments for the rented properties which denotes as settlement of the amortised lease liabilities and corresponding interest expense over the current financial year.

(f) This amount represents the implicit effective interest charged on the carrying lease liabilities on a reducing balance monthly rest basis. This implicit interest expense, equivalent to the assumed discount rate used, is excluded from any financial ratio covenants computation.

14 LEASES (CONTINUED)

A) GROUP (continued)

Leases as lessee (continued)

(g) The ROU assets are classified under non-current assets in the statements of financial position, whilst the lease liabilities are segregated into current and non-current liabilities as follows.

	2021 RM	2020 RM
Current	219,112	513,323
Non-current	999,567	1,102,151
	1,218,679	1,615,474

Leases as lessor

The Group had owned a leasehold land with factory buildings erected thereon known as Lot 16, Jalan Pengapit, Shah Alam, which was rented out to an external party and was accounted as an 'investment property' until the completion of its disposal in December 2020.

The Group's discontinued engineering subsidiary had net investment in subleases (also referred to as lease receivables) to a few sub-tenants occupying the main lease on Level 11, No. 566 Jalan Ipoh with the terms matching the main lease. The carrying value represents the corresponding lease liability subsumed under the main lease. The Group's commitment to the main lease and rights to the subleases ceased with the disposal of the engineering subsidiary in August 2020.

	Footnote	2021 RM	2020 RM
At 1 July		288,006	435,463
Changes to assets			
Additional sublease during the year		-	187,860
Sublease received	(a)	(32,779)	(360,580)
Interest income	(b)	1,392	25,263
		(31,387)	(147,457)
Disposal of a subsidiary (Note 11)		(256,619)	-
At 30 June		-	288,006

(a) This amount represents the contractual rent received from sub-leases on the rented properties which denotes as settlement of the depreciated lease receivables and corresponding implicit interest income over the current financial year.

(b) This amount represents the implicit effective interest income from the carrying sub-lease receivables on a reducing balance monthly rest basis. This implicit interest income, equivalent to the assumed discount rate used, is excluded from any financial ratio covenants computation.

14 LEASES (CONTINUED)

B) COMPANY

Leases as lessee

	Footnote	ROU assets 2021 RM	ROU assets 2020 RM	Lease liabilities 2021 RM	Lease liabilities 2020 RM
At 1 July					
ROU assets					
- rented office space	(a)	264,235	341,573	257,185	327,070
Changes to assets					
Depreciation during the year (Note 7)	(b)	(77,338)	(77,338)		
Changes to liabilities					
Lease payment	(c)			(87,017)	(87,017)
Interest expense (Note 8)	(d)			12,969	17,132
				(74,048)	(69,885)
At 30 June					
ROU assets					
- rented office space	(e)	186,897	264,235	183,137	257,185

(a) The Company rents an office space as its head office at Level 15, No. 566 Jalan Ipoh. As a tenant, the Company does not have ownership rights to full 'risk and reward' of the property, typical of operating lease. The rental detail is as follow:

Description	Monthly fixed rent (RM)	Deposits paid (RM)	Next expiry date	Next renewal option period
Level 15, No. 566 Jalan Ipoh	7,251	14,503	30.11.2023	Nil

The lease liability is derived from the stream of fixed rent commitments over the remaining term of the tenancy with the economic assumption whether the next renewal option is exercised, and discounted using the tenant or lessee's estimated incremental borrowing rate at 5.8% p.a. The ROU assets comprised of the lease liability sum adjusted for any pre-payments and restoration cost where contractually applicable.

(b) This amount represents the depreciation of the ROU assets on straight-line basis over the term of the lease and the assumed renewal period.

(c) This amount represents the contractual rent payments for the rented properties which denotes settlement of the depreciated lease liabilities and corresponding implicit interest expense over the current financial year.

(d) This amount represents the implicit effective interest charged on the carrying lease liabilities based on reducing balance on monthly rest. This implicit interest expense equivalent to the assumed discount rate used is excluded from any financial ratio covenants computation.

14 LEASES (CONTINUED)

B) COMPANY (continued)

Leases as lessee (continued)

(e) The ROU assets are classified under non-current asset in the statements of financial position, whilst the lease liabilities are segregated into current and non-current liabilities as follows.

	2021 RM	2020 RM
Current	78,459	74,048
Non-current	104,678	183,137
	183,137	257,185

The Company does not have any lease arrangement to report as a 'Lessor'.

15 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Leasehold land and buildings				
At 1 July	11,870,000	12,533,000	69,400,000	69,400,000
Reclassification - Property, plant and equipment (Note 13)	-	44,000	-	-
Fair value (loss)/gain during the financial year (Note 7)	-	(707,000)	2,600,000	-
Disposal during the financial year	(11,870,000)	-	-	-
At 30 June	-	11,870,000	72,000,000	69,400,000

The Company's closing fair values on their investment properties are determined based on methods within Level 3 of the fair value hierarchy by independent valuers. Level 3 fair values of the Company's properties were derived using the sales comparison approach in combination with other market value indicators. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square foot. Valuation on buildings are based on depreciated replacement cost method. The fair values of the properties at the close of the current financial year have been determined by C H Williams Talhar & Wong Sdn Bhd (2020: PA International Property Consultants (KL) Sdn Bhd) – independent professional valuation firms.

GROUP

The Group's investment property comprised of a piece of leasehold land (with a balance of 58 years lease) and factory buildings erected thereon known as Lot 16, Jalan Pengapit 15/19, Seksyen 15, 40200 Shah Alam, duly held by its wholly-owned subsidiary, Melewar Steel Services Sdn Bhd ("MSS").

On 3 December 2020, MSS completed the sale of the said investment property for a total disposal consideration of RM11,870,000 to RHB Trustees Berhad acting as the trustee for Axis Real Estate Investment Trust ("the Purchaser" or the "REIT") pursuant to a Sale and Purchase Agreement ("SPA") contracted on 3 September 2020. The disposal sum was based on the investment property's carrying fair value at the beginning of the current financial year when the terms of the SPA was negotiated. Consequently, on completion-of-sale, MSS only recognised a write-back of deferred tax liability previously provided of RM1 million as the disposal to a REIT is RPGT exempted. Arising from the completed sale, the Group reclassified RM5.3 million in carrying 'revaluation surplus' to 'retained earnings' in the current financial year.

Direct operating expenses attributable to the rental income generated from the investment property prior to its disposal totalled RM78,992 (2020: RM68,081).

15 INVESTMENT PROPERTIES (CONTINUED)

COMPANY

The Company's investment properties comprise of two separate leasehold land with factory buildings erected thereon which are rented out to its Steel Tube subsidiary.

Description		Lease expiry date	Remaining leasehold period	Value
				(RM)
i.	Lot 49, Jalan Utas 15/17	13.04.2072	51	42,000,000
ii.	Lot 10, Persiaran Selangor	11.05.2085	64	30,000,000
				72,000,000

Direct operating expenses attributable to the rental income generated from these investment properties at Company level totalled RM511,229 (2020: RM399,163).

16 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2021 RM	**2020 RM**
Investments in subsidiaries at cost:		
- Quoted shares	87,844,865	87,844,865
- Unquoted shares	22,632,819	26,472,822
	110,477,684	114,317,687
Less: Accumulated impairment losses	(22,410,227)	(25,802,820)
	88,067,457	88,514,867
Market value of quoted shares	138,202,351	69,101,176

The movements of investments in subsidiaries are as follows:

	2021 RM	2020 RM
At 1 July	88,514,867	88,514,867
Capitalisation of intercompany balance into investment in new shares in a subsidiary (Note 22)	67,822,201	-
Less: Impairment charge for the year (Note 7)	(68,269,611)	-
At 30 June	88,067,457	88,514,867

Investments in Mycron Steel Berhad ("MSB")

The cost of investment in MSB amounting to RM87.8 million has been assessed for impairment based on a value-in-use ("VIU") model which was built based on an expected value method to determine its recoverable amount. The indicative recoverable amount (based on its VIU) of the respective investments is higher than its carrying amount.

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Investments in Mycron Steel Berhad ("MSB") (continued)

The VIU assessments were performed based on a 5-year cashflow projection extrapolated to perpetuity using a terminal growth rate which was based on the following key assumptions:

Assumption	2021 rates		2020 rates	
	MCRC	MST	MCRC	MST
Terminal growth rate	3%	3%	3%	3%
Pre-tax discount rate	10.43%	10.43%	13.99%	13.99%
Sales volume growth rate	0% - 3%	0% - 3%	2% - 4%	2% - 4%

The Directors and management have considered and assessed reasonable variations in the underlying key assumptions used in the computation of the recoverable amount and is satisfied with the headroom of the cost of investments' recoverable amount over its carrying amount.

Subsidiaries Acquisition & Other Material Changes

Subsidiaries acquired over the current financial year which do not meet the definition of 'business acquisitions' are as follows:

(i) 3Bumi Oleo Sdn Bhd

On 15 September 2020, 3Bumi Sdn Bhd ("3Bumi") acquired 90,000 ordinary shares representing 80% of the share capital of 3Bumi Oleo Sdn Bhd ("3BO") (formerly known as Myreve Sdn Bhd) from two individuals for a cash consideration of RM90,000 representing the proportionate carrying net asset value of the subject dormant company. The intended business of 3BO is in the downstream bottling and distribution of palm olein edible oil. No goodwill nor discount arose from the acquisition, as the investment sum approximates the proportional fair value of the entity.

3BO only commenced operation in the 4th financial quarter of the current financial year when all the required licenses were obtained. For the current financial year ended 30 June 2021, 3BO recorded a net loss of RM0.2 million.

(ii) 3Bumi (Cambodia) Co., Ltd

On 14 July 2020, 3Bumi acquired 1,000 ordinary shares of USD50 each representing 100% of the share capital of MAAX Venture (Cambodia) Co., Ltd ("MAAX Venture") from MAA Corporation Sdn Bhd, a related party, for a cash consideration of USD48,830 (RM205,967) representing its carrying net asset value. No goodwill nor discount arose from the acquisition, as the investment sum approximates the fair value of the entity. The acquired dormant company is intended to undertake food distribution and retail business in Cambodia. MAAX Venture has been renamed to 3Bumi (Cambodia) Co., Ltd ("3BC") in the current financial year. As at the close of the current financial year, 3BC is still pre-operation pending execution of its business plans when pandemic travel restrictions are uplifted.

Other material changes to the Group's composition and investment in subsidiaries over the current financial year are:

iii) 3Bumi Trading Sdn Bhd

On 29 September 2020, the Company transferred its wholly owned dormant subsidiary Melewar Steel Engineering Sdn Bhd to 3Bumi Sdn Bhd at a consideration sum of RM1, and was renamed to 3Bumi Trading Sdn Bhd ("3BT"). 3BT is a start-up in the trading of frozen meat and seafood, and it commenced business in December 2020. On 15 March 2021, a 20% equity stake in 3BT comprising of 200,000 ordinary shares with a carrying fair value of RM27,603 was transferred to two individuals for a consideration sum of RM2 to help build the business. The disposal of the said minority stake resulted in a loss of RM27,601 at the holding company. For the current financial year ended 30 June 2021, 3BT recorded a net loss of RM1.1 million.

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name	Principal activities	Group's effective interest 2021 %	Group's effective interest 2020 %
Mycron Steel Berhad ("MSB") [1]	Investment holding and provision of management services to subsidiaries	74.1	74.1
Melewar Steel Services Sdn Bhd ("MSS") [1]	Property investment	100.0	100.0
Melewar Steel Assets Sdn Bhd ("MSA") [1]	Dormant	100.0	100.0
Melewar Steel Mills Sdn Bhd ("MSM") [1]	Trading of steel and iron products/scraps	100.0	100.0
Melewar Integrated Engineering Sdn Bhd ("MIE") [1]	Provision of engineering and technical consultancy services	-	100.0
3Bumi Trading Sdn Bhd ("3BT") [1] (Formerly known as Melewar Steel Engineering Sdn Bhd)	Dormant	-	100.0
3Padi Growers Sdn Bhd ("3Padi") [1] (Formerly known as Melewar Ecology Sdn Bhd)	Dormant	-	100.0
Ausgard Quick Assembly Systems Sdn Bhd ("Ausgard") [1]	Supply and construct quick assembly homes	100.0	100.0
Melewar Imperial Limited ("MIL") [1]	Investment holding	100.0	100.0
3Bumi Sdn Bhd ("3Bumi") [1]	Investment holding	100.0	100.0
<u>Subsidiaries of MSB</u>			
Mycron Steel CRC Sdn Bhd ("MCRC") [1]	Manufacturing and trading of steel cold rolled coiled sheets	74.1	74.1
Melewar Steel Tube Sdn Bhd ("MST") [1]	Manufacturing, distribution and trading of steel tubes and pipes	74.1	74.1
<u>Subsidiary of MCRC</u>			
Silver Victory Sdn Bhd ("SV") [1]	Trading of steel related products	74.1	74.1
<u>Subsidiary of MSM</u>			
Melewar Mycrosmelt Technology Ltd ("MMTL") [2]	Dormant	-	100.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name	Principal activities	Group's effective interest 2021 %	Group's effective interest 2020 %
Subsidiary of MIL			
Melewar Steel UK Ltd ("MSUK") [3]	Distribution of steel tubes in the United Kingdom	100.0	100.0
Jack Nathan Limited ("JNL") [3][4]	Wholesale and distribution of steel tubes in the United Kingdom	100.0	100.0
Subsidiary of 3Bumi Sdn Bhd			
3Bumi Trading Sdn Bhd ("3BT") [1] (Formerly known as Melewar Steel Engineering Sdn Bhd)	Trading of frozen meat and seafood	80.0	-
3Bumi Oleo Sdn Bhd ("3BO") [1] (Formerly known as Myreve Sdn Bhd)	Bottling and distribution of palm olein edible oil	80.0	-
3Bumi (Cambodia) Co., Ltd ("3BC") [5] (Formerly known as MAAX Venture (Cambodia) Co., Ltd)	Food distribution and retail business	100.0	-
3Padi Growers Sdn Bhd ("3Padi") [1] (Formerly known as Melewar Ecology Sdn Bhd)	Dormant	100.0	-
3Dara Sdn Bhd ("3Dara") [1][6]	Dormant	100.0	70.0

[1] The entity is incorporated in Malaysia and audited by PricewaterhouseCoopers PLT Malaysia.
[2] The entity is incorporated in British Virgin Islands and has been struck off the register on 3 November 2020.
[3] The entity is incorporated in England and Wales which exempts it from statutory audit requirement.
[4] JNL is exempted from audit under the UK laws for small private limited companies.
[5] 3BC is incorporated in Cambodia and exempted from audit under the Cambodian laws for small private limited companies. 3BC has yet to commence business at the close of the financial year.
[6] During the financial year, 3Bumi has acquired the remaining 30% equity stake in 3Dara from an external party.

(a) Information relating to subsidiary with a material non-controlling interest

The summarised consolidated financial information of Mycron Steel Berhad ("MSB") are as follows:

	MSB Group 2021 RM	MSB Group 2020 RM
Statements of Comprehensive Income		
Revenue for the financial year	736,672,804	596,101,390
Net profit/(loss) for the financial year	53,818,170	(10,561,593)
Total comprehensive income/(loss)	61,809,299	(9,932,762)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Information relating to subsidiary with a material non-controlling interest (continued)

The summarised consolidated financial information of Mycron Steel Berhad ("MSB") are as follows: (continued)

	MSB Group	
	2021 RM	**2020 RM**
Statements of Financial Position		
Current assets	360,412,243	269,719,977
Non-current assets	376,577,920	364,294,100
Current liabilities	(208,981,095)	(188,413,947)
Non-current liabilities	(80,344,740)	(59,745,101)
Net assets	447,664,328	385,855,029
Statements of Cash Flows		
Net cash generated from operating activities	57,691,000	59,192,662
Net cash used in investing activities	(7,113,467)	(29,332,734)
Net cash generated from/(used in) financing activities	5,798,763	(45,482,550)
Net change in cash and cash equivalents	56,376,296	(15,622,622)
Non-controlling interests effective equity interest	25.9%	25.9%
Carrying amount of non-controlling interests	114,078,374	98,034,806
Net profit/(loss) for the financial year attributable to non-controlling interests of the Group	13,976,567	(2,702,090)
Total comprehensive income/(loss) attributable to non-controlling interests of the Group	16,043,568	(2,541,553)

17 CONTRACT WITH CUSTOMERS

A) Contract assets/(liabilities)

Group	**2021 RM**	**2020 RM**
Contract assets	244,092	2,799,320
Contract liabilities	(23,382,740)	(1,851,050)

The contract assets reflect the Group's rights to consideration for work performed on contracts but not billed at the reporting date.

The contract liabilities reflect the Group's outstanding obligations in relation to consideration received from contracts comprising mostly of upfront non-refundable deposits.

17 CONTRACT WITH CUSTOMERS (CONTINUED)

A) Contract assets/(liabilities) (continued)

Significant changes to contract assets/(liabilities) during the financial year are as follows:

	2021 RM	2020 RM
Contract assets		
At 1 July	2,799,320	2,786,752
- progress billings issued	-	(779,502)
- increases as a result of work progress	66,353	792,070
- disposal of a subsidiary (Note 11)	(2,621,581)	-
At 30 June	244,092	2,799,320
Composition of closing contract assets:		
- work performed and not billed	244,092	2,799,320
Contract liabilities		
At 1 July	(1,851,050)	(2,254,593)
- considerations received during the financial year	(37,560,069)	(45,131,414)
- revenue recognised during the financial year	16,028,379	45,534,957
At 30 June	(23,382,740)	(1,851,050)
Composition of closing contract liabilities:		
- payment received or receivable for work not performed	(23,382,740)	(1,851,050)
Revenue from construction contracts		
Revenue recognised in the current period from:		
- performance obligations satisfied in current period	86,233	965,229

The Group applies the practical expedient in MFRS 15 “Revenue from Contracts with Customers” for not disclosing the aggregate amount of the revenue expected to be recognised in the future as the contracted performance obligation would be fulfilled in less than one year.

Revenue from contract with customers of the Group of RM1,458,980 (2020: RM1,862,523) recognised in the current year relates to brought forward contract liabilities.

B) Construction contracts-in-progress

There are no ‘construction contracts-in-progress’ with customers at the close of the current financial year.

18 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax assets	837,665	1,008,698	-	-
Deferred tax liabilities				
- deferred tax liabilities to be settled after more than 12 months	(52,810,908)	(45,506,828)	(17,687,965)	(17,035,141)
	(51,973,243)	(44,498,130)	(17,687,965)	(17,035,141)
At 1 July	(44,498,130)	(45,844,690)	(17,035,141)	(17,020,556)
Credited/(Charged) to the profit or loss (Note 10):				
- property, plant and equipment	(1,769,901)	3,193,672	15,358	22,728
- investment properties	1,020,336	66,300	(645,303)	(23,783)
- right-of-use assets	(75,618)	32,432	18,561	18,562
- net investment in sublease	7,532	(69,121)	-	-
- lease liabilities	(9,550)	45,509	(17,771)	(16,772)
- unutilised tax losses	142,196	(755,778)	-	-
- unutilised reinvestment allowance	(4,363,305)	(488,187)	-	-
- reversal of deferred tax assets	144,141	(155,475)	-	-
- disposal of a subsidiary	(442)	-	-	-
	(4,904,611)	1,869,352	(629,155)	735
Debited to asset revaluation reserve:				
- property, plant and equipment	(1,370,542)	(192,702)	(23,669)	(15,320)
- right-of-use assets	(1,199,960)	(330,090)	-	-
	(7,475,113)	1,346,560	(652,824)	(14,585)
At 30 June	(51,973,243)	(44,498,130)	(17,687,965)	(17,035,141)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- lease liabilities	242,263	336,499	43,953	61,724
- unutilised reinvestment allowance	13,452,852	17,816,157	-	-
- unutilised tax losses	4,433,382	4,120,969	-	-
- unutilised capital allowances	-	2,818,460	-	-
	18,128,497	25,092,085	43,953	61,724
Offsetting	(17,290,832)	(24,083,387)	(43,953)	(61,724)
Deferred tax assets (after offsetting)	837,665	1,008,698	-	-

18 DEFERRED TAX (CONTINUED)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position: (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(64,784,996)	(63,653,425)	(116,539)	(108,228)
- investment properties	-	-	(17,570,524)	(16,925,221)
- right-of-use assets	(235,718)	(266,307)	(44,855)	(63,416)
- net investment in subleases	-	(69,121)	-	-
	(65,020,714)	(63,988,853)	(17,731,918)	(17,096,865)
Offsetting	17,290,832	24,083,387	43,953	61,724
	(47,729,882)	(39,905,466)	(17,687,965)	(17,035,141)
Subject to real property gains tax				
Deferred tax liabilities:				
- property, plant and equipment	-	(4,581,026)	-	-
- investment property	(5,081,026)	(1,020,336)	-	-
Deferred tax liabilities (after offsetting)	(52,810,908)	(45,506,828)	(17,687,965)	(17,035,141)
Deferred tax liabilities (cumulative amount charged to equity)	(6,337,153)	(4,711,021)	(96,264)	(72,595)

In accordance with the Malaysia Finance Act 2018 gazetted on 27 December 2018, the Group's unutilised tax losses and reinvestment allowance will be imposed with a time limit of utilisation where any accumulated unutilised tax losses brought forward from year of assessment 2019 can only be carried forward another 7 consecutive years of assessment. Similarly, any unutilised reinvestment allowance can be carried forward another 7 consecutive years of assessment upon expiry of qualifying period.

As such, the amount of unutilised tax losses and unused reinvestment tax allowance for which no deferred tax asset is recognised in the statement of financial position will expire in the following financial years:

	GROUP	
	2021 RM	2020 RM
Deductible temporary differences	-	17,044,473
Unutilised capital allowances	13,682,845	13,098,887
<u>Unutilised tax losses</u>		
2025	835,734	24,762,846
2026	5,042,188	41,593,171
2027	447,703	1,442,571
2028	41,957	-
<u>Unutilised reinvestment allowance</u>		
2031	-	2,034,113
	20,050,427	99,976,061
Deferred tax assets not recognised at 24% (2020: 24%)	4,812,102	23,994,255

18 DEFERRED TAX (CONTINUED)

Deferred tax assets were not recognised as the Group does not have foreseeable taxable profits against which the deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowance can be utilised.

19 INVENTORIES

	GROUP	
	2021 RM	2020 RM
Raw materials	160,069,389	93,903,995
Work-in-progress	6,394,129	7,645,120
Finished goods	58,300,385	53,050,749
Consumables	3,191,374	2,521,866
	227,955,277	157,121,730

Inventories expensed to ‘cost of sales’ during the current financial year amounted to RM593,037,226 (2020: RM526,714,302).

20 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade receivables [a]	39,726,753	72,939,624	-	-
Less: Accumulated impairment	(778,925)	(1,866,451)	-	-
	38,947,828	71,073,173	-	-
Other receivables [b]	1,370,472	2,479,247	1,573	1,252
Less: Accumulated impairment	(665,143)	(939,641)	-	-
	705,329	1,539,606	1,573	1,252
GST receivables	-	1,875,093	-	5,295
Refundable deposits	2,729,567	1,272,738	73,520	82,240
Prepayments	1,021,279	599,297	86,524	87,055
	3,750,846	3,747,128	160,044	174,590
Total current trade and other receivables	43,404,003	76,359,907	161,617	175,842

[a] Based on the Expected Credit Loss (‘ECL’) model assessment, a few subsidiaries made impairment provision on its trade receivable which has been determined to be irrecoverable in the current financial year.

[b] The Food subsidiary made an impairment provision on ‘Other receivables’ being advance made to its supplier of RM505,000 which has been determined to be irrecoverable in the current financial year.

21 DERIVATIVES

GROUP

The Group's derivatives comprise solely of Currency Exchange Forward Contracts incepted to hedge its foreign currency exposures arising mainly from purchases of raw materials in USD and to a lesser extent export sales in SGD as disclosed in Note 4(e) in the financial statements. These Currency Exchange Forward Contracts generally have a maturity period of less than 6 months and their fair values are classified under current assets/(liabilities) by way of marking-to-market.

Foreign currency hedges which meet qualifying criteria under MFRS 9 are designated on inception for fair value hedge accounting where the changes in fair value for both the hedge items and the hedge instruments are charged to the Statements of Comprehensive Income, and closing fair values are recognised in the Statements of Financial Position as either current financial assets or liabilities.

	GROUP			
	2021		2020	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward foreign currency exchange contract - fair value through profit and loss (not designated)	321	(3,282)	987	(8,301)
Forward foreign currency exchange contract - fair value through profit and loss (designated)	2,019,309	-	2,121,544	-
	2,019,630	(3,282)	2,122,531	(8,301)

Details on the Group's unrealised currency derivatives are outlined below:

(i) Derivatives designated and fair value hedge accounted as at 30 June 2021

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or a/c payables as hedge item				
			Fair value					Fair value	
Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Financial assets RM	Financial liabilities RM	Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Financial assets RM	Financial liabilities RM
July 2021	16,498,500	4.1034	938,598	-	July 2021	16,498,500	4.1034	-	(938,598)
August 2021	13,674,000	4.1120	721,534	-	August 2021	13,674,000	4.1120	-	(721,534)
September 2021	11,632,000	4.1582	147,261	-	September 2021	11,632,000	4.1582	-	(147,261)
October 2021	812,000	4.1583	13,560	-	October 2021	812,000	4.1583	-	(13,560)
November 2021	4,922,000	4.1400	198,356	-	November 2021	4,922,000	4.1400	-	(198,356)
Total	47,538,500		2,019,309	-	Total	47,538,500		-	(2,019,309)

Net fair value gain from the hedging instruments of RM2.0 million and the corresponding net fair value loss from the hedged item of RM2.0 million are taken-up in the statement of comprehensive income.

21 DERIVATIVES (CONTINUED)

Details on the Group's unrealised currency derivatives are outlined below: (continued)

(ii) Derivatives designated and fair value hedge accounted as at 30 June 2020

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or a/c payables as hedge item				
			Fair value					Fair value	
Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Financial assets RM	Financial liabilities RM	Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Financial assets RM	Financial liabilities RM
July 2020	8,786,300	4.1807	966,692	-	July 2020	8,786,300	4.1807	-	(966,692)
August 2020	8,949,079	4.1896	945,507	-	August 2020	8,949,079	4.1896	-	(945,507)
September 2020	3,170,300	4.2440	185,543	-	September 2020	3,170,300	4.2440	-	(185,543)
October 2020	61,000	4.3060	-	-	October 2020	61,000	4.3060	-	-
November 2020	1,477,000	4.2980	8,419	-	November 2020	1,477,000	4.2980	-	(8,419)
December 2020	1,424,400	4.3011	15,383	-	December 2020	1,424,400	4.3011	-	(15,383)
Total	23,868,079		2,121,544	-	Total	23,868,079		-	(2,121,544)

Net fair value gain from the hedging instruments of RM2.1 million and the corresponding net fair value loss from the hedged item of RM2.1 million are taken-up in the statement of comprehensive income.

(iii) Derivatives not designated and not hedge accounted

Forward foreign currency exchange contracts as undesignated hedge instrument

As at 30 June 2021

			Fair value	
Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Financial assets RM	Financial liabilities RM
July 2021	60,000	3.0573	-	(1,515)
August 2021	60,000	3.0682	-	(1,056)
September 2021	60,000	3.0772	-	(711)
October 2021	30,000	3.1030	321	-
Total	210,000		321	(3,282)

As at 30 June 2020

July 2020	90,000	3.0346	210	(3,444)
August 2020	90,000	3.0000	213	(2,280)
September 2020	90,000	3.0482	-	(2,577)
October 2020	60,000	3.0851	291	-
November 2020	60,000	3.0878	273	-
Total	390,000		987	(8,301)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

21 DERIVATIVES (CONTINUED)

Details on the Group's unrealised currency derivatives are outlined below: (continued)

(iii) Derivatives not designated and not hedge accounted (continued)

These derivatives were not hedge accounted primarily due to the late inception of these hedging instruments which gave rise to timing and basis-rate mismatch between the intended hedge items and the contracted foreign exchange rate.

Besides the abovementioned unrealised marked-to-market position of the currency derivatives as at the close of the financial year, the Group has recorded a total realised net foreign exchange loss of around RM5.1 million (2020: gain of RM0.9 million) from its foreign exchange forward contracts with a corresponding realised net foreign exchange gain of RM5.3 million (2020: loss of RM1.2 million) on its hedge items over the current financial year. The Group's net gain/(loss) position on foreign exchange is disclosed in Note 7 to the financial statements.

COMPANY

The Company's derivatives comprise solely of 20,205,022 free detachable warrants arising from the subscription of Mycron's Rights Issue. These warrants are exercisable options listed on Bursa Malaysia and are tradable anytime over its 5 years' tenure to maturity. In that regard, these derivatives are fair valued at initial recognition and at each period's close base on the active market quoted closing price, with the changes in fair value charged to profit or loss (Note 5).

No warrants were exercised during the current financial year. Changes in carrying fair value of these derivatives are as follow.

	2021 RM	2020 RM
At 1 July	1,515,377	1,616,402
Fair value gain/(loss) on derivatives (Note 7)	3,535,879	(101,025)
At 30 June	5,051,256	1,515,377

The salient terms of the warrants are as follows:

(a) The warrants can be exercised any time during the tenure of 5 years commencing from the date of issue on 28 January 2019 to 26 January 2024 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid; and

(b) Each warrant entitles holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.60 at any time during the Exercise Period.

22 AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries are generally unsecured and interest free.

Intercompany balances which are trade in nature are subject to credit terms between 30 to 90 days (2020: 30 to 90 days) whilst, non-trade transactions are repayable upon demand. For the current and the comparative preceding reporting period, there are no outstanding balances in-relation to trade.

	COMPANY	
	2021 RM	**2020 RM**
Amounts owing by subsidiaries: [(a)]		
Non-trade	12,642,423	73,393,203
Less: Accumulated impairment (Note 4(c)(iv)) [(b)]	(12,260,806)	(73,383,056)
	381,617	10,147
Amounts owing to subsidiaries: [(c)]		
Non-trade	(700)	(1,800)
	(700)	(1,800)

[(a)] The 'amounts owing by subsidiaries' for the current financial year comprise mostly capital advances, and charge-back of payments made on behalf.

[(b)] During the current financial year, the Company made impairment charges on the advances made to its subsidiaries of RM6,879,093 due to non-performance. On the positive side, the Company was able to write back a previously impaired debt of RM67,822,201 from its engineering subsidiary for equity capitalisation prior to its disposal (see Note 16) in the current financial year.

[(c)] The 'amounts owing to subsidiaries' comprise mainly of non-trade related payments made by the steel subsidiaries on behalf of the Company.

23 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Deposits with licensed financial institutions	90,085,023	36,398,969	7,860,000	8,750,000
Cash and bank balances	10,844,216	7,867,588	622,723	203,689
Cash and cash equivalents	100,929,239	44,266,557	8,482,723	8,953,689

The weighted average placement interest rates that are effective at the reporting date are as follows:

	GROUP		COMPANY	
	2021 % per annum	**2020 % per annum**	**2021 % per annum**	**2020 % per annum**
Deposits with licensed financial institutions	1.54	1.68	1.35	1.60
Cash and bank balances	0.10	0.11	-	-

23 CASH AND CASH EQUIVALENTS (CONTINUED)

These unrestricted deposits with licensed financial institutions of the Group and the Company are mainly in the forms of short-term fixed deposits and money market REPO (repurchase agreements) having placement periods ranging between 1 and 50 days (2020: 1 and 53 days). The Company does not have any money market REPO at the close of the current financial year.

24 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Trade payables	-	207,300	-	-
Current				
Trade payables	107,697,046	130,215,998	-	-
Other payables	5,794,632	7,938,712	355,102	393,967
Accruals	7,894,537	4,724,040	400,115	302,177
Deposits received	300,000	727,360	567,500	567,500
Provision for construction contracts	64,412	1,994,130	-	-
Total - Current	121,750,627	145,600,240	1,322,717	1,263,644
Total	**121,750,627**	**145,807,540**	**1,322,717**	**1,263,644**

There were no interest bearing suppliers' credit relating to the steel businesses included in trade payables during the current financial year (2020: interest bearing suppliers' credit amounting to RM26.4 million with credit periods of up to 150 days).

The increase in accruals is mainly due to bonus accruals which planned payment has been interrupted by the sudden pandemic lockdown in June 2021.

The remaining trade and other payables are generally interest free and within accorded interest free credit periods ranging between cash terms to 150 days (2020: 150 days).

25 BORROWINGS

The Company does not have any borrowings from financial institutions. The Group's borrowings as tabulated below are incepted directly by the operations at subsidiary level.

	GROUP	
	2021 RM	2020 RM
Current		
Bankers' acceptance	51,090,000	31,200,000
Factoring	-	4,442,085
Hire purchase creditors	1,058,805	2,247,034
Term loans	5,833,332	5,833,332
Mortgage loan	1,973,953	1,735,637
	59,956,090	45,458,088
Non-current		
Hire purchase creditors	220,960	1,279,765
Term loans	12,976,359	10,852,947
Mortgage loan	14,267,557	16,384,968
	27,464,876	28,517,680
Total		
Bankers' acceptance	51,090,000	31,200,000
Factoring	-	4,442,085
Hire purchase creditors	1,279,765	3,526,799
Term loans	18,809,691	16,686,279
Mortgage loan	16,241,510	18,120,605
	87,420,966	73,975,768

Borrowings totalling RM87.1 million (2020:RM73.4 million) are secured and incepted by its Cold Rolled and the Steel Tube subsidiaries under their respective debenture with fixed and floating charges. The mortgage loan taken by the Steel Tube subsidiary is to partly finance the acquisition of a factory leased land and building from the Company in 2018. Despite the higher total outstanding borrowings as at the close of the current financial year, the Group's total incurred interest cost is lower at RM3.6 million (2020: RM6.8 million) due to lower average borrowing rates and shorter duration compared to the preceding period. Certain interest during the financial year had been capitalised to property, plant and equipment as disclosed in Note 13.

There were no rescheduling of near-term trade repayment obligations with lenders in the current financial year arising from the FMCO shutdown in June 2021 (lasting 10 weeks until 16 August 2021 in the next financial year). In the preceding financial year's MCO shutdown lasting 6 weeks, the Cold Rolled subsidiary had to reschedule with lenders on near-term trade repayment obligations amounting to RM22.6 million with deferments up to 60 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

25 BORROWINGS (CONTINUED)

Contractual terms of borrowings

	Contractual interest rate at reporting date (per annum)	Functional currency/ currency exposure	Total carrying amount	Maturity profile					
				< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years
			RM	RM	RM	RM	RM	RM	RM
Group									
At 30 June 2021									
Secured									
- Bankers' acceptance [(a)]	3.19% - 4.11%	RM	51,090,000	51,090,000	-	-	-	-	-
- Hire purchase creditors	2.29% - 2.85%	RM	1,279,765	1,058,805	188,497	32,463	-	-	-
- Term loan [(a)]	4.06% - 4.41%	RM	18,809,691	5,833,332	5,833,332	5,833,332	1,309,695	-	-
- Mortgage loan [(b)]	4.07% - 4.42%	RM	16,241,510	1,973,953	2,044,405	2,129,976	2,219,128	2,312,012	5,562,036
			87,420,966	59,956,090	8,066,234	7,995,771	3,528,823	2,312,012	5,562,036

(a) The term loan and a portion of the bankers' acceptance are secured with fixed and floating charge via a debenture by the Cold Rolled subsidiary. A portion of the bankers' acceptance is secured with fixed and floating charge via separate debenture by Steel Tube subsidiary (Note 13(iii)).

(b) Mortgage loan is taken by the Steel Tube subsidiary and secured against a corporate guarantee from its immediate holding company, Mycron Steel Berhad and a first party open charge on the leasehold land and building.

	Contractual interest rate at reporting date (per annum)	Functional currency/ currency exposure	Total carrying amount	Maturity profile					
				< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years
			RM	RM	RM	RM	RM	RM	RM
Group									
At 30 June 2020									
Secured									
- Bankers' acceptance [(a)]	3.61% - 5.15%	RM	31,200,000	31,200,000	-	-	-	-	-
- Hire purchase creditors	2.29% - 2.85%	RM	3,526,799	2,247,034	1,058,805	188,498	32,462	-	-
- Term loan [(a)]	4.49% - 5.54%	RM	16,686,279	5,833,332	5,833,332	5,019,615	-	-	-
- Factoring	8.00%	RM	4,442,085	4,442,085	-	-	-	-	-
- Mortgage loan [(b)]	4.42% - 5.64%	RM	18,120,605	1,839,366	1,912,202	2,009,726	2,112,224	2,219,948	8,027,139
			73,975,768	45,561,817	8,804,339	7,217,839	2,144,686	2,219,948	8,027,139

(a) The term loan and a portion of the bankers' acceptance are secured with fixed and floating charge via a debenture by the Cold Rolled subsidiary. A portion of the bankers' acceptance is secured with fixed and floating charge via separate debenture by Steel Tube subsidiary (Note 13(iii)).

(b) Mortgage loan is taken by the Steel Tube subsidiary and secured against a corporate guarantee from its immediate holding company, Mycron Steel Berhad and a first party open charge on the leasehold land and building.

25 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

	GROUP	
	2021 RM	**2020 RM**
Total carrying amount		
Secured	87,420,966	73,975,768

For the financial year 2021, all banks' covenants in relation to the Steel subsidiaries' borrowings have been complied.

At amortised cost

The carrying amount of the borrowings approximated their fair values at reporting date.

The weighted average contracted interest rates of borrowings at the reporting date are as follows:

	GROUP	
	2021 % per annum	**2020 % per annum**
Bankers' acceptance	3.48	4.30
Hire purchase creditors	2.52	2.59
Term loans	4.20	5.31
Mortgage loan	4.13	5.18
Factoring	-	8.00

The details of the hire purchase creditors at the reporting date are as follows:

	GROUP	
	2021 RM	**2020 RM**
Future minimum lease payment of hire purchase creditors:		
Not later than 1 year	1,108,565	2,399,092
Later than 1 year but not later than 2 years	209,417	1,108,566
Later than 2 years but not later than 5 years	36,207	245,624
	1,354,189	3,753,282
Less: Future finance charges	(74,424)	(226,483)
Present value	1,279,765	3,526,799
Analysed as:		
Current	1,058,805	2,247,034
Non-current	220,960	1,279,765
Present value	1,279,765	3,526,799

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

26 DEFERRED INCOME

	GROUP	
	2021 RM	2020 RM
At 1 July		
- additions	6,100,000	-
- recognised in profit or loss	(63,542)	-
At 30 June	6,036,458	-
Analysed as:		
- Non-current	6,036,458	-

During the current financial year, the Group's cold-rolled steel subsidiary received a government grant of RM6,100,000 under the Domestic Investment Strategic Fund for its qualifying 'high technology' investments in plant and equipment totaling RM21,518,882 incurred since 2019 until current. The grant received is recorded as 'deferred income' under non-current liabilities and will be amortised to profit or loss over the useful life of the assets in tandem with its depreciation.

27 SHARE CAPITAL

	GROUP/COMPANY			
	2021		2020	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Issued and fully paid with no par value				
At 1 July/30 June	359,417,703	250,207,537	359,417,703	250,207,537

28 WARRANT RESERVE

	GROUP/COMPANY			
	2021		2020	
	Number of warrants	Nominal value RM	Number of warrants	Nominal value RM
At 1 July/30 June	66,947,418	3,568,297	66,947,418	3,568,297

Pursuant to the 'Rights issue with warrant' exercise listed on 24 August 2018, 66,947,418 free detachable warrants with salient terms were outlined as below.

(a) The warrants can be exercised any time during the tenure of 5 years commencing from the date of issue on 24 August 2018 to 23 August 2023 ("Exercise Period"). Warrants which are not exercised during the Exercise Period will lapse and cease to be valid; and

(b) Each warrant entitles the holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.40 at any time during the Exercise Period.

28 WARRANT RESERVE (CONTINUED)

These issued warrants represent the obligation of the Company to issue new shares at the fixed exercise price upon election by the holder, normally under circumstances when the traded market price of the mother share exceeds the 'exercise price'.

The Company allocates a portion of the sum raised from the Rights issue to represent the fair value of these issued free warrants as reserves to meet the aforementioned obligation. The Company has determined the initial recognition value of the warrant reserves at RM0.0533 per warrant (or RM3,568,297) based on the Black-Scholes model which took into consideration of the underlying variables such as the mother share-price, time-to-maturity, exercise price, and risk free rate at the initial listing date.

The carrying value of the warrant reserves at the close of the current financial year remained the same as previous financial year, as no warrant was exercised during that period.

29 DIVIDENDS

	2021 RM
In respect of the financial year ended 30 June 2021:	
- Interim single-tier tax-exempt dividend of 2.23 sen per share, paid on 28 April 2021.	8,015,018

The interim single-tier tax-exempt dividend of 2.23 sen per share amounting to RM8 million declared for entitlement date 29 March 2021 was paid out on 28 April 2021 (2020: RM nil). No further dividend was declared for the current financial year.

30 ASSET REVALUATION RESERVE

The asset revaluation reserve is used to record changes on fair value surplus of the Group's property, plant and equipment (see Note 13) and right-of-use assets (see Note 14) pursuant to its annual independent revaluation. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy Note 2(d) for details.

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 July	69,320,269	67,825,300	229,899	181,384
Revaluation surplus on:				
- property, plant and equipment	8,626,860	802,924	98,620	63,835
- right-of-use assets	4,999,833	1,375,374	-	-
Deferred tax:				
- property, plant and equipment	(1,370,446)	(192,702)	(23,669)	(15,320)
- right-of-use assets	(1,199,960)	(330,090)	-	-
Non-controlling interests share in revaluation surplus on:				
- property, plant and equipment	(1,698,727)	(88,391)	-	-
- right-of-use assets	(368,273)	(72,146)	-	-
Realisation of asset revaluation surplus on disposal of investment property	(5,316,582)	-	-	-
At 30 June	72,992,974	69,320,269	304,850	229,899

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions with related parties.

The Group has a controlling related party relationship with its subsidiaries.

The Director of the Company, Tunku Dato' Yaacob Khyra have or deemed to have financial interests in the companies set out below and thus these companies are deemed to be the related parties to the Group:

- Trace Management Services Sdn Bhd
- MAA Corporation Sdn Bhd
- MAAX Factor Sdn Bhd

(a) Transactions with related parties during the financial year based on agreed terms and prices are as follows (stated as debit or (credit) against the counterparty):

Entity	Type of transaction	2021 RM	2020 RM
GROUP			
Trade related – received/receivable			
Related company			
MAAX Factor Sdn Bhd	Factoring (repaid)/drawn	(4,442,085)	4,442,085
Non-trade related – paid/payable			
Related companies			
Trace Management Services Sdn Bhd	Corporate secretarial services	(412,985)	(438,825)
MAA Corporation Sdn Bhd	Rental and utilities	(107,098)	(107,098)
COMPANY			
Trade related – received/receivable			
Subsidiaries			
Melewar Steel Tube Sdn Bhd	Rental income, net of discount	3,445,860	3,445,860
Melewar Steel Tube Sdn Bhd	Management fee income	1,544,300	1,620,000
Melewar Steel Tube Sdn Bhd	Payment received	(4,855,160)	(5,065,860)
Mycron Steel CRC Sdn Bhd	Management fee income	1,180,000	1,620,000
Mycron Steel CRC Sdn Bhd	Payment received	(959,100)	(1,620,000)
Melewar Steel Services Sdn Bhd	Dividend income	11,500,000	400,000
Melewar Steel Mills Sdn Bhd	Dividend income	1,890,000	-
3Bumi Trading Sdn Bhd (Formerly known as Melewar Steel Engineering Sdn Bhd)	Dividend income	-	980,000

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties during the financial year based on agreed terms and prices are as follows (stated as debit or (credit) against the counterparty): (continued)

Entity	Type of transaction	2021 RM	2020 RM
COMPANY (continued)			
Non-trade related – received/receivable			
Subsidiaries			
Melewar Integrated Engineering Sdn Bhd	Advances given	105,000	1,250,000
Melewar Steel Tube Sdn Bhd	Advances repaid	(432,180)	(451,214)
Melewar Steel Tube Sdn Bhd	Expenses paid on behalf	446,950	451,799
3Bumi Trading Sdn Bhd (Formerly known as Melewar Steel Engineering Sdn Bhd)	Advances repaid	-	(4,523,474)
3Bumi Trading Sdn Bhd (Formerly known as Melewar Steel Engineering Sdn Bhd)	Advances given	-	11,000
Melewar Steel Services Sdn Bhd	Advances repaid	(40,070)	(15,036)
Melewar Steel Services Sdn Bhd	Expenses paid on behalf	40,070	15,036
Melewar Steel Assets Sdn Bhd	Advances given	8,050	9,000
3Padi Growers Sdn Bhd (Formerly known as Melewar Ecology Sdn Bhd)	Advances given	8,022	7,490
Melewar Imperial Limited	Advances given	760,801	1,687,261
Ausgard Quick Assembly Systems Sdn Bhd	Advances given	150,000	145,000
3Bumi Sdn Bhd	Advances given	5,765,967	-
3Bumi Sdn Bhd	Expenses paid on behalf	16,402	-
Non-trade related – paid/payable			
Subsidiaries			
Melewar Steel Tube Sdn Bhd	Advances repaid	25,405	38,726
Melewar Steel Tube Sdn Bhd	Expenses paid on behalf	(24,305)	(15,866)
Related companies			
Trace Management Services Sdn Bhd	Corporate secretarial services	(160,689)	(175,606)
MAA Corporation Sdn Bhd	Rental and utilities	(107,098)	(107,098)

There are no material outstanding balances with other related parties as at financial year end.

The Directors of the Company are of the opinion that the above transactions were carried out on terms and conditions negotiated and agreed amongst the related parties.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel are those persons, having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and thus are considered related parties of the Group and the Company. Remuneration details of the key management personnel of the Group and the Company comprising the Executive Directors and Non-Director Executives are set out below.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, bonuses and other emoluments	6,722,132	7,811,287	1,933,036	1,786,109
Allowances	340,650	455,934	96,300	25,200
Estimated monetary value of benefits-in-kind	98,508	152,806	28,878	40,282
Defined contribution plan	985,192	969,572	246,062	260,608
	8,146,482	9,389,599	2,304,276	2,112,199

Remuneration details on the Non-Executive Directors are disclosed in Note 9 to the financial statements.

32 SEGMENTAL ANALYSES

Current Reportable Segments

(a) The steel tube segment is in the business of manufacturing and sales of steel pipes and tubes.

(b) The cold rolled segment is in the business of manufacturing and sales of cold rolled coils.

(c) The investment holding segment refers to companies with investments in subsidiaries, and companies with investments in quoted and unquoted equity securities.

(d) 'Others' comprise of companies involved in the food, modular construction, and metal scraps trading businesses; plus dormant companies, where sectorally they do not meet the minimum financial thresholds to be reported separately as a material segment.

The 'engineering segment' which was reported in the preceding financial year has been discontinued following its disposal in the current financial year. See Note 11.

The reported segments are strategic business units offering different products and services, and are managed separately. The Group's Executive Committee comprising key functional heads and Executive Directors monitors the operating results of the strategic business units as well as relying on the segmental information as disclosed below for purposes such as resource allocation and performance assessment.

The Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are established on 'arms' length' terms and conditions agreed between the related parties. Geographic segment is not applicable as the business of the Group are substantially carried out in Malaysia.

32 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube RM	Cold rolled RM	Investment holding RM	Others RM	Total RM	Discontinued operations RM	Total RM
2021							
Revenue							
Total revenue	272,948,923	499,778,836	24,059,692	5,096,046	801,883,497	264,179	802,147,676
Inter segment	(1,765,658)	(36,054,955)	(23,730,456)	(2,009,560)	(63,560,629)	-	(63,560,629)
Total revenue	271,183,265	463,723,881	329,236	3,086,486	738,322,868	264,179	738,587,047
Segmented by steel product:							
- Cold rolled coils	-	441,867,523	-	-	441,867,523	-	441,867,523
- Steel tubes and pipes	265,514,520	-	-	149,056	265,663,576	-	265,663,576
- Scraps	3,968,890	11,447,725	-	-	15,416,615	-	15,416,615
Construction contracts	-	-	-	-	-	264,179	264,179
Processing service income	1,699,855	10,408,633	-	-	12,108,488	-	12,108,488
Trading of foods	-	-	-	2,852,920	2,852,920	-	2,852,920
Lease rental income:							
- Investment properties	-	-	329,236	-	329,236	-	329,236
- Others	-	-	-	84,510	84,510	-	84,510
Total revenue	271,183,265	463,723,881	329,236	3,086,486	738,322,868	264,179	738,587,047
Segment results							
Profit/(loss) from operations	31,779,313	40,995,758	13,724,714	(1,066,770)	85,433,015	163,767	85,596,782
Finance income	312,813	851,407	141,369	1,007	1,306,596	1,392	1,307,988
Finance costs	(2,728,021)	(1,227,472)	(35,628)	(68,455)	(4,059,576)	(1,614)	(4,061,190)
Profit/(loss) before tax	29,364,105	40,619,693	13,830,455	(1,134,218)	82,680,035	163,545	82,843,580
Consolidation elimination *	6,173,557	3,966,250	(18,824,700)	(2,011,432)	(10,696,325)	(205,224)	(10,901,549)
	35,537,662	44,585,943	(4,994,245)	(3,145,650)	71,983,710	(41,679)	71,942,031
Taxation	(6,637,159)	(7,008,772)	280,066	(168,594)	(13,534,459)	(29)	(13,534,488)
Net profit/(loss) after tax	28,900,503	37,577,171	(4,714,179)	(3,314,244)	58,449,251	(41,708)	58,407,543

* Major items include write back of impairment on amounts owing by subsidiaries of RM60.3 million, impairment on investment in subsidiaries of RM68.3 million, reversal of dividend paid by subsidiaries of RM13.4 million, recognition of depreciation on property, plant and equipment and ROU assets of RM3.3 million, recognition of impairment on receivables of RM0.9 million and recognition of depreciation of RM1.3 million arising from conversion of IP to PPE at Group level and inter segment elimination.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

32 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube RM	Cold rolled RM	Investment holding RM	Others RM	Total RM	Discontinued operations RM	Total RM
2021							
Segment assets							
Total segment assets	271,306,931	472,380,047	83,048,058	7,601,440	834,336,476	3,850,585	838,187,061
Consolidation elimination #	(48,628,796)	(8,357,826)	135,611	(745,994)	(57,597,005)	(3,850,585)	(61,447,590)
Total segment assets	222,678,135	464,022,221	83,183,669	6,855,446	776,739,471	-	776,739,471
Other information							
Depreciation:							
- property, plant and equipment	3,262,217	10,793,278	561,717	110,585	14,727,797	2,656	14,730,453
- right-of-use assets	373,372	-	1,103,798	154,370	1,631,540	4,891	1,636,431
Impairment/(write back):							
- property, plant and equipment	942,493	3,400,364	(13,417)	-	4,329,440	-	4,329,440
- trade receivables	20,691	-	-	382,628	403,319	-	403,319
- other receivables	-	-	-	505,000	505,000	-	505,000
Additions of property, plant and equipment	2,363,587	12,588,123	16,546	22,417	14,990,673	-	14,990,673
Additions of right-of-use assets	-	-	-	48,118	48,118	-	48,118

Relates to reversal of fair value gain of investment properties (IP) of RM72.0 million recognised as property, plant and equipment (PPE) at Group level, reversal of intangible assets of RM27.5 million and offset by the elimination of intercompany ROU assets of RM41.3 million at Group level.

32 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube RM	Cold rolled RM	Investment holding RM	Others RM	Total RM	Discontinued operations RM	Total RM
2020							
Revenue							
Total revenue	203,341,474	417,724,752	12,104,830	1,439,609	634,610,665	703,849	635,314,514
Inter segment	(1,417,141)	(24,964,836)	(11,340,670)	(1,089,250)	(38,811,897)	-	(38,811,897)
Total revenue	201,924,333	392,759,916	764,160	350,359	595,798,768	703,849	596,502,617
Segmented by steel product:							
- Cold rolled coils	-	383,112,614	-	-	383,112,614	-	383,112,614
- Steel tubes and pipes	196,017,867	-	-	78,762	196,096,629	-	196,096,629
- Scraps	4,359,647	9,245,834	-	-	13,605,481	-	13,605,481
Construction contracts	-	-	-	261,380	261,380	703,849	965,229
Processing service income	1,546,819	401,468	-	-	1,948,287	-	1,948,287
Lease rental income:							
- Investment properties	-	-	764,160	-	764,160	-	764,160
- Others	-	-	-	10,217	10,217	-	10,217
Total revenue	201,924,333	392,759,916	764,160	350,359	595,798,768	703,849	596,502,617
Segment results							
Profit/(loss) from operations	5,559,951	(10,461,668)	10,340,999	(961,740)	4,477,542	(1,199,373)	3,278,169
Finance income	634,323	589,182	154,879	4,314	1,382,698	25,263	1,407,961
Finance costs	(4,582,671)	(2,524,527)	(39,791)	(72,076)	(7,219,065)	(50,261)	(7,269,326)
Profit/(loss) before tax	1,611,603	(12,397,013)	10,456,087	(1,029,502)	(1,358,825)	(1,224,371)	(2,583,196)
Consolidation elimination *	7,420,068	3,764,591	(12,276,711)	(34,266)	(1,126,318)	958	(1,125,360)
	9,031,671	(8,632,422)	(1,820,624)	(1,063,768)	(2,485,143)	(1,223,413)	(3,708,556)
Taxation	(737,612)	1,161,927	(604,956)	(260,328)	(440,969)	471	(440,498)
Net profit/(loss) after tax	8,294,059	(7,470,495)	(2,425,580)	(1,324,096)	(2,926,112)	(1,222,942)	(4,149,054)

* Major items include reversal of impairment losses on amounts owing by subsidiaries of RM1.0 million, reversal of dividend paid by subsidiaries of RM1.4 million, and recognition of depreciation of RM1.3 million arising from conversion of IP to PPE at Group level and inter segment elimination.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (continued)

32 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube RM	Cold rolled RM	Investment holding RM	Others RM	Total RM	Discontinued operations RM	Total RM
2020							
Segment assets							
Total segment assets	221,250,610	416,576,218	93,166,268	3,247,378	734,240,474	3,612,841	737,853,315
Consolidation elimination #	(39,564,247)	(8,641,968)	135,610	(745,994)	(48,816,599)	(64,852)	(48,881,451)
Total segment assets	181,686,363	407,934,250	93,301,878	2,501,384	685,423,875	3,547,989	688,971,864
Other information							
Depreciation:							
- property, plant and equipment	3,326,057	10,478,451	537,793	92,277	14,434,578	41,497	14,476,075
- right-of-use assets	366,998	-	1,085,713	132,796	1,585,507	89,999	1,675,506
Impairment/(write back):							
- property, plant and equipment	498,243	1,914,528	555	-	2,413,326	-	2,413,326
- trade receivables	127,305	-	-	-	127,305	(102,186)	25,119
- other receivables	-	-	(6,626,113)	128,343	(6,497,770)	-	(6,497,770)
Additions of property, plant and equipment	989,619	30,177,021	14,105	506,831	31,687,576	-	31,687,576

\# Relates to reversal of fair value gain of investment properties (IP) of RM69.4 million recognised as property, plant and equipment (PPE) at Group level, elimination of intercompany ROU assets of RM11.6 million at Group level, reversal of intangible assets of RM27.5 million, offset by recognition of net revaluation impact of RM60.8 million arising from conversion of IP to PPE at Group level.

A reconciliation of the segment assets to the total assets is as follows:

	GROUP	
	2021 RM	2020 RM
Segment assets	776,739,471	688,971,864
Derivatives	2,019,630	2,122,531
Deferred tax assets	837,665	1,008,698
Tax recoverable	384,819	374,019
	779,981,585	692,477,112

Information about major customers

Revenue from two major customers amounting to RM49.5 million (2020: RM42.9 million) and RM83.6 million (2020: RM62.3 million) contributed to 18% (2020: 18%) of the Group's revenue. These two major customers are each from the cold rolled segment and the steel tube segment.

33 LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES

(a) At the end of the financial year, the Group's Cold Rolled subsidiary has an outstanding capital commitment that has been approved and contracted for of around RM7.8 million, mostly being the tail-end retention sum or final progress payment for the Acid Regeneration Plant and the revamped Continuous Pickling Line. New capital commitment of the said sum stands at RM0.6 million for a Gamma-Ray strip thickness measuring system. The Group's Steel Tube subsidiary has outstanding capital commitments that has been approved and contracted of around RM0.9 million for the upgrading of its existing plant and machineries.

Other than these, there are no other material capital expenditures approved but not contracted for at the close of the current financial year.

(b) The Directors are not aware of any circumstances or developments giving rise to contingent liabilities or assets warranting disclosure.

(c) The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

34 FINANCIAL INSTRUMENTS BY CATEGORY

	GROUP			
	2021		2020	
	Amortised cost RM	Fair value through profit or loss RM	Amortised cost RM	Fair value through profit or loss RM
Financial assets per statement of financial position:				
Current				
Trade and other receivables (excluding prepayments and GST receivables)	42,382,724	-	73,885,517	-
Derivative financial instruments	-	2,019,630	-	2,122,531
Deposits with licensed financial institutions	90,085,023	-	36,398,969	-
Cash and bank balances	10,844,216	-	7,867,588	-
Total financial assets	143,311,963	2,019,630	118,152,074	2,122,531
Financial liabilities per statement of financial position:				
Non-current				
Trade payables	-	-	207,300	-
Borrowings	27,464,876	-	28,517,680	-
Lease liabilities*a	999,567	-	1,102,151	-
Current				
Trade and other payables (excluding payroll liabilities)	117,740,182	-	143,606,110	-
Borrowings	59,956,090	-	45,458,088	-
Derivative financial instruments	-	3,282	-	8,301
Lease liabilities*a	219,112	-	513,323	-
Total financial liabilities	206,379,827	3,282	219,404,652	8,301

a) For the current financial year, the Group's financial liabilities is exaggerated by RM1,218,679 (2020: RM1,615,474) with the inclusion of 'lease liabilities' whilst its corresponding ROU is deemed as a non-financial asset.

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	COMPANY			
	2021		2020	
	Amortised cost RM	Fair value through profit or loss RM	Amortised cost RM	Fair value through profit or loss RM
Financial assets per statement of financial position:				
Current				
Trade and other receivables (excluding prepayments and GST receivables)	75,093	-	83,492	-
Derivative financial instruments	-	5,051,256	-	1,515,377
Amounts owing by subsidiaries	381,617	-	10,147	-
Deposits with licensed financial institutions	7,860,000	-	8,750,000	-
Cash and bank balances	622,723	-	203,689	-
Total financial assets	8,939,433	5,051,256	9,047,328	1,515,377
Financial liabilities per statement of financial position:				
Non-current				
Lease liabilities*b	104,678	-	183,137	-
Current				
Trade and other payables (excluding payroll liabilities)	1,099,187	-	1,263,644	-
Amounts owing to subsidiaries	700	-	1,800	-
Lease liabilities*b	78,459	-	74,048	-
Total financial liabilities	1,283,024	-	1,522,629	-

b) For the current financial year, the Company's financial liabilities is exaggerated by RM183,137 (2020: RM257,185) with the inclusion of 'lease liabilities' whilst its corresponding ROU asset is deemed as a non-financial asset.

35 SIGNIFICANT EVENTS DURING AND AFTER REPORTING DATE

(a) Material Disposals

(i) The Company has completed the disposal of its entire equity interest in Melewar Integrated Engineering Sdn Bhd for a cash consideration of RM750,000 on 14 August 2020 in the current financial year. See Note 11 for details.

(ii) The Group's wholly owned subsidiary, Melewar Steel Services Sdn Bhd, has completed the disposal of its investment leasehold property together with buildings erected thereon at Lot 16, Jalan Pengapit 15/19, Seksyen 15, Shah Alam to a REIT for a cash consideration of RM 11,870,000 on 3 December 2020 in the current financial year. See Note 15 for details.

35 SIGNIFICANT EVENTS DURING AND AFTER REPORTING DATE (CONTINUED)

(b) Coronavirus (COVID-19) impact

The COVID-19 outbreak since March 2020 deteriorated into 2021 with significantly higher infection and morbidity rates in the 2nd half of the current financial year. Measures taken by the government to contain the virus have significantly affected economic activity of the nation, particularly with the multi-states wide mandatory business shutdown lasting 10 weeks from 1 June to 16 August 2021.

The Group had considered the impact of COVID-19 and other market volatility in preparing these financial statements. Particularly, the Group has considered the effects the prolonged COVID-19 curbs and shutdown may have on valuation and cashflow estimates where judgement is applied, and on the basis of preparation of the financial statements.

Given the dynamic and evolving nature of the pandemic, changes to the basis, estimates, and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period if any will be accounted for in the future periods.

As a consequence of COVID-19 and in preparing the financial statements, management had:

- assessed carrying values of its assets and liabilities with the consequential impact (if any) disclosed in the relevant notes to the financial statements
- considered the impact of COVID-19 on the Group's financial statements disclosures

The Group had taken full measures to comply with the Government imposed Standard Operating Procedures (SOPs) to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing, working from home, vaccination, frequent testing) and securing the supply of materials that are essential to the Group's production process. The Group's financial performance was affected by the ten-consecutive weeks of business shutdown (four weeks in the current financial year and six weeks in the next financial year) which had caused a decline in sales volume as compared to the preceding financial year's six week of the shutdown. At this stage, the full impact on the Group's businesses and results is disclosed in the relevant Notes to the financial statements.

There is no material impact on the carrying amount of its assets and liabilities from developments after the reporting date. The Group will continue to abide with the government's various on-going policies on the pandemic, and in parallel will do its utmost to continue delivering performance to stakeholders.

PROPERTIES OWNED BY MELEWAR INDUSTRIAL GROUP BERHAD & ITS SUBSIDIARIES

No.	Address of property	Lease expiry date	Brief description and existing use	Land area (*)	Approximate age of building (years) (^)	Net book value (RM)
1	Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor	22.5.2078	Factory cum office building	196,301 sq. ft. (4.51 acres)	30	30,000,000
2	Lot 49, Jalan Utas 15/17, Seksyen 15, 40200 Shah Alam, Selangor	13.4.2072	Factory building	315,802 sq. ft. (7.25 acres)	47	42,000,000
3	Lot 10, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor	11.5.2085	Factory building	232,262 sq. ft. (5.33 acres)	36	30,000,000
4	Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor	Freehold	Factory cum office building	763,758 sq. ft. (17.53 acres)	31	112,000,000

The above properties were revalued in June 2021.

* Based on surveyed land area.
^ From the date of Certificate of Fitness for Occupation.

NOTICE OF FIFTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 52ND ANNUAL GENERAL MEETING ("AGM") of the Company will be held electronically in its entirety via Remote Participation and Voting facilities at the broadcast venue at **Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 30 November 2021 at 11.30 a.m. for the following purposes:**

AGENDA

AS ORDINARY BUSINESS	**Resolution**
1. To receive the Audited Financial Statements for the year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note A]***	
2. To approve the payment of Directors' fees amounting to RM271,200.00 for the period from 1 January 2022 to 31 December 2022 to be payable quarterly in arrears to the Non-Executive Directors of the Company.	**1**
3. To approve an amount of up to RM97,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2022 to 31 December 2022. ***[Please refer to Explanatory Note B]***	**2**
4. To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:	
(i) Azlan bin Abdullah	**3**
(ii) Datin Seri Raihanah Begum binti Abdul Rahman	**4**
5. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration.	**5**
AS SPECIAL BUSINESS	
6. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-	
(a) Proposed Renewal of Share Buy-Back Authority	**6**

"THAT subject to compliance with Section 127 of the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such amount of shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time-to-time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company and the maximum funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company available at the time of the intended purchase.

AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next AGM of the Company unless earlier revoked or varied by Ordinary Resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date.

AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both."

NOTICE OF FIFTY-SECOND ANNUAL GENERAL MEETING
(continued)

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Trace Management Services Sdn Bhd **7**

"THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 30 November 2020 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions ("RRPTs") of a revenue or trading nature as set out in Section 3.3(A)(i) of Part B of the Circular to Shareholders dated 29 October 2021, with Trace Management Services Sdn Bhd ("the Related Party") mentioned therein which are necessary, for the Company and/or its subsidiaries' for day-to-day operations which are carried out in the ordinary course of business on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

(a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(c) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company;

whichever is the earlier.

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(c) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **8**

"THAT the mandate granted by the shareholders of the Company on 30 November 2020 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities, authorising the Company and its subsidiaries ("the MIG Group") to enter into the RRPTs which are necessary for the MIG Group's day-to-day operations as set out in Sections 3.3(A)(ii) and 3.3(B) of Part B of the Circular to Shareholders dated 29 October 2021 with the related parties mentioned therein, be and are hereby renewed, provided that:-

a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company; and

b) the transactions are made at arm's length and on normal commercial terms.

AND THAT, authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in general meeting) until:

a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earliest.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF FIFTY-SECOND ANNUAL GENERAL MEETING
(continued)

(d) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act **9**

"THAT, subject always to the Act, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, 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 to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur
29 October 2021

NOTES:-

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 52nd AGM will be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities which are available on the website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 52nd AGM in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue of the 52nd AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 52nd AGM.

3. Members may submit questions to the Board of Directors prior to the 52nd AGM to the Investor Relations at tracy@melewar-mig.com or lily@crestcorp.com.my no later than 11.30 a.m. on Monday, 22 November 2021 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.

4. Since the 52nd AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

5. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.

8. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

9. Any alteration in the Form of Proxy must be initialled.

10. Form of Proxy sent through facsimile transmission shall not be accepted.

11. For the purpose of determining a member who shall be entitled to attend this 52nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2021. Only a depositor whose name appears on the Record of Depositors as at 22 November 2021 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

NOTICE OF FIFTY-SECOND ANNUAL GENERAL MEETING
(continued)

12. Explanatory Notes to Ordinary Business:

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Benefits Payable to Non-Executive Directors (Ordinary Resolution 2)

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 2 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 1 January 2022 to 31 December 2022.

The benefits comprises the meeting allowances, benefits-in-kind and other emoluments payable to the Non-Executive Directors of the Company.

In determining the estimated total amount of remuneration (excluding Directors' fees) for the Non-Executive Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the relevant period.

13. Explanatory Notes to Special Business:

(C) Proposed Renewal of Share Buy-Back Authority (Ordinary Resolution 6)

The Proposed Ordinary Resolution 6, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(D) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolutions 7 and 8)

The Proposed Ordinary Resolutions 7 and 8, if passed, will empower the Company to conduct RRPTs of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(E) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 9)

The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 51st AGM held on 30 November 2020, which will lapse at the conclusion of the 52nd AGM to be held on 30 November 2021.

14. Poll Voting

All the Resolutions mentioned above will be put to vote by Poll.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolution 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 29 October 2021 which is despatched together with the Company's 2021 Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 4 of the Notice of the 52nd AGM of the Company are set out in the Directors' Profile on pages 27 and 29 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 38 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note E of the Notice of the 52nd AGM of the Company.

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NOTICE
There will be no distribution of e-vouchers

MELEWAR INDUSTRIAL GROUP BERHAD
(Reg. No. 196901000102 (8444-W))

FORM OF PROXY

(please refer to the notes below)

No. of shares held	CDS Account No.

I/We ______________________________ NRIC No./Reg. No./CDS No.:______________________________
(Full Name in Block Letters)

of ____
(Full Address and Contact No.)

being a member/members of **MELEWAR INDUSTRIAL GROUP BERHAD** hereby appoint *Chairman of the meeting or

Name of Proxy:		**NRIC No.:**	
Full Address:		**Contact No. & email address:**	

or failing him/her

Name of Proxy:		**NRIC No.:**	
Full Address:		**Contact No. & email address:**	

as *my/our proxy to vote for *me/us and on *my/our behalf at the 52nd Annual General Meeting ("AGM") of the Company to be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities at the Broadcast Venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 30 November 2021 at 11.30 a.m. or at any adjournment thereof on the following resolutions referred to in the Notice of 52nd AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution	**Ordinary Business**				
1	To approve the payment of Directors' fees amounting to RM271,200.00 for the period from 1 January 2022 to 31 December 2022 to be payable quarterly in arrears to the Non-Executive Directors of the Company.				
2	To approve an amount of up to RM97,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2022 to 31 December 2022.				
	To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:				
3	(i) Azlan bin Abdullah				
4	(ii) Datin Seri Raihanah Begum binti Abdul Rahman				
5	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration.				
	Special Business				
6	To approve the Proposed Renewal of Share Buy-Back Authority.				
7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Trace Management Services Sdn Bhd.				
8	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
9	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				

[Please indicate with "√" or "X" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his/her discretion]

The proportion of my holdings to be represented by my *proxy/proxies are as follows:

	Number of Shares	Percentage
First proxy		%
Second proxy		%
Total		**100%**

Dated this ______________ day of ________________ 2021

____
Signature of Shareholder(s)/Common Seal

NOTES:

1. *As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 52nd AGM will be conducted electronically in its entirety via RPV facilities which are available on the website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 52nd AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The Broadcast Venue of the 52nd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 52nd AGM.*
3. *Members may submit questions to the Board of Directors prior to the 52nd AGM to the Investor Relations at tracy@melewar-mig.com or lily@crestcorp.com.my no later than 11.30 a.m. on Monday, 22 November 2021 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.*
4. *Since the 52nd AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.*
5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.*
8. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
9. *Any alteration in the Form of Proxy must be initialed.*
10. *Form of Proxy sent through facsimile transmission shall not be accepted.*
11. *For the purpose of determining a member who shall be entitled to attend this 52nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2021. Only a depositor whose name appears on the Record of Depositors as at 22 November 2021 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
12. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 52nd AGM will be put to vote on a poll.*

** Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit).*

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STAMP

The Secretary
MELEWAR INDUSTRIAL GROUP BERHAD
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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There will be no distribution of e-vouchers

www.melewar-mig.com

Melewar Industrial Group Berhad
Reg. No.: 196901000102 (8444-W)

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