MELEWAR INDUSTRIAL GROUP BERHAD

Reg. No.: 196901000102 (8444-W)

ANNUAL REPORT **2022**

TABLE OF CONTENTS

CHAIRMAN'S STATEMENT

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") for the financial year ended 30 June 2022 ("FY2022").

TUNKU DATO' YAACOB KHYRA
Executive Chairman

FINANCIAL PERFORMANCE

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 ("Mycron").

The other businesses of the Group, are conducted through its 100% owned subsidiaries, Ausgard Quick Assembly Systems Sdn Bhd ("AQAS") which 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 trading of food products, food distribution, and retail business.

With the fallout from COVID-19 and its economic consequences still ongoing, the market environment for the Group's business was tough in FY2022. Throughout the year, business levels were weighed down by the stringent measures imposed across the globe to contain recurring waves of the pandemic, coupled with the unprecedented Russian-Ukraine conflict and sweeping sanctions, surging inflation, as well as strained supply chains.

Despite the climate of uncertainty, for the twelve months to 30 June 2022, the Group still managed to post a slight increase in revenue to RM752.2 million from RM738.3 million in FY2021, driven by higher average unit selling price for both the CRC and Steel Tubes.

The Group registered a Profit Before Tax (PBT) of RM60.9 million, 15.4% lower compared to the RM72.0 million PBT earned in FY2021. The reduction was owed mainly to an impairment provision of RM10.0 million made against the inventory at the CRC subsidiary and higher production shutdown costs, following six weeks of business shutdown in the first three months of FY2022 under the Full Movement Control Order ("FMCO") due to the COVID-19 global pandemic.

As at 30 June 2022, shareholders' equity stood at RM410.0 million, compared to RM370.8 million at the end of FY2021, with net asset value per share increasing in tandem to RM1.14 from RM1.03 at the previous year end.

STEEL DIVISION

Mycron encompasses the combined operations of three subsidiaries, namely Mycron Steel CRC Sdn Bhd ("MCRC"), Melewar Steel Tube Sdn Bhd ("MST") and Silver Victory Sdn Bhd ("SV").

MCRC is involved in the mid-stream sector of the steel industry, converting Hot Rolled Coil ("HRC") steel sheets into thinner gauge CRC steel sheets. MST is involved in the down-stream sector, in the manufacture of Steel Tubes, which are made from HRC or CRC. SV is involved in the trading of steel related products.

CRC OPERATIONS REVIEW

For FY2022, the CRC division's sales revenue decreased marginally by 0.6% to RM496.6 million and sales tonnage reduced by 33% to 121,023 tonnes. The CRC division registered a PBT of RM37.1 million for FY2022 even though sales tonnage decreased due to higher spreads achieved during the financial year.

Exhibit 1: CRC Division Performance by Quarter

Mycron CRC Operations	FY2022					FY2021
Financial Year ended 30 June	Q1	Q2	Q3	Q4	Total	Total
Sales Revenue (RM mil)	105.2	190.6	109.0	91.8	496.6	499.8
Sales Tonnage* (tonnes)	25,638	45,760	27,516	22,109	121,023	180,792
Production Tonnage (tonnes)	25,966	47,236	24,427	23,141	120,770	181,784
Profit/(Loss) Before Tax (RM mil)	4.9	20.1	15.8	(3.7)	37.1	40.6

** Inclusive of tolling tonnage*

During the first financial quarter (Q1), sales revenue of RM105.2 million was 1.8% higher than the previous quarter, while sales tonnage of 25,638 tonnes was 15.6% lower than the previous quarter. The lower sales tonnage was attributed to the nationwide mandatory lockdown, which limited the Q1 operations to only one and a half months. Despite the other one and a half irrecoverable months of operations, high selling prices and margin spreads buoyed a profitable quarter, and the CRC division registered a PBT of RM4.9 million.

For the second financial quarter (Q2), revenue increased significantly by 81.2% to RM190.6 million and sales tonnage increased in tandem by 78.5% to 45,760 tonnes. The robust improvement was contributed by full resumption of the economy and manufacturing sector, coupled with a healthy order book carried forward. These collectively contributed to a PBT of RM20.1 million for the quarter.

For the third financial quarter (Q3), revenue declined by 42.8% to RM109.0 million and sales tonnage decreased by 39.9% to 27,516 tonnes. The decline was due to weak domestic demand where factors such as labour shortage, resurgence of domestic COVID-19 infections, and exorbitant freight and export costs placed significant downward pressure on steel consumption. However, the low sales tonnage was counterpoised by high spreads, resulting in a PBT of RM15.8 million for the quarter.

CHAIRMAN'S STATEMENT
(continued)

For the fourth financial quarter (Q4), sales revenue declined by 15.8% to RM91.8 million. Sales tonnage decreased by 19.7% to 22,109 tonnes. The decline was attributed to weakened domestic demand due to significant dip in steel prices resulting primarily from Russia's supply surplus, as well as waning demand from China due to COVID-19 outbreaks. The CRC division maintained its margins at a healthy level and the quarter would have remained profitable if not for inventory impairment resulting from the steep steel price drop.

STEEL TUBE OPERATIONS REVIEW

For FY2022, the Steel Tube division's sales revenue rose by 8.0% to RM294.6 million. However, sales tonnage reduced by 23.7% to 65,981 tonnes. The Steel Tube division registered a PBT of RM27.1 million for FY2022 even though sales tonnage had dropped due to higher spreads achieved during the financial year.

Exhibit 2: Steel Tube Division Performance by Quarter

Melewar Steel Tube Operations	FY2022					FY2021
Financial Year ended 30 June	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**Total**
Sales Revenue (RM mil)	51.6	77.0	76.3	89.7	294.6	272.9
Sales Tonnage* (tonnes)	12,472	17,566	16,963	18,980	65,981	86,426
Production Tonnage (tonnes)	12,516	17,391	12,820	16,768	59,495	73,757
Profit Before Tax (RM mil)	5.4	9.9	6.0	5.8	27.1	29.4

** Inclusive of tolling tonnage*

For the first financial quarter (Q1), sales revenue was RM51.6 million. Sales tonnage of 12,472 tonnes was 20.5% lower than the preceding quarter (Q4, FY2021). Deliveries were affected by the FMCO lockdowns during the quarter. The steel tube division remained profitable with a PBT of RM5.4 million for the quarter.

For the second financial quarter (Q2), total sales revenue improved by 49.2% to RM77.0 million. Sales tonnage similarly rose by 40.8% due to recovery in domestic demand of steel pipes and tubes after the lifting of Malaysia's COVID lockdown. PBT for the quarter increased to RM9.9 million.

For the third financial quarter (Q3), total sales revenue was RM76.3 million. Sales tonnage for the quarter was flat at 16,963 tonnes. PBT of RM6.0 million for the quarter was 39.4% lower due to reduced spreads and steel industry shutdown due to seasonal Chinese New Year holidays.

The fourth financial quarter (Q4) saw sales revenue rose by 17.6% to RM89.7 million. Similarly, sales tonnage increased by 11.9% to 18,980 tonnes. The Steel Tube division registered a PBT of RM5.8 million for the quarter due to improved sales deliveries and steel spreads as the Russian-Ukraine war had caused steel prices to spike.

FOOD TRADING AND RETAIL DIVISION

The Food Trading and Retail Division remains a relatively small segment of the Group's overall operations and is still in its development stage. For the period under review, the Food Trading and Retail Division under 3Bumi Sdn Bhd recorded a Loss Before Tax of RM3.6 million, compared to a loss of RM1.5 million in the previous year. However, with concentrated efforts and more focused strategies, this division is expected to play a larger role in the Group's future activities.

PROSPECTS FOR THE NEW FINANCIAL YEAR

The country's GDP has rebounded since the COVID-19 restrictions were lifted and the country entered the 'endemic phase'. External shocks from the Russia-Ukraine conflict and sanctions, raging inflation, rate hikes, reverse capital flows, tightened liquidity, and global economic turmoil hampered industrial and business growth. With increased geopolitical risks in Europe and East Asia, these conditions are likely to persist into the first half of the next fiscal year.

Specific to the domestic steel industry, the sullen market conditions will likely persist into the first half of the next financial year. Domestic steel demand will most likely continue to be stymied by constraint industrial activities (due to labour-shortages, supply-chain disruption, and falling durable goods export) amidst declining steel prices, and cautious consumer sentiment due to inflation.

The ripple effects of China's property crisis and Zero-COVID lockdowns are also expected to continue to weigh down on regional and domestic steel demand and prices. That, coupled with the rise in production costs, may result in the Group's steel segments confronting a triple whammy of lower sales volume, lower gross-margin, and higher costs in the first half of the next financial year. However, some comfort can be drawn on emerging signs that the 'steel-price-decline' is flattening; and the Government's effort to resolve labour-supply issues is progressing.

The second half of the next financial year may offer respite and upside potential if the existing tumultuous global situation starts to wear out, instead of tipping further towards deterioration and deeper chasm.

The Group's food trading and retail operations are expected to experience a gradual rebound in demand in FY2023. The inflation of food prices has altered consumer food purchasing behaviour and patterns. Inflation and supply disruption have affected consumer behaviour for meat and other items. Brands that are able to successfully deliver and market products will be well placed to capitalise on shifting consumer preferences. To remain competitive in the market, the Group will sharpen its focus on accelerating demand by adapting the business to shifting demand patterns and changes in market requirements in order to enhance customer engagement and improve market share.

In summary, the outlook for the coming financial year is highly volatile and challenging with significant downside pressure on the bottom-line.

ANTI-CORRUPTION AND ANTI-FRAUD COMMITMENT

The Group continues to pledge its commitment towards anti-corruption and anti-fraud. The Group reiterates its strict, zero-tolerance stance against corruption, bribery, and any form of abuse of power. In line with this, the Group revised its Whistleblowing Policy, Code of Conduct and Ethics, and implemented several new policies as part of its larger Anti-Corruption and Anti-Fraud Framework.

The Group also expects all of its business partners and associates to operate in full compliance with the Group's policies and to adhere to the highest ethical, integrity, and professionalism standards. Suppliers, vendors, and contractors were made aware of the Group's anti-corruption stance and pledged compliance in their respective declarations. The Group will continue to raise anti-corruption awareness amongst its internal and external stakeholders.

ACKNOWLEDGEMENT

I would like to express my heartfelt gratitude to everyone in the Group for their dedication, determination, and hard work over the past year. As always, I am grateful to my fellow Board members for their invaluable contributions and wise counsel.

Finally, we thank our valued business associates, customers, suppliers, and shareholders for your continued support during FY2022.

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 (FY) 30 June 2022 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

In FY2022, the Group's steel and food businesses as a whole experienced softer demand and lower capacity utilisation, owing to the economic fallout of the pandemic, geopolitical tension from Russian-Ukraine conflict (since December 2021) which led to global supply chain disruptions of various commodities such as steel, and production interruptions due to shortage of foreign labour in manufacturing output.

Business sentiment and steel market conditions continued to be hampered by COVID-19 and the economic repercussions of the measures imposed by governments across the globe to contain recurring waves of the pandemic, particularly in China. During the first half of FY2022, there was a six-week of mandatory business lockdowns by the Group's Steel Tube and Cold Rolled Coil segments under the Full Movement Control Order (FMCO) and then National Recovery Plan (NRP) Phase 1, which resulted the Group losing around RM5.91 million from the shutdown (FY2021: 4-week shutdown losses of RM3.70 million). The Group's operations were generally improved from January to mid-March 2022 following the momentary surge in steel prices due to tight steel supply condition after the long Chinese New Year break. However, the business activities and steel demand turned sharply adverse during the fourth quarter of FY2022 as steel prices began to decline from April 2022 onwards due to raging inflation, rate hikes, labour shortage and capital reverse-flows. Recessionary pressure in major economies further weighed down steel demand across the region. Likewise, for the food trading and retail segment, the inflationary pressure on rising food costs starting from second half of FY2022 also induced cautious buying behaviour, subdued demand, and margin-squeeze for the operations.

For the year ended 30 June 2022, the Group revenue rose to RM752.25 million. This was 2% increase on the RM738.32 million recorded the previous year. The increase in revenue was driven by higher average steel selling price than the year before for both the Steel Tube and Cold Rolled Coil segments, coupled with a surge in post-lockdown sales tied to back-orders secured prior to the pandemic lockdown which entailed better margins.

Despite the increase in revenue, the Group registered a lower net profit of RM48.16 million during FY2022, compared with a prior year net profit of RM58.41 million. The decline was mainly attributed to an impairment provision of RM9.97 million made against the inventory at the Cold Rolled Coil segment and the absence of gain recognised in FY2021 for the disposal of its engineering subsidiary, Melewar Integrated Engineering Sdn Bhd of RM5.02 million.

The Group's key financial indicators for the current FY2022 were outlined in Table 1 below:

Table 1		FY2022	FY2021
Profitability			
a)	Operational Return on Average Capital Employed (EBIT/Ave Cap)	12.20%	14.79%
b)	Return on Equity (Net Earnings/Equity)	6.21%	8.90%
Liquidity			
c)	Current Ratio (Current Assets/Current Liabilities)	1.82	1.80
d)	Interest Cover Ratio (EBITDA/Net Interest Expense)	23.95	42.87
Capital			
e)	Weighted Average Cost of Capital (Cost of Equity assumed at 9.0%)	8.03%	7.85%
f)	Debt to Equity Ratio (includes all interest bearing debt)	0.20	0.16
Value			
g)	Net Tangible Asset per Share (RM/share)	1.30	1.18
h)	Enterprise Value to Total Comprehensive Income Ratio	1.98	2.48

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(continued)

SEGMENTS' PERFORMANCE

Positive net profit contribution to the Group came solely from the two steel segments at RM29.85 million for 'Steel Tube' (FY2021: RM28.90 million) and RM 37.13 million for 'Cold Rolled Coil' (FY2021: RM37.58 million). 'Investment Holding' and 'Others' segments contributed to net loss of RM13.97 million and RM4.85 million respectively (FY2021: net loss of RM4.71 million and RM3.31 million respectively), as summarized in the Table 2 below.

Table 2	Steel Tube		Cold Rolled Coil		Investment Holding		Others	
RM'million	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
External Revenue	292.57	271.18	450.88	463.72	-	0.33	8.80	3.09
Net Profit/ (Loss)	29.85	28.90	37.13	37.58	-13.97	-4.71	-4.85	-3.31

The ensuing paragraphs discuss the key segments' challenges.

Steel Tube Segment

The Group's steel tube operation ranks amongst the top four manufacturers (with annual production volume exceeding 60,000 tonnes each) in an industry comprising of 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.

According to Malaysian Iron & Steel Industry Federation (MISIF) Industry Report 2022/23, the apparent domestic consumption volume of welded pipes & tubes in calendar year 2021 was still 20% below pre-pandemic 2019 levels. Six months into calendar year 2022, it appears that the full year consumption volume would likely stay below pre-pandemic levels again due to weaker demand.

The segment started-off slow in the first financial quarter (due to the lockdown) and hit its peak in terms of sales and profitability in the second financial quarter largely from fulfilment of outstanding orders from pre-lockdown. The declining steel prices between September 2021 to February 2022 (see Chart 1 below as proxy) coupled with the Chinese New Year break dampened order-book replenishment and spot sales in the third financial quarter before picking-up again in the fourth financial quarter but at lower margins. Over the current period, the segment recorded lower sales volume to furniture-makers but higher uptake in piping and fabrication usage, and in automotive production – in reflection of the pandemic transition's demand-shift. The segment recorded a more than 20% drop in sales volume in the current period compared to the preceding period, but gross-margin-per-tonne was sharply higher to yield a strong performance for FY2022 that nearly match the preceding period. The segment's higher export sales at 8.4% (FY2021: 6.9%), also help support bottom-line performance.

Consequentially, the Steel Tube segment achieved an EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of RM34.90 million – just 3% shy of the preceding period.

Chart 1

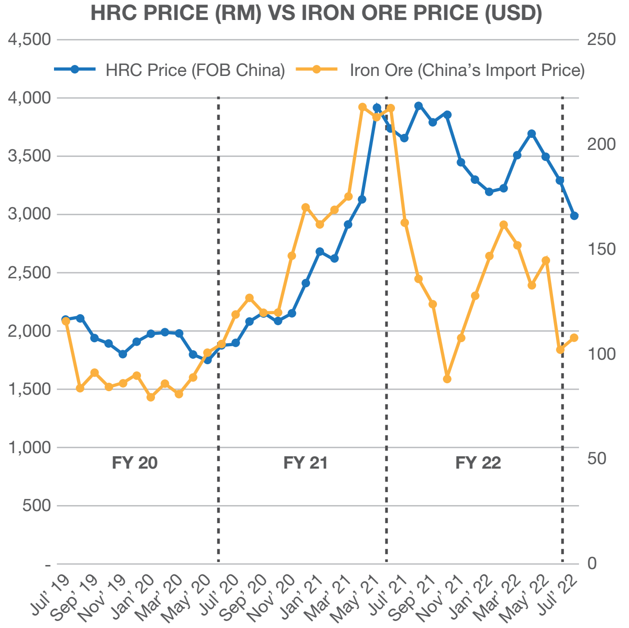
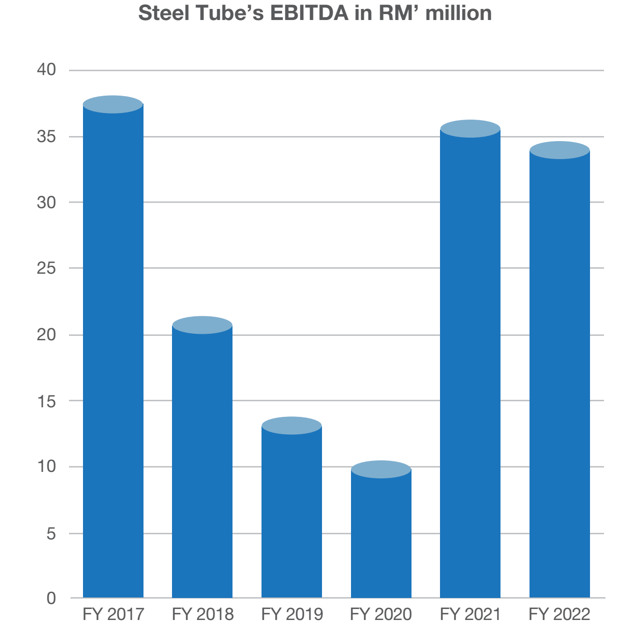


Chart 2



MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(continued)

Cold Rolled Coil (CRC) Segment

The Group's CRC operation ranks amongst the top in an industry served by only a few 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 9.2% of its CRC are sold to its sister company in the steel tube & pipe manufacturing, with the larger balance portion to local downstream manufacturers whose end-products serve both the domestic and export markets.

According to MISIF Industry Report 2022/23, the apparent domestic consumption of carbon CRC in calendar year 2021 was up 5% from pre-pandemic 2019 levels. Similarly, the CRC segment's sales volume was up around 5% over that period. Six months into calendar year 2022, it appears that the full year consumption volume would likely fall back below pre-pandemic levels due to weaken demand.

The segment started-off slow in the first financial quarter (due to the lockdown) but hit its peak in terms of sales and profitability in the second financial quarter largely from fulfilment of sizeable outstanding orders from pre-lockdown. Sales volume begun to taper-off sharply in the third and fourth financial quarters as CRC demand softened on the back of slower downstream production activities (due to labour shortages and supply-chain hiccups) compounded by declining price trend and external shocks. See Chart 3 below on China's Hot Rolled Coil (HRC) and CRC prices as proxy. Nevertheless, the segment managed to secure forward-orders during intermittent price-rebound periods to realize favourable gross-margin per tonne on the lower sales volume. The segment recorded lower uptake by all market sectors in the current period except for the automotive and galvanisers (including tolling volume). To supplement revenue on the back of weaker demand and price volatility, the segment managed to push for higher tolling services for galvanisers at 20% of total sales volume (FY2021: 10%). Despite that, total sales volume fell more than 30% in the current period compared to the preceding period. However, gross-margin-per-tonne achieved for FY2022 was sharply higher to yield a strong performance that could have exceeded the preceding period if not for the adjusting event on inventory impairment of RM9.97 million. Those anti-dumping duties secured by the CRC segment and peers against imported CRC (of alloy and non-alloy) to address unfairly priced imports were renewed in the current period in October 2021 for another five years into 2026.

Consequentially, the CRC segment achieved an EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of RM50.89 million for the current financial year – just 8% shy of the preceding period.

Chart 3

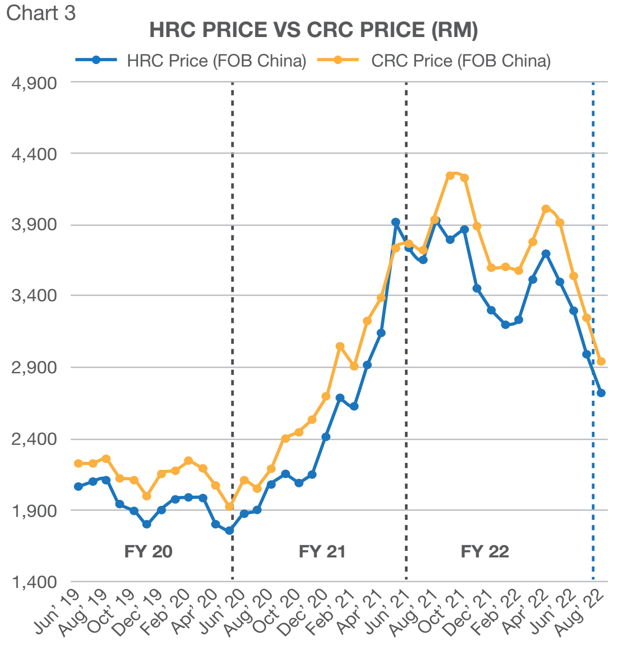
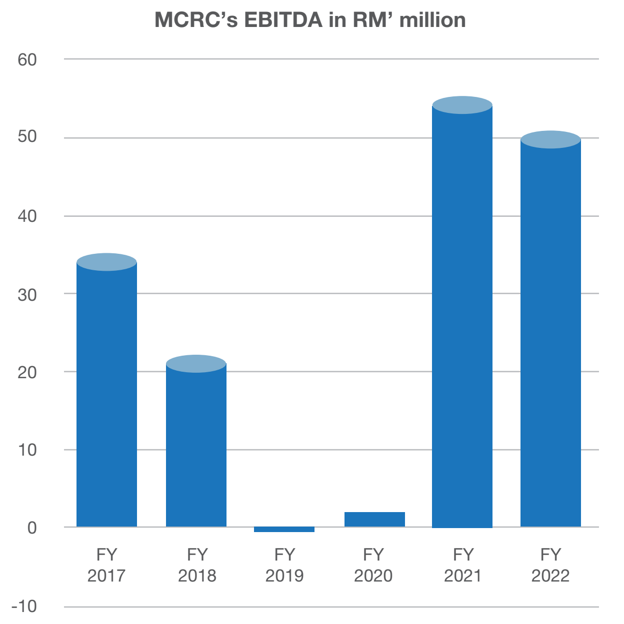


Chart 4



Others Segment

The main focus amongst the mix of businesses in this segment is the UK operations and the 'Food Trading and Retail' 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 83% (FY2021: 41%) occupied and had contributed to 48% (FY2021: 36%) of the UK operation's total revenue. The UK operations recorded a net loss of RM1.28 million in the current financial year, compare with a net loss of RM1.01 million in the prior year.

For the 'Food Trading and Retail' operations under the 3Bumi umbrella, this sector posted a revenue of RM8.61 million with a net loss of RM3.34 million during FY2022. The main revenue contribution for the 'Food' operations came solely from two businesses, namely 'Frozen Meat & Seafood' trading business as well as 'Edible Oil' Bottling and Distribution business, with revenue of RM7.49 million and RM1.09 million respectively for the twelve months to 30 June 2022. Meanwhile, the Group has also successfully set-up a food retail outlet in Cambodia selling both Malaysian and local products. The food retail business commenced its operation in March 2022 and was well received by the local community.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(continued)

OUTLOOK AHEAD

Looking ahead, the macroeconomic outlook for the next financial year will remain challenging and volatile due to the escalating Russian-Ukraine conflict, global recessionary pressure, the relentless US rate-hikes fuelling worldwide currency crisis, geopolitical tension spreading to the East with Taiwan as well as the energy crisis in European Union.

The domestic steel industry is particularly vulnerable to these external factors which affect domestic steel prices, export demands, interest rates, exchange rates, and imported inflation; which in-turn, affect local consumer confidence and steel demand. Performance outlook under a global recession scenario cannot be good. Nevertheless, there are some silver-linings to consider which could provide some lift to the gloomy outlook.

East Asia Economies (Ex-China)	The World Bank reported that East Asia Pacific economies (ex-China) – including Malaysia and ASEAN- are the few bright spots expected to post strong GDP growth averaging 5.3% for 2022. It notes that inflation in these economies is less steep compared to other regions, and are riding on high commodity prices and rebound in domestic consumption post-pandemic. Economic resilience of other ASEAN countries complements Malaysia as they collective represents 30% of its total trade.
Domestic Factors	Malaysia GDP growth forecast has been revised to 6.4% for 2022 and 4.2% for 2023 (by the World Bank). However, 2022's growth to-date has been uneven and bias towards post-pandemic consumption and tourism. Factory activities as reflected by its manufacturing purchasing manager index have slowed. Nevertheless, fiscal improvement helps keep the various infrastructural projects under the 12th Malaysia Plan (which incorporates national steel policies that are pro-domestic steel industry) hobbled by the Pandemic slowdown, going again. Other mega projects like the MRT3 (work expected to commence in early 2023) and ERCL (work on-going) are also expected to keep the domestic steel industry afloat. Any revival of the shelved MalaysiaSingapore high speed rail project would add optimism to the steel industry. However, the 15th General Election around the corner adds uncertainty.
Supply-side dynamics	Many steel mills in the European continent are reported to have temporarily halted operations due to the energy crisis. There are also reports of steel mills in China, Japan, and Korea halting operations due to various reasons ranging from energy crisis (hydropower), lack of demand, typhoon or flood damage, to scheduled maintenance. These upstream supply interruptions coupled with higher (production and input) costs would ensure a strong support at the lower price limit, and disincentivise cross-border product-dumping.
China Factor	China is a big influencer on regional steel prices, and is also Malaysia's largest trading partner. China is on-track for its weakest performance in 2022 with its GDP growth forecast downgraded to 2.8% (by The World Bank). The side effects have not been good for the steel industry. Nevertheless, at some point China will have to relax its crippling zero Covid policy and reopen its borders. Many speculate, that may happen by spring 2023. China also have announced a slew of aids and funds to rescue its crippled real-estate sector. The revival of that sector (and the debts tied to it), will have positive cascading effects.

Meanwhile, the Group's UK container storage business is expected to expand further in the next financial year. The Group is planning to add additional units of 20-foot containers to the storage yard for renting purposes. At present, all the 20-foot containers are fully occupied (excluding those for company use) by long term tenants and small business holders. The outlook foresees to be favourable.

'Frozen Meat & Seafood' and the 'Edible Oil' businesses are expected to see a gradual rebound in demand during the course of FY2023 as the lifted restrictions encourage consumptions. Trading volume is projected to stabilise and along with it, the margin. To stimulate 'Food' businesses, the Group will continue to navigate the challenging external environment by adapting to the new market reality, keeping a tight rein on costs and staying focused on strategy to continue expanding customer base.

Besides this, the Group has also planned to expand its footprint in Cambodia by opening another ten additional food retail branches in the next financial year. The Group is poised to roll out a series of compelling marketing strategies to drive up business volumes, optimise revenue opportunities and grow market share in Cambodia.

The Group's 100% owned subsidiary, Ausgard Quick Assembly Systems Sdn Bhd ("AQAS"), which is in the business of supplying commercial and residential buildings using the Industrialised Building System (IBS), is still working on the existing contracts carried forward from the past (i.e. construction of modular-library units). AQAS is targeting to complete and deliver the remaining three modular-library units by second quarter of next financial year.

Given the prevailing economic climate and unpredictable operating environment, the Group are keeping costs under tight control by reducing raw material procurement and enhancing efficiencies across the Group's businesses wherever possible. The Group is also closely monitoring its cash flow situation to ensure that the Group has adequate funding for operations and near-term financial obligations.

In summary, the outlook for the next financial is highly challenging with significant downside pressure on bottom-line especially for steel industry.

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 contextualized 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 sought guidance from standards issued by the Global Sustainability Standards Board, and recommendations issued by the 'Task Force on Climate Related Financial Disclosure' (TCFD).

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. This statement has been reviewed by its internal 'Risk & Sustainability Committee', and executive management for consistencies, reasonableness, and compliance. Their review however does not constitute as an assurance for investors or investment decisions. 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.

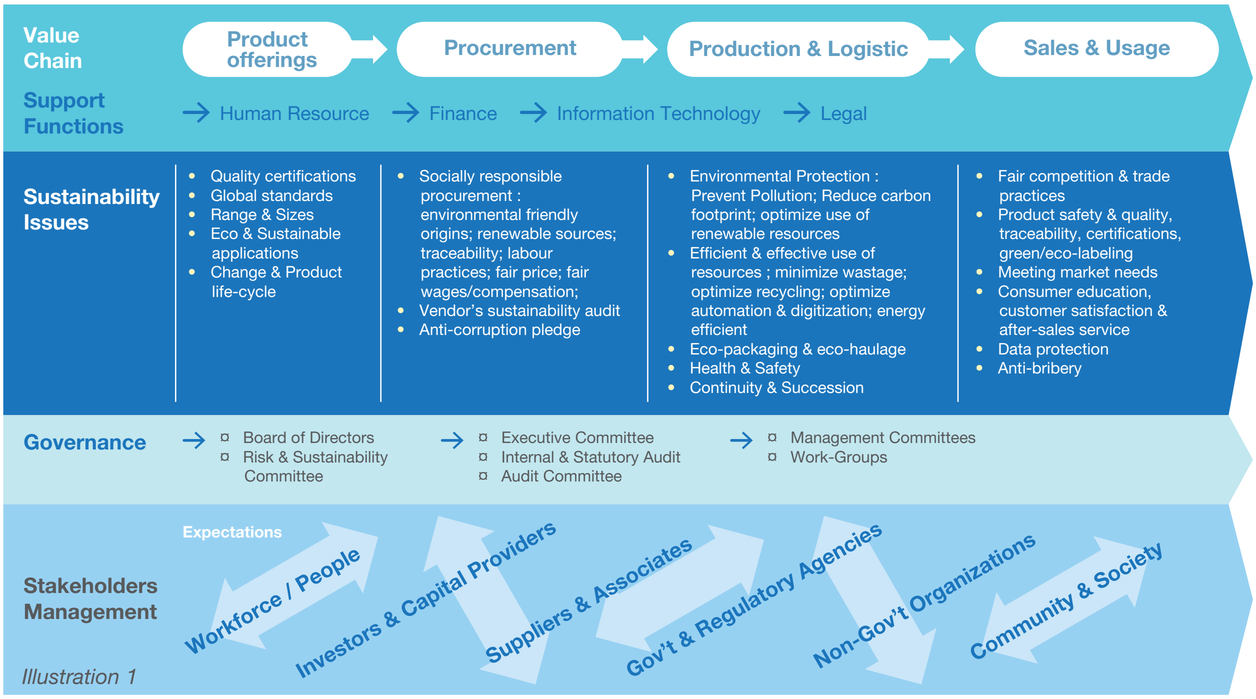


Illustration 1

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.

Sustainability governance is a seamless component of the Group's corporate governance structure. The Board of Directors is ultimately responsible for the 'Sustainability' governance of the Group through a Risk & Sustainability Committee (RSC) – which engages with the management quarterly. The management committee and workgroups convene monthly to address business and operational matters in conjunction with ESG topics. In these forums, the management periodically identify and assess the materiality of sustainability matters; the risks and opportunities arising from these; and where required, rebalances strategies and resources to deal with pressing or emerging ESG issues. The Group also prioritize stakeholders' engagement in all its sustainability effort, and continuously recalibrate engagement strategies to address conflicting needs.

Our assessment on the materiality of relevant sustainability issues to our Group for the current financial year is summarized in illustration 2 below, of which those material sustainability matters in 'Quadrant 1' are the focus of this report.

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

MATERIALITY ASSESSMENT MATRIX

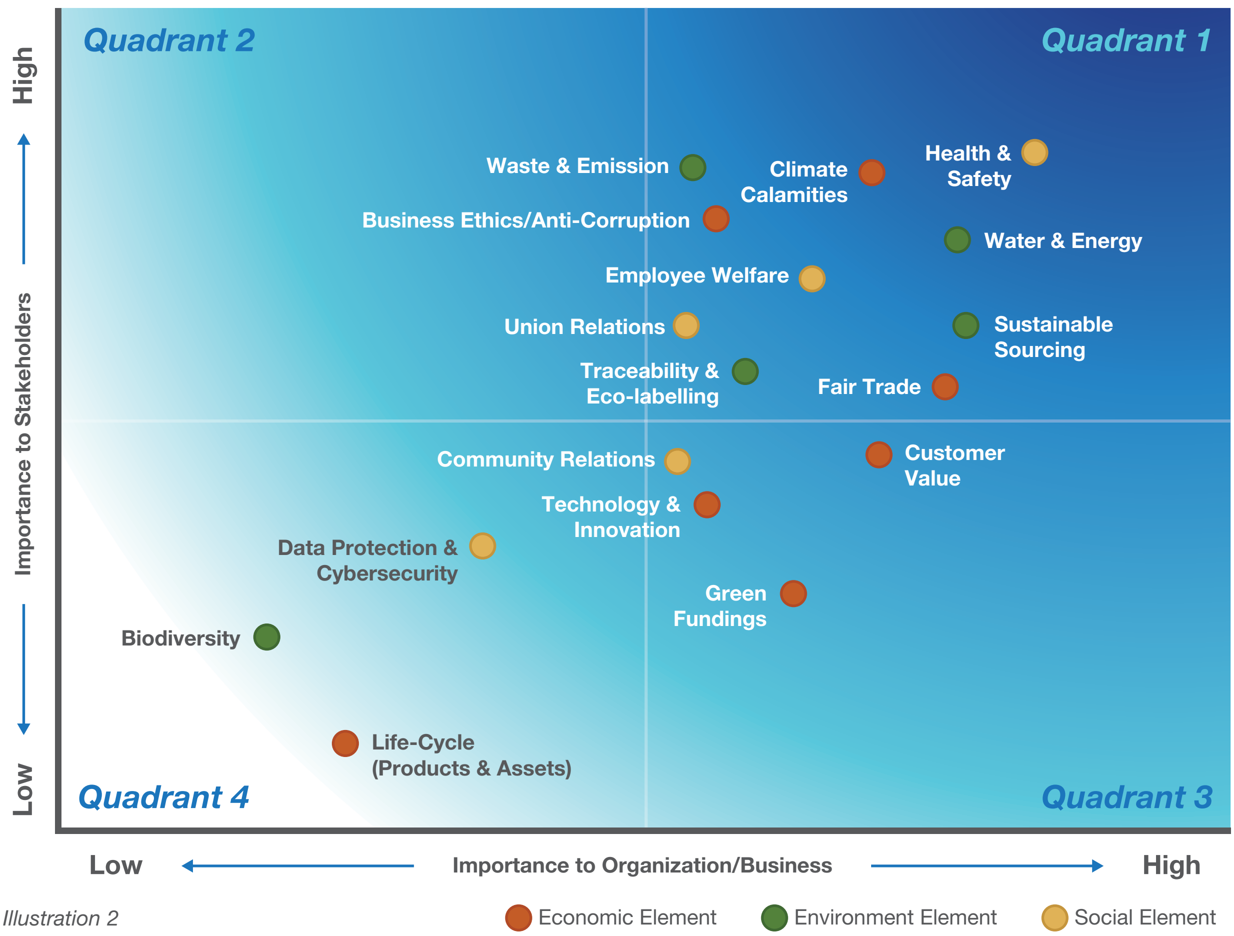


Illustration 2

SUSTAINABILITY STATEMENT
(continued)

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.

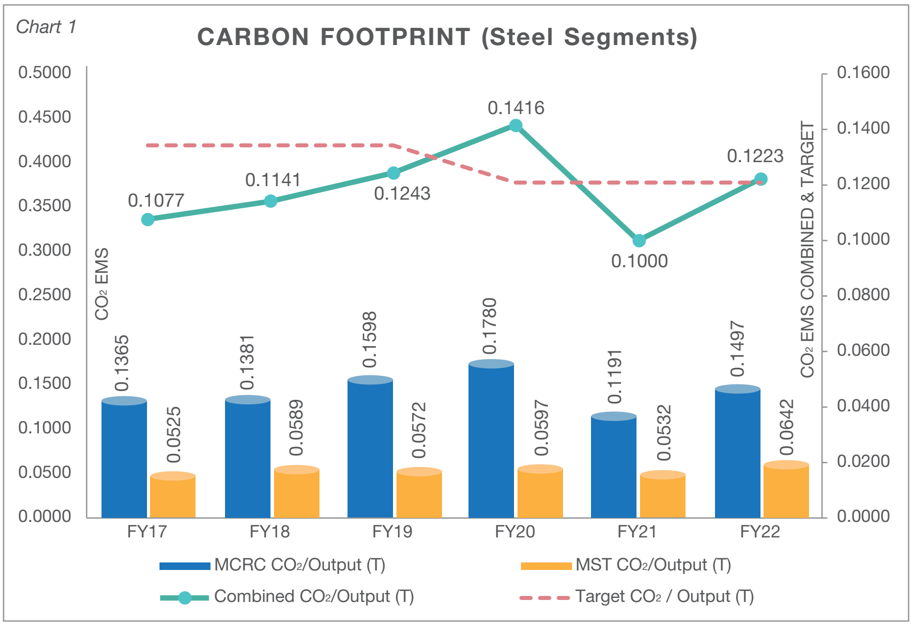
1.0 CLIMATE CHANGE

a. *Transition Risks & Opportunities*

The Group aspires to complement the Nation's climate goals. To achieve that, the Group's carbon roadmap inevitably would be influenced by the Nation's strategies, policies and programs in getting there. The Group's current goal is to reduce its manufacturing operations' carbon-footprint to levels below its self-impost threshold of 0.1209 tonnes CO_2/tonne output (which itself is gradually adjusted downward by 10% every 3 years). See Chart 1 below. For FY2022, our total carbon emission was 7.6% lower than FY2021. However, due to the lower production volume in current FY2022, our carbon emission per unit output was higher at 0.1223 tonnes CO_2/tonne output than the preceding period (at 0.1000 tonnes CO_2/tonne output) and has marginally exceeded threshold.

Carbon Footprint

Our factories' 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 raw steel or recyclable 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/ resources consumed in the value-adding conversion process, and dividing the carbon emission equivalent total tonnage with the total product output tonnage.



Combined	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Total CO_2 EMIS (T)	31,866	32,240	28,542	32,233	28,136	25,987
Combined CO_2/Output (T)	0.1077	0.1141	0.1243	0.1416	0.1000	0.1223
Target CO_2/Output (T)	0.1343	0.1343	0.1343	0.1209	0.1209	0.1209

Near Term

The Group's continuous carbon footprint reduction efforts for the immediate-term are mainly focused on incentivised green projects and (non-incentivised) efficiency projects. On the former, the Government has in recent years initiated many carbon-mitigation actions across the energy, forestry, and waste sectors. Amongst those in the energy sector are the Green Technology Incentives, and the Net-Electric Metering Schemes; to which the Group has responded with various carbon-reduction projects (see table 1 below) made feasible by those policies.

MALAYSIA'S CLIMATE GOALS

Medium-Term

- To reduce greenhouse gas emission (as % intensity of GDP) by 45% by 2030 compared to 2005 levels

Long-Term

- To achieve Net Carbon Neutrality by 2050

For the current financial year, we rolled out our third Solar PV project for one of our factories totalling 0.61 MWp (Megawatt-peak) under the nation's renewable energy Net Energy Metering (NEM) 3.0 Scheme which would further reduce our carbon footprint by approximately 450 metric tonnes of CO_2 annually.

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

1.0 CLIMATE CHANGE (CONTINUED)

a. ***Transition Risks & Opportunities*** (continued)

Near Term (continued)

Combined with the existing Solar PV systems at two of our factories totalling 3.1 MWp (Megawatt-peak), the Group's carbon footprint reduction from renewable energy would total to 2,215 metric tonnes of CO_2 annually.

Table 1	Schemes	Status	Capacity MwP	Est carbon reduce p.a. (Tonne)	Est net Savings p.a. (RM)
Green Projects					
Solar PV - Sg.Rasau Factory	NEM 2	Complete	2.439	1,451	243,000
Solar PV - Shah Alam Factory 1	NEM 2	Complete	0.570	314	104,000
Solar PV - Shah Alam Factory 2	NEM 3	On-Going	0.610	450	270,000
		Total	3.619	2,215	617,000

Besides above, the Group has also initiated various non-incentivised efficiency projects and behavioural-changes to reduce carbon emission:

Table 2	Status	Investment (RM)	Est carbon reduce p.a. (Tonne)	Est net Savings p.a. (RM)
Carbon Efficiency Projects				
Revamped Air-Compressor system I	completed	1,200,000	1,068	450,000
Revamped Air-Compressor system II	completed	82,500	6	3,600
	Total	1,282,500	1,074	453,600

Our steel operations are moving towards 'ISO 50001: Energy Management Systems' certification. We proactively manage our energy consumption and aim to progressively reduce our power consumption through efficiencies and new investments.

In this regard, we are pleased to report that our Cold Rolled Coil (CRC) subsidiary was selected as the winner of the National Energy Award 2021 in the category of 'Energy Management' for large industry.

SUSTAINABILITY STATEMENT
(continued)

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

1.0 CLIMATE CHANGE (CONTINUED)

a. ***Transition Risks & Opportunities*** (continued)

Long Term

Our road-map towards carbon neutrality in the long-term is still a 'work-in-progress', and will be influenced by future developments that would shape the technical and financial feasibility of such an undertaking:

Reality Check	Existing technology on renewable energy and storage solutions still present a huge gap between rhetoric and reality on net-zero-emission. Nevertheless, the International Energy Agency (IEA) unveiled a possible roadmap towards net-zero by 2050; but with vast amounts of investment, innovation, skilful policy design and implementation, technology deployment, infrastructure building, international co-operation and efforts across many other areas. IEA's study indicates that to reach net-zero by 2050, clean energy investments worldwide will need to more than triple by 2030 to around USD4 trillion per year. It also assumes successful innovations and breakthrough in renewable energy.
Global Commitment	At the bastion of climate activisms, the developed nations are looked upon to provide forefront stewardship and investments toward net-carbon-zero. However, recent geopolitical fissures and global energy-crisis are fuelling a backtrack to carbon-energy dependent. The needed international cooperation to transform global energy system towards net-zero by 2050 seems improbable with increasing polarization.
Direction of the Nation	The Government is still in the midst of formulating its 'long-term low emissions development strategy', and in the development of an Emission Trading Market for voluntary carbon trading. To attain its net-zero carbon goal, it is inevitable that the country will have to depend on foreign technology transfer and investments. The access to these and at what price, remains vague.

b. ***Physical Risks & Opportunities***

Malaysia faces more frequent and intense calamities from storm-surge, flash-floods, landslides, punctuated by heatwaves in recent years – all partly attributable to 'climate change'.

The country had its worst floods in December 2021 after unprecedented volume of rain for four continuous days left 50 dead, displaced more than 40,000 people, and caused around USD1.5 billion in losses *(source: Department of Statistics, Malaysia)*.

However, the Group's four production plants were unaffected by the floods despite being located amongst the worst impacted districts. We did not suffer any production loss or damage. This is partly attributed to our factories' site elevation on higher grounds of between 8 meters (lowest) to 22 meters (highest); and partly to the factories' flood-mitigation measures (i.e. retention ponds, rain-water harvesting/holding tanks, and periodic drainage maintenance). Nevertheless, around 21% of our workers' abode were affected by the floods and an estimated 310 workdays were loss due to time-off.

Scenarios

The 'what-if' scenarios are tied to the Paris Climate Agreement's global-warming thresholds (above preindustrial levels) by 2100: at below 1.5°C as the lower limit, and at below 2°C as the catastrophic upper-limit. According to World Meteorological Organization (WMO), the global average temperature in 2021 already reached 1.1 °C (above the pre-industrial levels). Studies on global warming impact at these limits are well covered by the Intergovernmental Panel of Climate Change (IPCC). At the upper limit, sea level and precipitation volume are expected to rise significantly in Malaysia possibly inundating low-lying areas less than 0.5 meter above the highest tide or within 100 meters inland of the high-water mark. *(Source: Climate Change Scenarios in Malaysia, 2018 by Dr. Haliza@UPM)*. Whilst the topography of our factories is well above those peril levels, higher precipitation surge will likely overwhelm existing drainage capacity - increasing flash-flood risk. At the upper-limit of global warming, our factory at the lowest elevation of 8 meters above sea-level would be more vulnerable to flood risk and possible consequential loss (i.e. damage to ground level inventories & machineries, production interruption).

Nevertheless, such localized flood-risk could still be further mitigated by additional preventive measures like fortified embankment, flood pumps, and more rainwater holding tanks. Whilst such risks are currently insured, the continuing availability of insurance coverage at those global-warming limits cannot be assured. Residue flood-risk on transport infrastructure and port facilities -that could hamper supply, distribution, and work-commute – remains.

In this regard, the operations will continuously review and expand its mitigation capacities in dealing with these physical risks from global warming.

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

2.0 ENVIRONMENT

Our environmental stewardship is driven by three principal policies:

- compliance with environmental laws and regulations;
- consume the least number 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 Coil 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) 14001:2015 - 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.

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 minimize 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 5% reduction every three years. 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, our CRC subsidiary hosted the 'UNIDOMAEESTA Expert Training Programme' on Thermal Energy Efficiency & Solar Thermal to share our experience in these areas.

Prime Run

Substantial savings in resources can be achieved from minimizing 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 8,750 tonnes of steel scrap representing approximately 5.4% of raw steel material through-put were recovered for recycling disposal.

Acid Regeneration

For the current financial year, our Cold Rolled Coil factory commissioned its state-of-the-art closed loop acid regeneration plant which supports the 'Continuous Pickling Line' process. The plant will cut hydrochloric acid purchases by 95%; and eliminate spent-acid waste by 100%, which-else have to be treated by chemical or incineration that would contribute to greenhouse gas emission and environmental degradation.

SUSTAINABILITY STATEMENT
(continued)

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

2.0 ENVIRONMENT (CONTINUED)

b. Resource Consumption & The Environment (continued)	*Water* Our steel operations consume around 40 million gallons of water annually; of which, only less than 0.1% are drawn from rain-water harvesting due to purity requirement for industrial applications. We planned to increase that to fulfil 5% of our annual consumption by 2023/24, and double-up our rainwater holding capacity as flash-flood mitigation measure. Waste water from our operations is fully treated before being charged. *Clean Air* Most of our main production processes are mechanical, computerised, and non-air polluting. However, certain intermediate processes involve burners, chemicals, and grinding which produce dusts, emissions, and fumes. Nevertheless, all these processes incorporate air pollution control systems where dust and fumes are filtrated and treated before being emitted. These falls under regulatory control and are periodically audited by the Department of Environment. We have no audit failure incident with the DoE for the current financial year
c. Value Chain & The Environment	Our third environmental management policy is to avert or minimize 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 minimized 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. *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, both our Cold Rolled Coil and Steel Tube units are certified under SIRIM ECO 032:2020 standard and Green Label certification ISO14024, and are licensed to use Eco-Labelling & MyHIJAU markings on its products. SIRIM ECO-LABEL ECO FRIENDLY STEEL SIRIM ECO 032 : 2020 LICENCE NO: EL000160 MALAYSIA MyHIJAU MyHP00235/22 *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 digitization and networking of its manufacturing operations which would reduce manpower, minimize 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%).

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

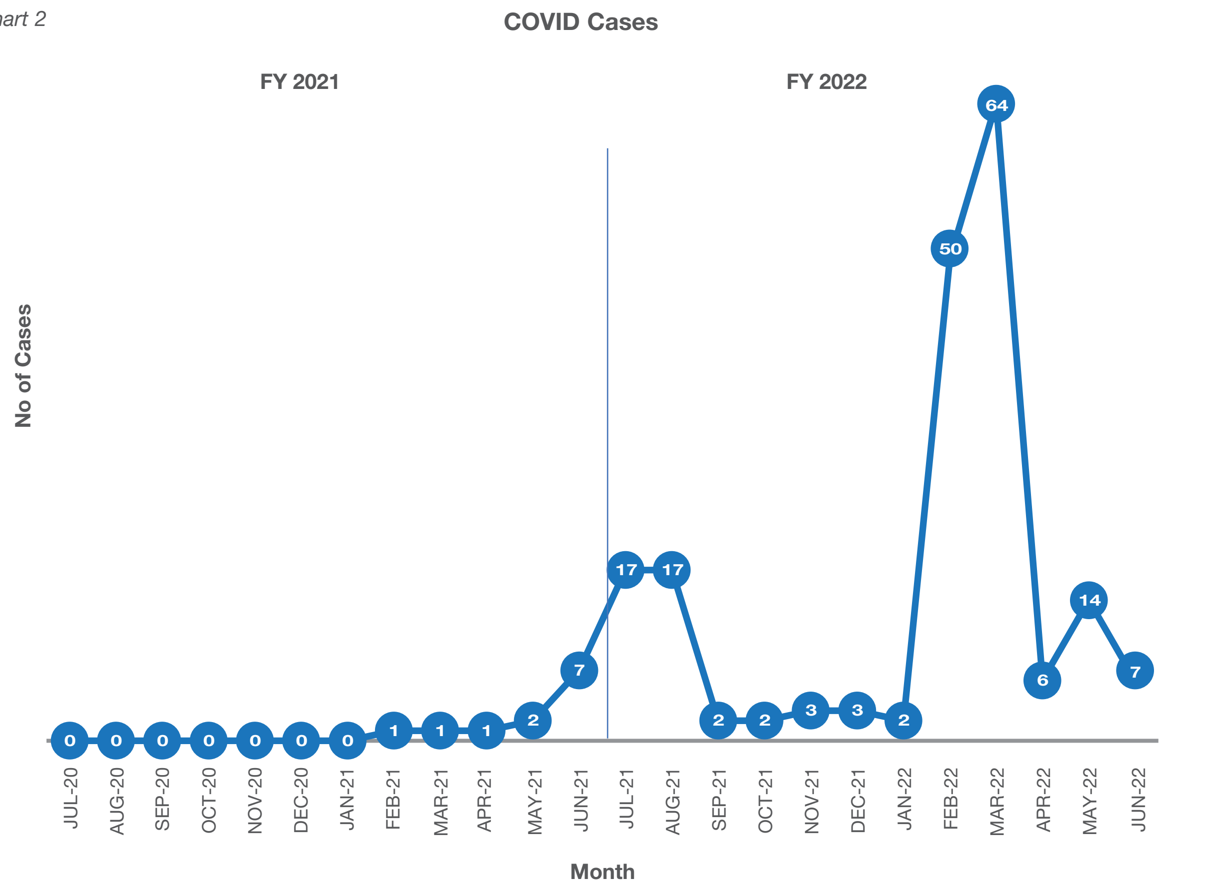
3.0 PEOPLE

3.1 The Pandemic

Whilst the COVID-19 pandemic started around March 2020 (with 8 weeks of lockdown from mid-March to mid-May 2020), the Group did not record any COVID infection until its first case in February 2021. COVID infection cases only started to pick-up during the 2nd lockdown (lasting 10 weeks) from June to mid-August 2021 as shown in Chart 2 below; which by then, more than 95% of our workforce had their first vaccination shot attributed to the Group's sponsored fast-track vaccination-program.

COVID infection cases picked up sharply from February and March 2022 coinciding with the eased restrictions under Phase 3 of the Movement Control Order, and the proliferation of the highly contagious Omicron COVID variant. By then, almost everyone in the Group had completed the 2nd vaccination shot with some into their 3rd booster shot. Infection cases in the Group have since stabilized into the single-digit as the Nation progresses into an endemic-phase with minimum restrictions, and borders reopening from April 2022 onwards.

Chart 2



Despite the high number of infections in FY2022, no incidents of cluster outbreak or intensive care hospitalization were encountered. Each infection incident was investigated and contact tracing conducted to enforce quarantine for close-contacts. With an average of 6 off-days for infection case, and an average of 3 quarantine-days for close contact, the Group lost around 1,962 workman-days to the Pandemic at an estimated cost of RM288,464 for the current financial year.

SUSTAINABILITY STATEMENT
(continued)

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

3.0 PEOPLE (CONTINUED)

3.2 Labour Rights

Besides upholding employees' rights under the Employment Act 1955, the Group firmly upholds the ILO's five "fundamental principles and rights" at work which also overlaps the former.

a. Freedom of Association

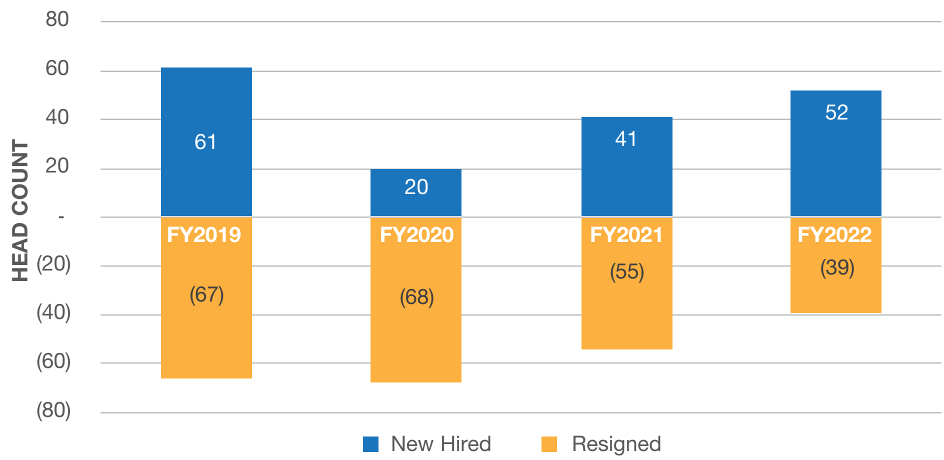
We respect employees' freedom of association and collective bargaining rights under the provisions of the Employment Act, Trade Union Act, Industrial Relations Act, and Immigration Act. Our workers are free to join or form trade unions. In this regard, only around 17% of our factory workers chose to be union-members – considering that any negotiated compensation and benefits under the collective-agreement also set the baseline for non-unionized staff. Our relations with the employees' union (representing the nation's metal Industry) have been cordial without any impasses in the last decade.

b. No Forced or Child Labour

We are strictly against any form of 'forced or child labour'. Our work force comprises mainly of locals with a 20% mix of foreign workers. All our workers are above the legitimate working age with the youngest on current payroll at 19 years old. All our foreign workers carry valid work-permit, and are sourced from licensed agencies. We benchmark our labour practises against ILO's standards and are watchful over common signs of forced labour amongst contractors and agencies. Where accommodations are provided, these fully conform with the "Employees' Minimum Standards of Housing, Accommodations and Amenities Act". We have zero labour issues or disputes in this area. The "turnover & hiring" profile of our workers as shown in Chart 3 below reflects the freedom of movement in employment.

Chart 3

Workforce Movement



c. 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.

Chart 4

Local vs Foreign Workers - FY2022

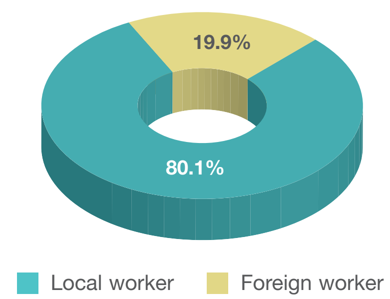
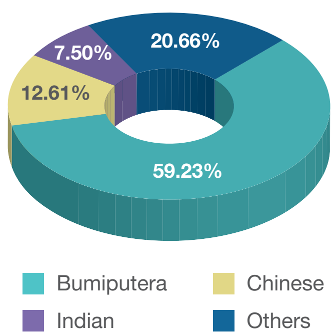


Chart 5

Ethnic Diversity - FY2022



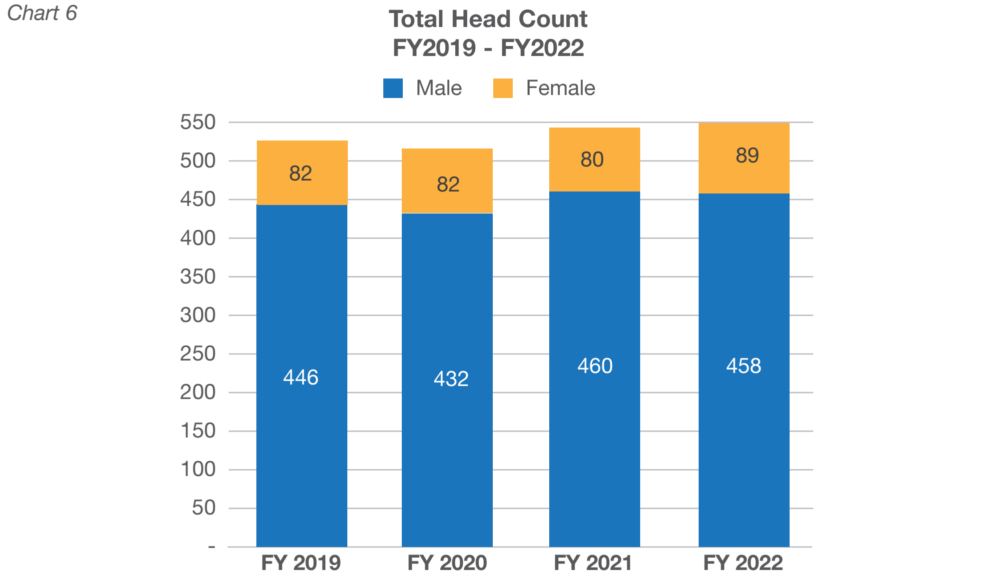
C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

3.0 PEOPLE (CONTINUED)

3.2 Labour Rights (continued)

c. Diversity & Inclusion (continued)

Chart 6

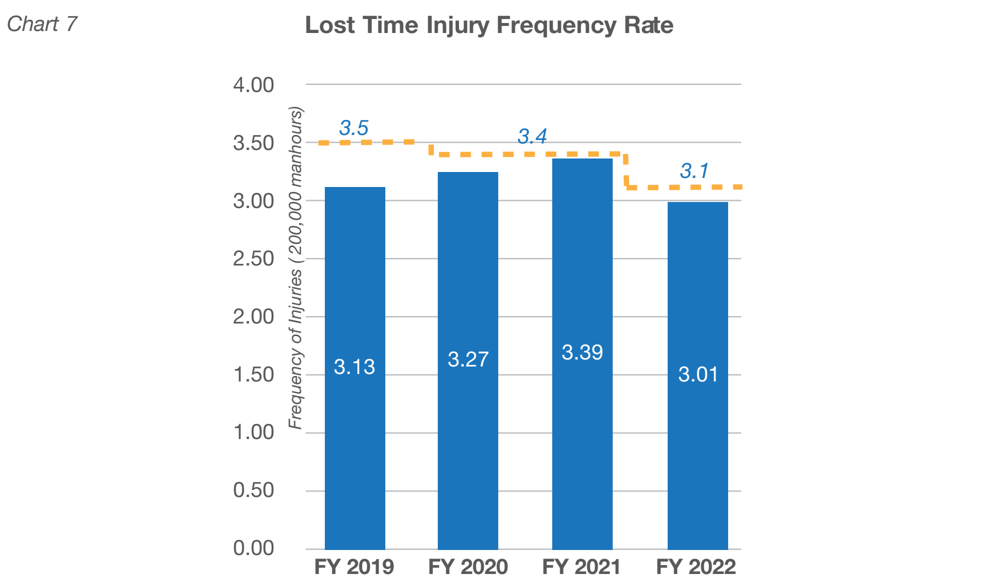


d. Health & Safety

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. The Group factories' 'lost time injury' frequency rate (per 200,000 manhours) dropped to 3.01 cases in FY2022 from the uptrend between FY2019 to FY2021 (as shown in Chart 7 below) possibly due to the easing of COVID-19 related stress. Our 'lost time injury' frequency remains below the benchmark rate 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.

Chart 7

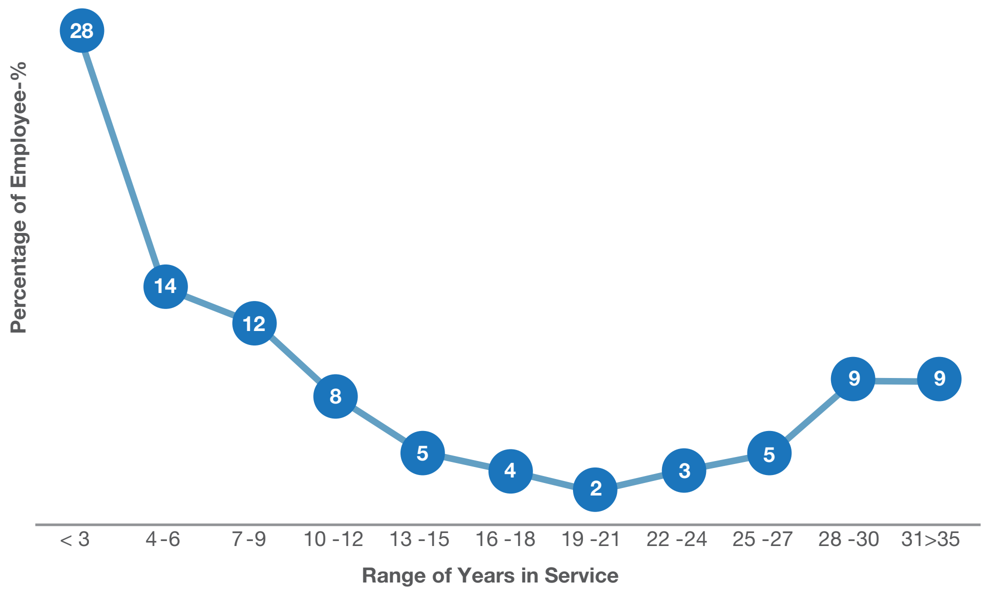


SUSTAINABILITY STATEMENT
(continued)

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

3.0 PEOPLE (CONTINUED)

3.3 Well-Being & Development

a. Competitive Package	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). Our employees are treated as stakeholders and are inclusive in shaping the organization. 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. Our non-executive workforce turnover-rate for FY2022 at 5.30% (FY2021: 6.11%) was significantly lower than the benchmark Malaysian Employers Federation's turnover rate for non-executives for the manufacturing sector at 12.80% in 2021. Around 67% of the Group's workforce has been with the organization for 5 years and above -as summarised in its workforce's "years-in-service" profile Chart 8 below. *Chart 8* **Workforce Years-In-Service Profile** 
b. Upskilling & Personal Development	We are committed to upskilling our employees. In the current financial year, despite the Pandemic, we delivered around 113 training courses to more than 403 employees for more than 4007 hours of training – which averages out to 10 hours of training per employee. Our training program covers everything from anti-corruption to leadership.

3.4 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.

C. MATERIAL SUSTAINABLE MATTERS & OUTCOMES (CONTINUED)

4.0 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. Community	All our factories are located in established 'light industrial' zones with pockets of neighbouring residential and commercial areas within a 10km vicinity. In December 2021, a large section of the lower laying residential areas within our vicinity was inundated with floods after four days of continuous rain. Besides helping our own staffs affected by the floods (with cash-aid totalling RM45,000), the management had mobilized voluntary staff-groups to help vulnerable households in those less-affluent neighbourhood to clean-up their flood-damaged homes. All in, about 640 manhours were spent. Our staff groups also raised donations (amounting to RM5,500 with further RM9,450 top-up from the Group) to secure and deliver essential food items and basic necessities for many affected households that have sought help with raised 'white-flags' from their homes.
b. Collaboration	The Group continuously seek to engage with industry players, research & learning institutes, and regulatory bodies to enhance 'knowledge & innovation' and to nurture the next generation of 'labour & talent' to better serve the domestic steel industry. In this regard, we often collaborate with higher learning institutes for internship placement or practical experience training with our operations. In the current financial year, we signed a memorandum of understanding with 'University Teknikal Malaysia' (UTeM) to promote cooperation in research, vocational-training, green-energy, and continuous education.
c. Giving	As a public listed enterprise, we hold the view that philanthropic activities are best left to shareholders. Each year the Group receives hundreds of solicitations for donation or sponsorship from various bodies and organizations - which largely go unfulfilled. Whilst we may fulfil a few donations to the most-needy, we generally focus our corporate-social-responsibility (CSR) activities on selective causes with strategic relevance to our corporate objectives. Over the current financial year, the Group organized visitations coupled with 'food & essential' donations to the following four private centres for Underprivileged Children: ● Raudhatul Al-Faeez Care Centre (30 children) ● Rumah Kasih Nurul Hasanah (20 children) ● Pusat Jagaan Baitul Hidayah (50 children) ● Shelter Home (14 children) Total value expended for the above was around RM12,220 (with RM2,200 coming from private contributions). Other donations & sponsorships expended for the current financial year total RM 37,200.

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

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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

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CORPORATE GROUP STRUCTURE
AS AT 20 OCTOBER 2022

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% **Melewar Steel Tube Sdn Bhd** – Steel Tube Manufacturing
  - 100% **Silver Victory Sdn Bhd** – Trading of Steel Related Products
- 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 the United Kingdom
  - 100% **Melewar Steel UK Ltd** – Distribution of Steel Tubes in the United Kingdom
- 100% **3Bumi Sdn Bhd** – Investment Holding
  - 80% **3Bumi Oleo Sdn Bhd** – Bottling and Distribution of Palm Olein Edible Oil
  - 90% **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% **3Padi Growers Sdn Bhd** – Dormant
- 100% **Melewar Steel Mills Sdn Bhd** – Trading of Steel and Iron Products/Scraps
- 100% **Melewar Steel Services Sdn Bhd** – Dormant
- 100% **Melewar Steel Assets Sdn Bhd** – Dormant

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 issued 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

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 they provide customers with assurance of quality and reliability. MCRC is continually raising the bar as far as quality is concerned, aligned with its mission, to be the highest Quality Cold Rolled Steel Sheets manufacturer in Malaysia.

QUALITY RECOGNITION
(continued)

On the environment front, both operating segments play a pivotal role in ensuring continual improvement of environmental performance in all aspects of 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 while MST obtained the SIRIM Eco-Label Licence for all three of its manufacturing plants since August 2022 and MyHIJAU Mark since September 2022.


CERTIFICATE


IQNet
CERTIFICATE


LESEN PENSIJILAN EKO-LABEL
Eco-Label Licence


MyHIJAU MARK
This is to certify that
MYCRON STEEL CRC SDN. BHD.
Lot 717
Jalan Sungai Rasau Seksyen 16
40706 Shah Alam
Selangor
has the rights to use the MyHIJAU Mark on the following item:
(Refer to Schedule Page for more details)
Compliance Category:
Green Label Certification (ISO 14024 Type I ECO-Labels)
Certification Scheme:
SIRIM Eco-Labelling Scheme
Certificate no.: MyHP00083/21
Issue Date: 26-02-2021
Expiry Date: 17-12-2022
This is a computer generated certificate hence no signature is required.


No Lesen : EL000205
LESEN PENSIJILAN EKO-LABEL
Eco-Label Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Eco-Label di atas barangan
a licence to use the Eco-Label Mark on
STEEL PRODUCTS
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
SIRIM ECO 032 : 2020
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.


No Lesen : EL000207
LESEN PENSIJILAN EKO-LABEL
Eco-Label Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Eco-Label di atas barangan
a licence to use the Eco-Label Mark on
STEEL PRODUCTS
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
SIRIM ECO 032 : 2020
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.


No Lesen : EL000208
LESEN PENSIJILAN EKO-LABEL
Eco-Label Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Eco-Label di atas barangan
a licence to use the Eco-Label Mark on
STEEL PRODUCTS
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
SIRIM ECO 032 : 2020
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.


MyHIJAU MARK
This is to certify that
MELEWAR STEEL TUBE SDN. BHD.
Lot 53
Persiaran Selangor
40200 Shah Alam
Selangor
has the rights to use the MyHIJAU Mark on the following item:
(Refer to Schedule Page for more details)
Compliance Category:
Green Label Certification (ISO 14024 Type I ECO-Labels)
Certification Scheme:
SIRIM Eco-Labelling Scheme
Certificate no.: MyHP00245/22
Issue Date: 19-09-2022
Expiry Date: 29-07-2024
This is a computer generated certificate hence no signature is required.


MyHIJAU MARK
This is to certify that
MELEWAR STEEL TUBE SDN. BHD.
Lot 53
Persiaran Selangor
40200 Shah Alam
Selangor
has the rights to use the MyHIJAU Mark on the following item:
(Refer to Schedule Page for more details)
Compliance Category:
Green Label Certification (ISO 14024 Type I ECO-Labels)
Certification Scheme:
SIRIM Eco-Labelling Scheme
Certificate no.: MyHP00246/22
Issue Date: 19-09-2022
Expiry Date: 03-08-2024
This is a computer generated certificate hence no signature is required.


MyHIJAU MARK
This is to certify that
MELEWAR STEEL TUBE SDN. BHD.
Lot 53
Persiaran Selangor
40200 Shah Alam
Selangor
has the rights to use the MyHIJAU Mark on the following item:
(Refer to Schedule Page for more details)
Compliance Category:
Green Label Certification (ISO 14024 Type I ECO-Labels)
Certification Scheme:
SIRIM Eco-Labelling Scheme
Certificate no.: MyHP00235/22
Issue Date: 30-08-2022
Expiry Date: 04-08-2024
This is a computer generated certificate hence no signature is required.

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 UK Factory Production Control Certification, EC Factory Production Control Certification and CE Marking from LRQA, Perakuan Pematuhan Standard (Bahan Binaan) from CIDB Malaysia, and EMAL certification from Cawangan Kejuruteraan Elektrik Jabatan Kerja Raya Malaysia. The conformity of products and processes against these standards are periodically reviewed and confirmed by way of internal and external audits. The quality of MST's products also meets the requirements of many international standards. In 2019, MST obtained the LOGO BUATAN MALAYSIA certification from the Ministry of Domestic Trade and Consumer Affairs for its AURORA Conduits and cold rolled products.

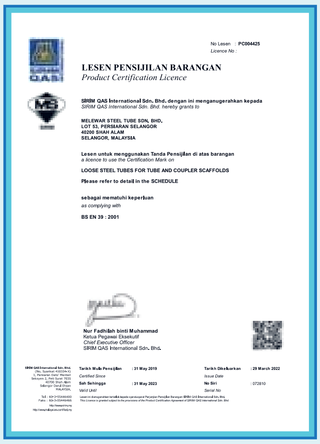
International Standards:


LESEN PENSIJILAN BARANGAN
Product Certification Licence
WELDED STEEL TUBE
BS EN 10255 : 2004

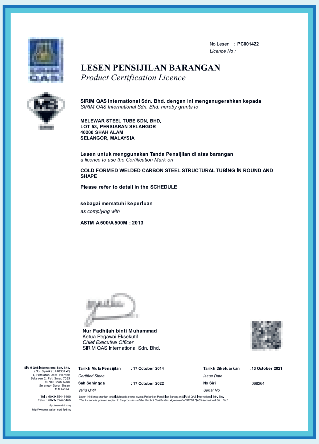
British Standard
- BS EN 10255 : 2004 for Welded Steel Tube


LESEN PENSIJILAN BARANGAN
Product Certification Licence
STEEL CONDUIT FOR ELECTRICAL WIRING
BS 31 : 1940

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence
LOOSE STEEL TUBES FOR TUBE AND COUPLER SCAFFOLDS
BS EN 39 : 2001

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence
COLD FORMED WELDED CARBON STEEL STRUCTURAL TUBING IN ROUND AND SHAPE
ASTM A 500/A 500M : 2013

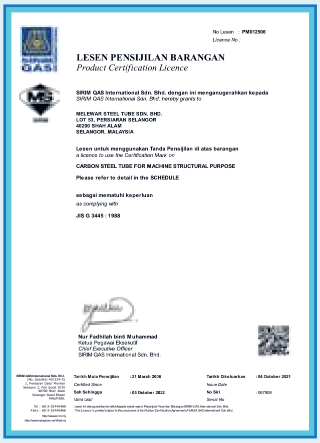
American Standard
- ASTM A 500/A 500M : 2013 for Cold Formed Welded Carbon Steel Structural Tubing in Round and Shape


LESEN PENSIJILAN BARANGAN
Product Certification Licence
LIGHT GAUGE STEEL FOR GENERAL STRUCTURE
JIS G 3350 : 2009

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence
CARBON STEEL TUBE FOR GENERAL STRUCTURE
JIS G 3444 : 2015

Japanese Standard
- JIS G 3444 : 2015 for Carbon Steel Tube for General Structure


LESEN PENSIJILAN BARANGAN
Product Certification Licence
CARBON STEEL TUBE FOR MACHINE STRUCTURAL PURPOSE
JIS G 3445 : 1988

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


LESEN PENSIJILAN BARANGAN
Product Certification Licence
CARBON STEEL PIPE FOR ORDINARY PIPING
JIS G 3452 : 2010

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:

CIDB Registered Products
- Cold Formed Welded Structural Hollow Sections

CIDB Registered 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

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

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

Aged 62 | Malaysian | Male

- **Chairman of the Executive Committee**

Tunku Dato' Yaacob Khyra was appointed to the Board of Directors of the Company on 7 October 2002. He was 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, KNM Group Berhad, Melewar Group Berhad, Khyra Legacy Berhad ("KLB"), Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C. (listed in Bahrain), Ithmaar Bank B.S.C. (Closed), Altech Chemicals Limited (listed in Australia), Chase Perdana Sdn Bhd and several private limited companies.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees of Yayasan Amal Maaedicare 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 page 39 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)

AZLAN BIN ABDULLAH
Non-Independent Non-Executive Director
Aged 64 | Malaysian | Male

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 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 39 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.

PROFILE OF DIRECTORS
(continued)

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
Non-Independent Non-Executive Director
Aged 61 | 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 also sits on the Board of Trustees of Yayasan Amal Maaedicare and The Budimas Charitable Foundation.

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.

PROFILE OF DIRECTORS
(continued)

DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

Independent Non-Executive Director

Aged 60 | Malaysian | Female

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

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. 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 organization 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.

PROFILE OF DIRECTORS
(continued)

KWO SHIH KANG
Senior Independent Non-Executive Director
Aged 62 | 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. 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

Independent Non-Executive Director

Aged 67 | Malaysian | Male

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

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. 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 Board of Trustees of Yayasan Amal Maaedicare 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.

PROFILE OF KEY SENIOR MANAGEMENT

TUNKU DATO' YAACOB KHYRA
Executive Chairman
Aged 62 • 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 28 of this Annual Report.

CHAN LOO LING
Chief Financial Officer
Aged 40 • 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
Chief Business Development Officer
Aged 62 • Male • Malaysian

Encik Silahuddin has been with Melewar Industrial Group Berhad since 1 April 2008 and is currently Chief Business Development Officer of the Group.

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.

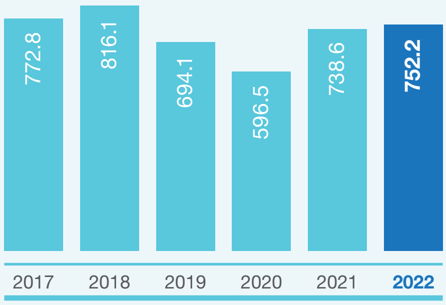
GROUP FINANCIAL HIGHLIGHTS

	2017	2018	2019	2020	2021	2022
Results of Operations						
Revenue (RM mil)	772.8	816.1	694.1	596.5	738.6^	752.2
(Loss)/Profit Before Tax (RM mil)	(55.2)	11.2	29.8	(3.7)	71.9^	60.9
(Loss)/Profit After Tax (RM mil) attributed to owners of the Company	(78.2)*	(0.7)*	30.8*	(1.4)*	44.7*^	35.0*
Balance Sheet						
Share Capital (RM mil)	227.0@	227.0	250.2	250.2	250.2	250.2
Shareholders' Fund (RM mil)	241.9	247.9	325.4	325.5	370.8	410.0
Total Assets (RM mil)	769.1	777.6	732.6	692.5	780.0	889.0
Financial Ratio						
Return on Equity (%)	(32.3)	(0.3)	9.5	(0.4)	12.1^	8.5
Debts#/Equity (Times)	1.16	0.59	0.37	0.31	0.24	0.28
Current Assets/Current Liabilities (Times)	1.1	1.1	1.4	1.5	1.8	1.8
(Loss)/Profit Before Tax/Average Shareholders' Fund (%)	(19.9)	4.6	10.4	(1.1)	20.7^	15.6
(Loss)/Profit Before Tax/Revenue (%)	(7.1)	1.4	4.3	(0.6)	9.7^	8.1
Per Share						
Gross (Loss)/Earnings per share (sen)	(24.5)	5.0	8.3	(1.0)	20.0^	17.0
Net (Loss)/Earnings per share (sen)	(34.7)	(0.3)	8.6	(0.4)	12.4^	9.8
Net Assets per share (RM)	1.07	1.10	0.91	0.91	1.03	1.14
Dividends						
Ordinary Dividend (sen)	-	-	-	-	2.23	-

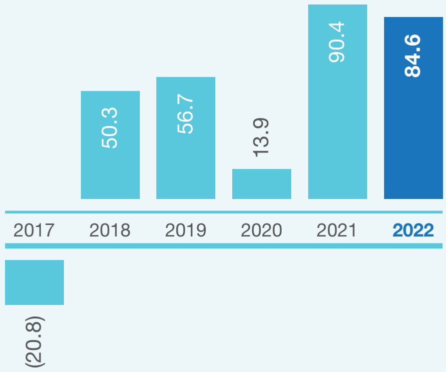
* *Profit/(Loss) After Tax and After Non-Controlling Interests*
^ *Include both continuing and discontinued operations*
\# *Debts include interest bearing trade payables*
@ *Impact from the new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017*

GROUP FINANCIAL HIGHLIGHTS
(continued)

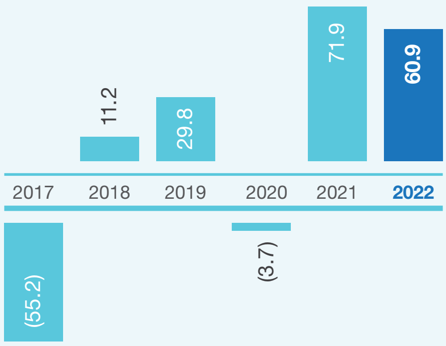
REVENUE
RM' million



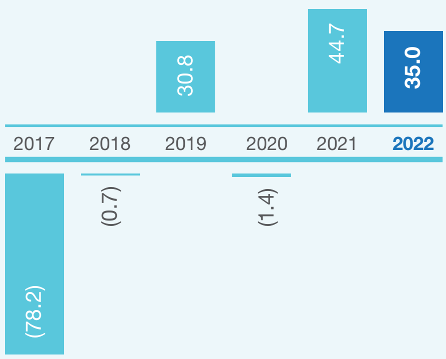
(LBITDA)/EBITDA
RM' million



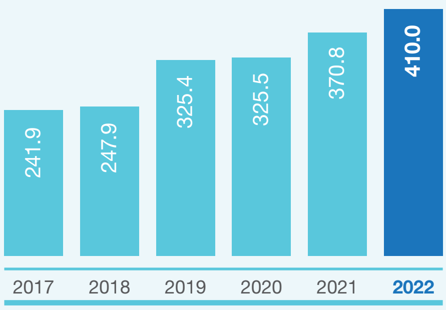
(LOSS)/PROFIT BEFORE TAX
RM' million



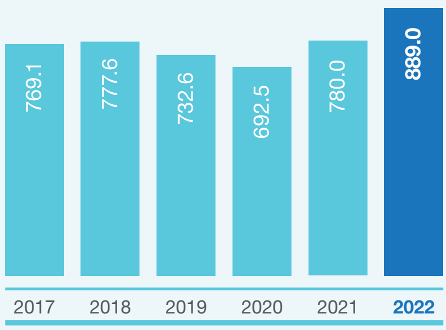
(LOSS)/PROFIT AFTER TAX
RM' million



SHAREHOLDERS' FUNDS
RM' million



TOTAL ASSETS
RM' million



ANALYSIS OF SHAREHOLDINGS

As at 30 September 2022

Total Number of Issued Shares	-	359,417,703
Class of Shares	-	Ordinary Shares
No. of Shareholders	-	9,530
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	904	9.49	30,444	0.01
100 - 1,000	976	10.24	591,248	0.17
1,001 - 10,000	4,786	50.22	24,304,261	6.76
10,001 - 100,000	2,578	27.05	83,208,471	23.15
100,001 and below 5% of issued shares	283	2.97	86,520,815	24.07
5% and above of issued shares	3	0.03	164,762,464	45.84
TOTAL	**9,530**	**100.00**	**359,417,703**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No.	Name	No. of Shares Held	[(a)]% of Shares
1.	Melewar Khyra Sdn Bhd	104,382,731	29.04
2.	Melewar Equities (BVI) Ltd	40,379,733	11.23
3.	RHB Nominees (Asing) Sdn Bhd (Beneficiary: OSK Capital Sdn Bhd for Melewar Equities (BVI) Ltd)	20,000,000	5.57
4.	Avenue Serimas Sdn Bhd	3,810,300	1.06
5.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: Exempt an for UOB Kay Hian Pte Ltd)	2,633,700	0.73
6.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Yeoh Ooi Chat)	1,760,100	0.49
7.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged Securities Account for Lim Kim Ong)	1,613,300	0.45
8.	Wong Yoon Chee	1,570,700	0.44
9.	Yeoh Phek Leng	1,457,000	0.41
10.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chan Kam Fut)	1,350,000	0.38
11.	Mohamed Nizam bin Mohamed Jakel	1,317,600	0.37
12.	Er Soon Puay	1,300,000	0.36
13.	Choo Ghee Sek	1,275,000	0.35
14.	CIMB Group Nominees (Asing) Sdn Bhd (Beneficiary: Exempt an for DBS Bank Ltd)	1,246,300	0.35
15.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Macrovention Sdn Bhd)	1,200,000	0.33
16.	Ting Siik Siew	1,087,400	0.30
17.	Ong Teck Peow	1,053,000	0.29
18.	RHB Capital Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lee Kah Weng)	1,000,000	0.28
19.	Sim Keng Chor	1,000,000	0.28
20.	Leow Soon Seng	1,000,000	0.28
21.	Tan Ah Sim @ Tan Siew Wah	800,000	0.22
22.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yap Chee Loong)	765,700	0.21
23.	Thong Weng Tim	716,700	0.20

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2022
(continued)

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2022 (CONTINUED)

No.	Name	No. of Shares Held	[a]% of Shares
24.	Boo Kwie Liang	700,000	0.19
25.	Pek Eng Lam	700,000	0.19
26.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ku Kian Yong)	680,000	0.19
27.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Zet Enterprise Sdn Bhd)	673,333	0.19
28.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chia Boon Lim)	672,000	0.19
29.	Lim Wai Yee	620,000	0.17
30.	Ong Chin Thye	596,000	0.17
	TOTAL	**197,360,597**	**54.91**

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 30 SEPTEMBER 2022

	Number of Shares Held			
Name	Direct	% [a]	Indirect	% [a]
Khyra Legacy Berhad ("KLB")	-	-	168,572,764	46.90 [1]
Tunku Dato' Yaacob Khyra ("TY")	-	-	168,572,764	46.90 [2]
Melewar Equities (BVI) Ltd ("MEBVI")	60,379,733	16.80	-	-
Melewar Khyra Sdn Bhd ("MKSB")	104,382,731	29.04	-	-

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

	Number of Shares Held			
Name	Direct	% [a]	Indirect	% [a]
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 ("MQE") 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 MQE who in turn is a wholly owned subsidiary of MESB.

ANALYSIS OF WARRANT HOLDINGS
As at 30 September 2022

Number of Warrants Issued	-	66,947,418
Number of Warrants Exercised	-	-
Number of Warrants Unexercised	-	66,947,418
Number of Warrants Holders	-	763
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	3.80	1,152	0.00
100 - 1,000	103	13.50	63,163	0.09
1,001 - 10,000	299	39.19	1,653,448	2.47
10,001 - 100,000	288	37.75	10,891,632	16.27
100,001 and below 5% of issued warrants	43	5.63	13,147,407	19.64
5% and above of issued warrants	1	0.13	41,190,616	61.53
TOTAL	**763**	**100.00**	**66,947,418**	**100.00**

THIRTY LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2022

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)	984,000	1.47
3.	SJ Sec Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Looi Siew Yoong)	920,800	1.37
4.	Ong Poh Fah	840,000	1.25
5.	Man Foh @ Chan Man Foh	800,000	1.19
6.	Yap Shyi Wee	762,000	1.14
7.	TA Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tee Kuang Yik)	680,000	1.01
8.	Law Kar Seng	584,000	0.87
9.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Law Lee Beng)	428,500	0.64
10.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ho Keat Soong)	400,000	0.60
11.	Tan Chek Cheng	400,000	0.60
12.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Wong Chee Seng)	380,000	0.57
13.	Lim Wei Jin	350,000	0.52
14.	Muhd Abd Muiz Al-Amin bin Muhammad Firdaus	323,500	0.48
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Jin Thai)	300,000	0.45
16.	Sian Book Guan	300,000	0.45
17.	Liew Yee Shun	280,000	0.42
18.	Law Kar Hou	250,000	0.37
19.	CGS-CIMB Nominees (Asing) Sdn Bhd (Beneficiary: Pledged securities account for Walter Wurtz)	240,000	0.36
20.	Vong Say Phin	223,200	0.33
21.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chew Kay Seng)	217,700	0.33

ANALYSIS OF WARRANT HOLDINGS

As at 30 September 2022
(continued)

THIRTY LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2022 (CONTINUED)

No.	Name	No. of Warrants Held	[a]% of Issued Warrants
22.	Er Soon Puay	217,600	0.33
23.	Lee Chung Boon	208,100	0.31
24.	Ong Kong Jie	200,000	0.30
25.	Foo Phui Leng	192,000	0.29
26.	Wong Hen Sang	180,000	0.27
27.	Goh Wei Chiun	178,400	0.27
28.	Palany Andavar A/L Pitchamuthu	172,300	0.26
29.	Ong Hooi Hean	170,000	0.25
30.	Public Invest Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tam Chee Kheong)	170,000	0.25
	TOTAL	**52,542,716**	**78.48**

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 30 SEPTEMBER 2022

Name	Number of Warrants Held			
	Direct	% [a]	Indirect	% [a]
Khyra Legacy Berhad ("KLB")	-	-	41,190,616	61.53 [1]
Tunku Dato' Yaacob Khyra ("TY")	-	-	41,190,616	61.53 [2]
Melewar Khyra Sdn Bhd ("MKSB")	41,190,616	61.53	-	-

DIRECTOR'S WARRANT HOLDINGS AS AT 30 SEPTEMBER 2022

Name	Number of Warrants Held			
	Direct	% [a]	Indirect	% [a]
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 2022. 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 2021 ("MCCG") in its implementation of the CG practices while ensuring compliance with the MMLR of Bursa Securities and the Companies Act 2016 ("CA") as well as ensuring that the Group monitors developments in industry practice 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.

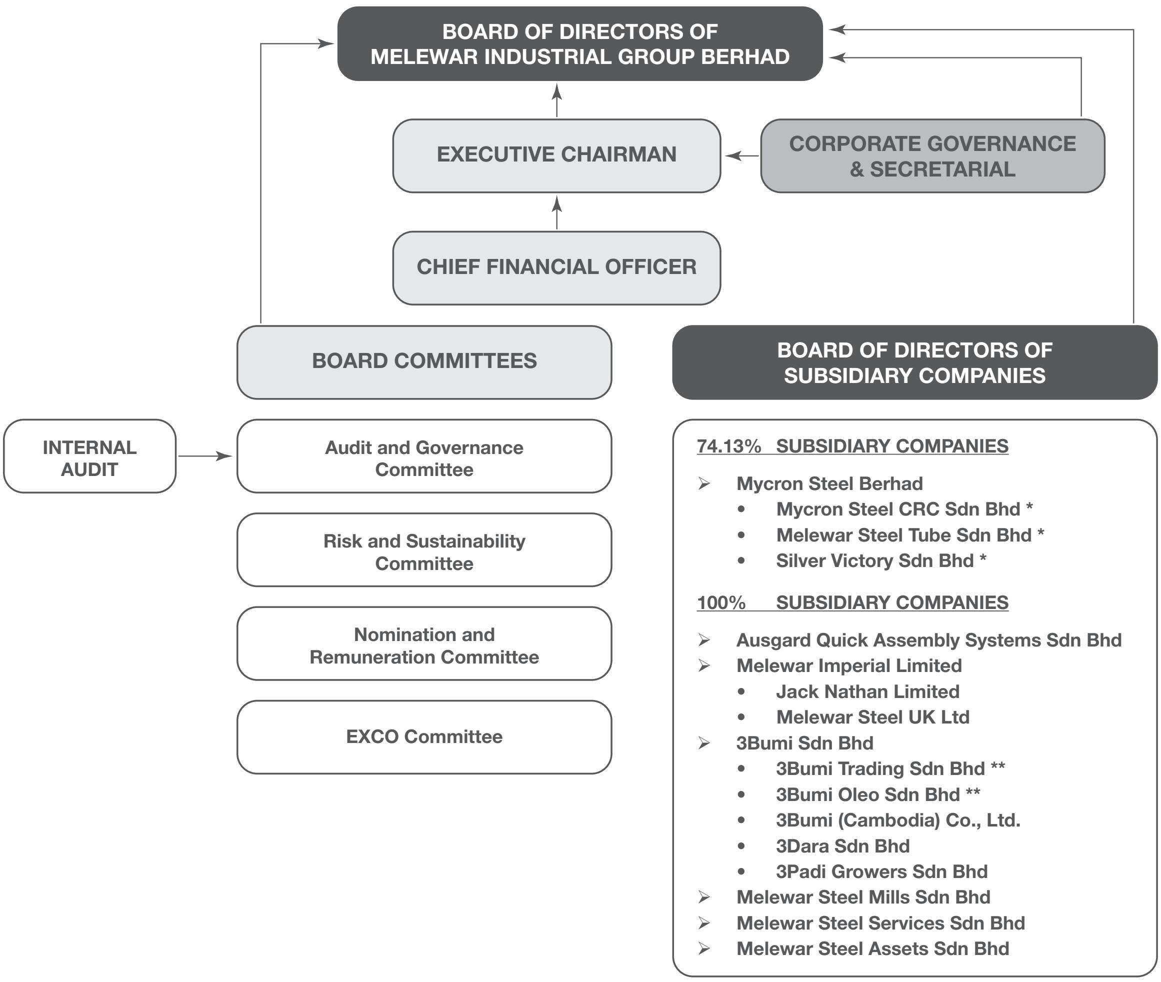
This CG Overview Statement should be read together with the CG Report, which is accessible on the Company's website at www.melewar-mig.com/investorsinfo_annualrep.html as well on Bursa Securities website. It should also be read in conjunction with other statements in this Annual Report such as the Statement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

The 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 2022.

The overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the FY2022 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.

MIG's Governance Structure is as follows:



Note : * 100% subsidiary
** 80% subsidiary

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 - BOARD RESPONSIBILITIES

1.1 Effective Board Leadership and Oversight

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 and the Executive Chairman who currently assumes the role of Managing Director ("MD") as well. 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 at its Board Meeting held in May 2022 undertook a rigorous review of the TOR of the various Committees as well as the policies adopted by the Group to align them to the MCCG 2021 guidelines and to be more comprehensive and practical wherever possible.

The Board views succession planning as also an important factor for business continuity. 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.

1.2 Division of Roles and Responsibilities

(i) The Chairman of the Board

The Group had adopted the recommended practice of the MCCG whereby the positions of the Chairman and the CEO are held by different individuals.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.2 Division of Roles and Responsibilities (Continued)

(i) The Chairman of the Board (Continued)

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, he also assumes the position of an Executive Chairman for continuing leadership.

(ii) 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.

(iii) Chairman of the Board in Board Committees

The Chairman of the Board should not be a member of the Board Committees pursuant to Practice 1.4 of the MCCG. The Company adopted this Practice 1.4 as Tunku Dato' Yaacob Khyra is not a member of any of the Board Committees.

(iv) Suitably Qualified and Competent Company Secretary

In compliance with Practice 1.5 of the MCCG, 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.

1.3 Access to Information and Meeting Materials

The Board recognises that the decision-making process is highly contingent on the quality of information furnished. All members of the Board have full unrestricted access to any information pertaining to the Group's business and affairs.

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 of independent professional parties in the Board Charter.

1.4 Group Corporate Governance Framework

The Board formalised and adopted a Group Corporate Governance Framework ("the CG Framework") on 31 May 2022.

The CG Framework sets out various fundamental corporate governance principles, values and standards that shall guide the Board and Management teams within the Group and to describe the governance arrangements in place between MIG and its subsidiary companies so as to deliver efficiency, effectiveness, prudent governance and alignment across the Group which are based on the evolving corporate governance requirements instituted by the authorities. This is in line with the best practices laid out in the MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.4 Group Corporate Governance Framework (Continued)

The CG Framework also acts as a source of reference and primary induction literature to Board members and Senior Management as it contains the Group Corporate Governance Framework, the Board Charter, the TOR of the various Committees and the other Policies adopted by the Company.

This CG Framework will be reviewed and updated in accordance with the needs of the Company and any new regulations. Any amendments to the CG Framework shall be approved by the Board.

- **Board Charter**

  The Board Charter, sets 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.

  On 31 May 2022, the Board had reviewed and revised its Board Charter to incorporate the changes in MCCG, which is intended to strengthen the integrity and governance of the Group.

  The Board Charter and TOR of the Committees can be viewed on the Company's website at www.melewar-mig.com.

- **Code of Conduct and Ethics**

  With the commitment to maintaining a culture of high standard of ethical business behaviors as per Practice 3.1, 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.

- **Whistleblowing Policy**

  The Company's Whistleblowing 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 Whistleblowing Policy provides a mechanism for parties (such as staff, business associates, and members of the public) to channel their complaints or to provide information on fraud, wrongdoings, or non-compliance to any rule or procedure by employees or Management of the Group. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.

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

  The Whistleblowing Policy has been updated and revised and approved by the Board on 31 May 2022 and is available on the Company's website at www.melewar-mig.com in line with Practice 3.2 of the MCCG.

  For financial year 2022, the Company did not receive any report or complaint of misconduct from employees, Management, public or stakeholders.

- **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 are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on a quarterly basis whether they have any interest in transactions tabled at Board meetings and to abstain from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter.

  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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.4 Group Corporate Governance Framework (Continued)

- **Anti-Fraud/Corruption Policy**

  In line with the Listing Requirements of Bursa Securities in relation to anti-corruption measures, an Anti-Fraud/Corruption Policy has been adopted by the Group since 2020 which sets out the parameters and guidelines to prevent the occurrence of bribery and corrupt practices and to maintain integrity and work ethics in the conduct of the Group's business and operations.

  With the adoption of the Anti-Fraud/Corruption Policy, the Group practises zero tolerance policy against all forms of bribery and corruption. Employees, vendors and customers of the subsidiaries are made aware of, to understand and adhere to the Group's Anti-Fraud/Corruption Policy.

  The Anti-Fraud/Corruption 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 Anti-Fraud/Corruption 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 Anti-Fraud/Corruption Policy, please refer to the Company's website at www.melewar-mig.com

  For financial year 2022, there was no incident of bribery and corruption were reported to the Group.

  The Board had on 31 May 2022 reviewed and approved the revised Anti-Fraud/Corruption Policy together with the revised Code of Conduct and Ethics, Whistleblowing Policy and Conflict of Interest Policy.

1.5 Strategic Management of Sustainability Statement

The Board considers sustainability a part of its strategic formulation and in addressing this matter has together with Management developed sustainability strategies, priorities and targets to be achieved for the Group.

The sustainability initiatives and activities undertaken by the Group for the financial year ended 30 June 2022 are disclosed in the "Sustainability Statement" on Page 10 provided in this Annual Report.

In order to ensure the Board is kept abreast with sustainability issues and have sufficient understanding in sustainability matters relevant to the Group and its businesses, Directors are expected to attend sustainability-related programmes including conferences, seminars and trainings. This is to enable the Board to stay abreast and understand the sustainability issues, including climate-related risks and opportunities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 2 - BOARD COMPOSITION

2.1 Composition

The Board composition is in compliance with Paragraph 3.04(1) and 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.1 Composition (Continued)

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.

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.

2.2 Tenure of Independent Director

Practice 5.3 of the MCCG recommends that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. If the Board desires to retain them beyond nine (9) years, upon recommendation of the Nomination Committee, the Board should justify and seek annual shareholders' approval through a Two-Tier Voting Process.

In this respect, 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. This is echoed in the Board Charter.

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.

The Procedure for the Appointment and Removal of Directors was reviewed and revised on 31 May 2022 to be in alignment with MCCG.

2.3 Appointment of 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 Profile of Directors and the Senior Management Team are set out in this Annual Report.

In February 2022, the Company has also adopted a Directors' and Key Persons Fit and Proper Policy, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner. This Policy shall be reviewed periodically by the Board. The Fit and Proper Policy is published on the Company's website.

2.4 Utilisation of Various Sources in Identification of Potential Candidates

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.4 Utilisation of Various Sources in Identification of Potential Candidates (Continued)

The NRC is also guided by the Procedure for the Appointment and Removal of Directors which was revised and approved by the Board on 31 May 2022. 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 NRC acknowledges that the selection and recommendation of suitable candidates to be appointed to the Board may also be from referrals from external independent sources available, such as Director's registry or independent search firms when necessary.

There was no new appointment of Director during the financial year under review. The Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group.

2.5 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 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
Members	:	Datin Seri Raihanah Begum binti Abdul Rahman - Independent Non-Executive Director
	:	Mr Kwo Shih Kang - Senior Independent Non-Executive Director

The NRC is governed by its Terms of Reference which is available on the Company's website at www.melewar-mig.com.

2.6 Gender Diversity Policy

The Board is supportive of the gender diversity in the boardroom as recommended by the MCCG. 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.

In this respect, the Board formalised the gender diversity policy on 24 October 2013. The Diversity Policy was last reviewed on 31 May 2022 and can be found on the Company's website at www.melewar-mig.com.

This policy is also in line with the amendments to the MMLR of Bursa Securities which mandates a listed company to have at least one (1) woman Director on its Board with effect from 1 June 2023. The Company is in compliance with this requirement.

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.

Currently, Datin Seri Raihanah Begum binti Abdul Rahman is the only female Director on the Board.

2.7 Annual Evaluation of the Directors, Board as a whole and Board Committees

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, and self-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 2022. 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.7 Annual Evaluation of the Directors, Board as a whole and Board Committees (Continued)

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 Ended 30 June 2022

The NRC had discussed, inter alia, the following matters in respect of financial year ended 30 June 2022:

(a) Conducted annual assessment on the effectiveness of the individual Directors, 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 2022 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.

(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 53rd AGM. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Mr Kwo Shih Kang and Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram.

The profile of the retiring Directors, including their nature of interest with the Company (if any), are set out at the Directors' Profile section of the Annual Report.

(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 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.

(h) Reviewed and recommended the adoption of :

(a) the revised TOR of the NRC;
(b) the Group Corporate Governance Framework;
(c) the revised Board Charter;
(d) the revised Anti-Fraud/Corruption Policy covering:
  (i) Code of Conduct and Ethics
  (ii) Conflict of Interest Policy
  (iii) Anti-Fraud Policy
  (iv) Anti-Corruption Policy
  (v) Whistleblowing Policy
  (vi) Related Party Transaction Policy

(e) the revised Fit and Proper Policy;
(f) the revised Directors' Training and Education Policy;
(g) the revised Procedure for Engagement of Professional Advisors by Directors;
(h) the revised Procedure for Appointment/Removal of Directors and the Review of the Effectiveness of Board and Individual Directors;
(i) the revised Procedure for Determining the Remuneration of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.8 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 2022. The attendance of each Director at the Board meetings held during the financial year ended 30 June 2022 was as follows :

Executive Director	No. of Attendance	%
Tunku Dato' Yaacob Khyra (Executive Chairman)	5/5	100
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/5	100
En Azlan bin Abdullah	5/5	100
Independent Non-Executive Directors	**No. of Attendance**	**%**
Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
Mr Kwo Shih Kang	5/5	100
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	5/5	100

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, there were a number of Board and Committee Meetings which were held virtually.

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.

2.9 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/herself with enhanced knowledge and to effectively contribute to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.9 Continuing Education and Training of Directors (Continued)

Despite the COVID-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. During the financial year ended 30 June 2022, 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	(i) Becoming a Boardroom Star (ii) Stakeholder Communications (iii) Artificial Intelligence (AI) for Company Directors and Executives (iv) Trigger Finger & Carpal Tunnel Syndrome (v) AI for Non - AI Personnel - What Every Business Must Consider to Create Value
En Azlan bin Abdullah	(i) Climate Change, Reporting and Sustainability Trends - The Inter-Links Towards Addressing Sustainable Development Goals and Climate Change (ii) Artificial Intelligence (AI) for Company Directors and Executives
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	(i) Climate Change, Reporting and Sustainability Trends - The Inter-Links Towards Addressing Sustainable Development Goals and Climate Change
Datin Seri Raihanah Begum binti Abdul Rahman	(i) Sustainability and Its Impact on Organizations: What Directors Need to Know (ii) ICDM Board Audit Committee Dialogue & Networking (iii) Asia Talks – 'Malaysia First', a concept he is championing as Malaysia heads to the GE15 (iv) Audit Oversight Board Conversation with Audit Committees
Mr Kwo Shih Kang	(i) Corporate Directors Summit 2021 - Governance 4.0 (ii) Audit Oversight Board Conversation with Audit Committees (iii) Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries (iv) Sustainability and Its Impact on Organizations: What Directors Need to Know (v) ICDM Board Audit Committee Dialogue & Networking (vi) Protect Malaysia from Cyber Risks
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	(i) The Updated Malaysian Code on Corporate Governance 2021 (ii) Climate Change, Reporting and Sustainability Trends - The Inter-Links Towards Addressing Sustainable Development Goals and Climate Change (iii) Becoming a Boardroom Star (iv) Artificial Intelligence (AI) for Company Directors and Executives (v) Audit Oversight Board Conversation with Audit Committees (vi) Bursa Main Market Listing Requirements

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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 3 – REMUNERATION

3.1 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.

The remuneration package takes into account the scope of duty and responsibilities; the conditions and experience required; the ethical values and strategic targets of the Company; the corporate and individual performances; and the current market rate within the industry and in comparable companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 3 – REMUNERATION (CONTINUED)

3.2 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 Director's 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 consideration the 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 FY2022, the NRC had performed its duty to assess the remuneration package of its Executive Director and Senior Management.

In addition, the NRC had also deliberated on the Directors' fees for the financial year ending 30 June 2023 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 Director are structured so as to link rewards to corporate and individual performance. The remuneration of Senior Management/Executive Director includes salary, bonus, allowance and benefits-in-kind.

For the year 2023, 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 53rd 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 53rd AGM.

The Company notes that payments made to the Executive Director 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.

The detailed remuneration of the Directors for the financial year ended 30 June 2022 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	1,049.8	260.9	30.4	-	-	196.6
Non-Independent Non-Executive Directors						
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	2.8	37.2	3	-
En Azlan bin Abdullah	-	-	2.8	37.2	3	-
Independent Non-Executive Directors						
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	2.8	49.2	9	-
Mr Kwo Shih Kang	-	-	2.8	49.2	9	-
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	-	-	2.8	49.2	9	-

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 3 – REMUNERATION (CONTINUED)

3.2 Remuneration of Directors and Senior Management (Continued)

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	1,499.5	370.2	28	-	-	280.5
Non-Independent Non-Executive Directors						
En Azlan bin Abdullah	-	-	-	48	3	-
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	-	-	-	-
Independent Non-Executive Directors						
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	60	9.5	-
Mr Kwo Shih Kang	-	-	-	60	7.5	-
Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram	-	-	-	-	-	-

* 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.

3.3 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
RM500,001 to RM550,000	1
RM950,001 to RM1,000,000	1
RM1,100,001 to RM1,150,000	1
RM1,250,001 to RM1,300,000	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.

The Company noted that the non-disclosure of the remuneration of the top five Senior Management is a departure from Practice 8.1 and 8.2 of the MCCG but nevertheless will consider the application of both practices when the Company is satisfied that there are adequate rules and regulations set in place by the authorities to protect the Company from losing its invaluable human assets/talents.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT AND GOVERNANCE COMMITTEE

1.1 The Chairman of the AGC is not the Chairman of the Board

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 MCCG. The profile of the Chairman of the AGC is set out in the Profile of Directors of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART 1 – AUDIT AND GOVERNANCE COMMITTEE (CONTINUED)

1.2 Former Key Audit Partner

The Terms of Reference of the AGC requires the former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AGC.

The updated Terms of Reference of the AGC are set out on the Company's website.

Currently, none of the members of the AGC were former audit partners overseeing the audit of the financial statements of the Group.

1.3 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 ("PwC") in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

During the financial year, the AGC had met the External Auditors two (2) 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, through the AGC, 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 revised 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 53rd AGM.

However, the Group had on 13 October 2022 received the letter from PwC of their intention not to seek re-appointment at the forthcoming AGM of the Company to be held in 2022.

The major shareholder of the Company, Melewar Khyra Sdn Bhd has nominated KPMG PLT to be the external auditor of the Group in place of PwC.

Details on the audit fees payable to the External Auditors and summary of the activities of the AGC during the financial year are set out in the AGC Report in this Annual Report.

1.4 Composition of Audit and Governance 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.

This is in compliance with Paragraph 15.09 (1) (b) of the Listing Requirements, which stipulates that "all the audit committee members must be Non-Executive Directors, with a majority of them being Independent Directors".

1.5 Qualification of the Audit and Governance Committee

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 31 to 33 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 65 to 71 of this Annual Report.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

2.1 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.

2.2 Features of its Risk Management and Internal Control Framework

The Board recognizes the importance of risk management and internal controls in the overall management process. An ongoing process has been established for identifying, evaluating and managing risks faced by the Group. The Statement on Risk Management and Internal Control which provides an overview of the Group's risk management and internal control framework is set out on pages 60 to 64 of this Annual Report.

2.3 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 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.

On 31 May 2022, the Internal Audit function of the Group was outsourced to a new independent external professional firm, Crowe Governance Sdn Bhd in place of Messrs Deloitte Business Advisory Sdn Bhd who has been the outsourced internal auditor since 2017.

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.

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 1 – ENGAGEMENT WITH STAKEHOLDER

1.1 Effective, Transparent and Regular Communication with its Stakeholders

The Company has in place a Corporate Disclosure Policies and Procedures ("CDPP") 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.

On 31 May 2022, the Board has reviewed and approved the revised CDPP, to better define the policy aim, disclosure requirements and procedures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

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

PART 1 – ENGAGEMENT WITH STAKEHOLDER (CONTINUED)

1.1 Effective, Transparent and Regular Communication with its Stakeholders (Continued)

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

1.2 Integrated Reporting

For the financial year under review, the Company does not fall within the definition of "Large Company" and hence, need not perform integrated reporting.

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

PART 2 – CONDUCT OF GENERAL MEETINGS

2.1 Notice of Annual General Meeting ("AGM")

The Company Secretary, by order of the Board, serves 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.

2.2 Attendance at AGM

All members of the Board, the Company Secretary, External Auditors and the Senior Management had attended the fully virtual 52nd AGM through video conferencing.

2.3 Leveraging on Technology to Facilitate Communication with Shareholders

The Company had leveraged on technology to facilitate voting in absentia and remote participation by shareholders at shareholders' meetings through hosting its fully virtual 52nd AGM held on 30 November 2021.

2.4 Meaningful Engagement between Board, Senior Management and Shareholders

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.

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.

For the AGM held in November 2021, the entire AGM proceedings were held through Remote Participation and Voting Facilities ("RPV") which is in compliance with Section 327 of the CA. The Administrative Details of the AGM as well as the e-Portal user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website. All shareholders were encouraged to participate in the Company's AGM remotely to ensure a high level of accountability. Shareholders were given opportunities to raise questions and feedback on their views on issues affecting the Company and also to vote in AGM remotely.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

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

PART 2 – CONDUCT OF GENERAL MEETINGS (CONTINUED)

2.4 Meaningful Engagement between Board, Senior Management and Shareholders (Continued)

Shareholders who participated remotely via live streaming at the 52nd AGM were required to login to www.tracemanagement.com.my e-Portal for casting his/her vote online until the close of the voting session of the 52nd AGM.

The Chairman of the 52nd AGM ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question and Answer sessions during the 52nd AGM. The representatives from External Auditors were also present via tele-conferencing to respond to queries raised by shareholders.

An independent scrutineer was appointed to validate the votes cast and results of each resolution put to vote were announced at the Meeting. The poll results, confirmed by the Chairman, were instantaneously displayed on-screen which were seen by shareholders who joined the meeting via electronic means.

An announcement detailing the poll results, including the total number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK on the same day after the conclusion of the general meeting.

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.

In accordance with the MMLR, a summary of the key decisions and discussions arising from the AGM in December 2022 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.

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, 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.

2.5 Publication of the Minutes of General Meeting

The Company's AGM remains one of the most important platforms for communication and engagement between the Company and its shareholders.

The recording of the proceedings in the form of minutes reflects the matters that were deliberated, explanations, agreements as well as resolutions reached between the shareholders and Directors of the Company in the AGM.

The Minutes of 52nd AGM with the notation on the proceedings, issues and concerns raised by shareholders, and the responses by the Company were made available on the Company's website at www.melewar-mig.com within 30 business days after the conclusion of the 52nd AGM, so as to provide useful information to shareholders and investors especially for the absentee shareholders in regard of the AGM.

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 MCCG 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 2022.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION (CONTINUED)

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 2022 amounted to RM704,450 and RM234,500 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 2022 amounted to RM24,000 and RM12,000 respectively.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022

On 30 November 2021, the Company sought approval for a shareholders' mandate for MIG Group to enter into RRPTs (as defined in the Circular to Shareholders dated 29 October 2021) 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 2022 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 (01/07/2021 – 30/06/2022) (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	378,991

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 (01/07/2021 – 30/06/2022) (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 2022 (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 (01/07/2021 – 30/06/2022) (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 Party		Value of Transaction (01/07/2021 – 30/06/2022) (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

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 2022.

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 Board of Directors ("the Board") of Melewar Industrial Group Berhad ("MIG" or "the Company") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2022, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and in accordance with the principles and recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("MCCG") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board is aware that its principal responsibilities, as outlined in the Guidance of the MCCG, include, inter-alia, the following:

- ensure there is a sound framework for internal control and risk management;
- understanding and identifying principal risks of the business and ensuring the implementation of appropriate controls and mitigation measures;
- sets the risk appetite, within which the management is expected to operate; and
- reviewing the adequacy and integrity of the management information and internal control system of the Company.

In fulfilling its oversight responsibility, the Board, assisted by its Audit and Governance Committee ("AGC") and Risk and Sustainability Committee ("RSC"), reviews the adequacy, effectiveness and integrity of the Group's risk management system and internal control system. These two Committees support the Board by ensuring that the Management implements and maintains a sound system of risk management and internal control and that risk management is embedded in all aspects of the Group's activities to mitigate and/or reduce the overall risk exposure associated with the activities of the Group.

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.

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.

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

During the financial year ended 30 June 2022, 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)	4/4

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

RISK MANAGEMENT AND RISK GOVERNANCE STRUCTURE

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. During the financial year, the internal audits were outsourced to external service provider, Messrs Deloitte Business 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. The Chief Executive Officer ("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 that the Internal Controls Systems 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 on a regular basis the Group's existing risk management process to ensure it is appropriate for the Group's requirements.

RISK MANAGEMENT FRAMEWORK

The Risk Coordinator coordinates with the risk owners to identify and document major risks, assess the potential impact and likelihood of occurrence and mitigating controls including sustainability issues through the adoption of risk management framework. Under the risk management framework, the Group aims:

a. to provide guidance to the Group and facilitate a structured approach in identifying, evaluating and managing significant risks covering both operational and environmental, social and governance ("ESG") issues.

b. to manage and monitor the Group's day-to-day operational risks which includes those relating to supply chain, production, marketing, safety & health and compliance with laws and regulations and various certifications and quality accreditations at the business unit level and guided by standard operating procedures.

c. to manage and monitor the Group's exposure to various financial risks relating to credit, liquidity, interest rates and foreign currency exchange rates. The Group's risk management objectives and policies, coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 5 to the Financial Statements of this Annual Report.

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.

The following are initiatives undertaken by the RSC during the year:

- Reviewed the Terms of Reference on 31 May 2022 to be in line with the MCCG 2021 especially in relation to the Company committing to comply with the ESG issues;

- Reviewed and enhanced the Anti-Fraud/Corruption Policy covering the following areas to serve as a document to guide the ethics and conducts for all Directors/Management and employees of the Company and its subsidiaries:

  (i) Code of Conduct and Ethics
  (ii) Conflict of Interest Policy
  (iii) Anti-Fraud Policy
  (iv) Anti-Corruption Policy
  (v) Whistleblowing Policy

- Reviewed the risk profile of the Group and action plans to be undertaken to manage the principal risks of the Group including the ESG issues;

- Monitored the action plans derived by the "Risk Owners" to address principal risks of the Group;

- Discussed and identified other key areas of improvement to be implemented for better optimisation of the facilities, equipment and machinery used by the Group; and

- 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 which would be reviewed by the External Auditors prior to the Board's approval for inclusion in the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

RISK MANAGEMENT FRAMEWORK (CONTINUED)

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group has been adequately addressed by Management. For the financial year under review, there was no material loss resulted from significant control weaknesses that would require additional disclosure in the Annual Report. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM

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 2022 are summarised as follows:

(a) Organisation Structure and Authorisation Procedures

The Board has set an organizational structure to govern and manage the decision process in the MIG Group. The Authority Limits are set out to govern the approvals and authorisation by the Board and the different levels of Management to ensure accountability, segregation of duties and control over the Group's financial commitments.

The Authority Limits and authorisation levels are built into the internal control systems to ensure proper checks and authorisation of transactions at each control area throughout the process chain.

The operating structure of the MIG Group is aligned to business requirements. It has defined lines of responsibilities to ensure that component tasks are handled by different employees. With segregation of duties, employees' accountability can be enhanced and the risk of error and fraud can be minimised.

(b) 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
- Intercompany Transactions/Loans/Advances
- FX Risk Management
- Manual Journal Transaction Procedure
- Miscellaneous Payments Procedures
- Credit Control Procedure
- Purchase Procedure
- Sales Procedure
- Sub-raw Materials, Tooling, Hardware, Consumable, Equipment, Fuel, Lubricants and Miscellaneous Items Purchase Procedure
- Internal Security Procedure/Site Pre-Qualification Process
- Raw Material Purchase and Sub-Contractor Procedure
- Project Monitoring Mechanism

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

(c) External Bodies Certification

The operating subsidiaries (MST and MSCRC) are certified and are in compliance with the ISO 9001:2015 (Quality Management System). Besides that, products relating to certification such as SIRIM Eco-label (SIRIM ECO 032:2020) and ISO 14024, Type 1 under Green Label Certification are also obtained by one of the operating subsidiaries (MSCRC) to further improve its operation and product quality. MSCRC is working towards ISO 14001:2015 (Environmental Management System) and ISO 50001:2018 (Energy Management System).

(d) Human Resources

Job descriptions and responsibilities are clearly defined and communicated. Manpower requirement planning is carried out regularly together with the respective business and operation units to optimise staff resources and increase efficiency. Continuous emphasis is placed on enhancing the competency level and quality of employees across all functions through mentoring, training and skills development and upgrading programmes to enhance their skills, knowledge and competencies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM (CONTINUED)

(e) 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 AGC. 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.

(f) 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.

(g) 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) The Group has set in place a Whistleblowing Policy which outlines the Group's commitment towards enabling employees and stakeholders to raise concerns in a responsible and confidential manner in regards to any wrongdoings without being subject to victimisation or discriminately treatment.

(ii) The Group has established an Anti-Fraud/Corruption Policy to provide guidance to all Directors, employees including external parties whom have business dealings with the Group on matters involving bribery and corruption practices.

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

(iv) Code of Conducts endorsed by the Board and communicated to all employees in the Group as an integral part of MIG's governance regime that sets out the ethical principles and expected standard of conducts in conducting business and the compliance with applicable laws and regulations for all of its Directors and employees within the Group.

(v) 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.

(vi) 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

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 Chief Financial Officer ("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 2022 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 of the AGC has been revised and updated on 31 May 2022.

The TOR of the AGC is available on the Company's website at www.melewar-mig.com pursuant to Paragraph 15.11 of the MMLR of Bursa Securities.

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 and Practice 9.4 of the MCCG. No Alternate Director is appointed as a member of the AGC.

The current composition of the AGC, their respective designations 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	Independent Non-Executive Director

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 which is in line with Practice 9.1 of 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 (3) 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 31 to 33 in the Annual Report.

During the financial year 2022, 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.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

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, representatives 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 and/or approval of the Board.

During the financial year ended 30 June 2022, 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	5/5	100

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 two (2) 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, if any are required.

The NRC had on 30 August 2022 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 2022

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

Financial Reporting	(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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of 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 the financial year ended 30 June 2022 based on the assessment made by the External Auditors on the macroeconomic changes which could affect the business of the Group: (i) Impact on decrease in steel prices There was a decrease in Hot Rolled Coil steel prices as at 31 December 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 focused assessment on revenue recognition of sales transactions in the incorrect accounting period. (ii) Impact on reduction of ceiling price for the poultry The ceiling price was set by the government to ensure the stability of the chicken prices and the related food prices but further reduction of ceiling price could lead to increase in risk of material misstatement in revenue recognition. As such, the External Auditors would need to carry a more focused assessment on revenue recognition of sales transactions not supported by actual delivery and sales made to unauthorised customers. (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 variance 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; and ➢ 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 material 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 Group and of the Company.
External Audit and Interim Review	(a) On 31 May 2022, the External Auditors presented the Audit Plan for the financial year ended 30 June 2022 which outlined the engagement team, audit timetable, group scoping, areas of audit emphasis and their engagement letter. The External Auditors briefed the AGC on developments in laws and regulations as well as new accounting and auditing standards. At the meeting, the External Auditors confirmed their independence in relation to the audit engagement for the financial year ended 2022, 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"). The External Auditors had also presented their 2021 Transparency Report. PwC's Transparency Report which provided insights into how the Firm puts audit quality at the heart of everything PwC do in their Assurance Practice. It not only spells out their audit methodology but also describes what they do in maintaining the right culture, equipping their people with the right training and investing in cutting edge audit tools - in PwC's quest to maintain audit quality. Particularly for this year, focus is also on how PwC redefined their strategy given the pressures and challenges their clients are facing as the COVID-19 pandemic rages.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022 (CONTINUED)

External Audit and Interim Review	(b) The AGC had on 30 August 2022, reviewed with the External Auditors, the significant auditing and accounting matters in respect of their audit for the financial year ended 30 June 2022. In the said meeting, the AGC reviewed with the External Auditors on the internal control recommendations, the new accounting standards and other developments in laws and regulations. (c) The AGC had in August 2022 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:- - took into consideration the criteria stipulated under Paragraph 15.21 of the MMLR when deciding on the External Auditors; and - 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 August meeting, the AGC reviewed the provision of audit and non-audit fees by the External Auditors for the financial year 2022. 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 2022 are set out in the Corporate Governance Overview Statement 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 2022 ("FS"), in October 2022 including the status and outcome of their audit findings and key audit matters to be disclosed in the FS. (f) The AGC held two (2) private sessions with the External Auditors in August 2021 and May 2022 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.
Internal Control and Internal Audit	(a) Reviewed and approved the Internal Audit Consultants' Annual Internal Audit Plan (2021/2022) and ensured principal risks, key entities, scope and functions were adequately identified and covered in the plan which was tabled at the AGC meeting held in November 2020. (b) Reviewed and evaluated the overall adequacy and effectiveness of the risk management and the Group's internal control system on a quarterly basis through review of results of work performed by the Internal Audit Consultants and External Auditors and discussions with Management. (c) 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. (d) 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. (e) 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. (f) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. (g) 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.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022 (CONTINUED)

Internal Control and Internal Audit (continued)	(h) Reviewed the change of outsourced internal audit service provider in view that Deloitte Business Advisory Sdn Bhd has served 6 years from 2017 to June 2022 and based on the interview carried out on various internal audit service providers, the AGC had decided to recommend Crowe Governance Sdn Bhd to be engaged in place of Deloitte. (i) Reviewed the Internal Audit Plan for the financial years 2023 - 2027 for recommendations to the Board for approval proposed by the new Internal Audit Consultants to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas in August 2022. Also considered the adequacy of the manpower sufficiency of the new internal audit service provider to perform the activities envisaged in the Internal Audit Plan.
Corporate Governance	(a) Reviewed the related party transactions entered into by the Group, including the policies and procedures for reviewing recurrent related party transactions of a revenue or trading nature, to ensure all the recurrent related party transactions entered into by the Group are not more favourable to the transacting parties than those normally available to the public and are not to the detriment of the minority shareholders. (b) Reviewed the revised Terms of Reference of the Audit and Governance Committee to incorporate the policy for a cooling-off period for appointment of a former partner of the external audit firm and to incorporate the relevant changes highlighted in MCCG 2021, which is intended to strengthen the integrity and governance of the Group. (c) Reviewed and recommended the adoption of the revised Communication Policy. (d) Reviewed and recommended the adoption of the revised Corporate Disclosure Policies and Procedures. (e) 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; (ii) Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance; and (iii) Proposed new shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (f) 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. (g) Conducted a self-assessment exercise to evaluate AGC's own effectiveness in discharging their duties and responsibilities for the period ended 30 June 2022 and submit the evaluation to the Nomination and Remuneration Committee for assessment.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

For good corporate governance, Internal Auditors are to rotate or change from time to time. On 31 May 2022, the Committee and the Board of Directors agreed for the Internal Audit ("IA") function of the Group to be outsourced to a new independent external professional firm, Crowe Governance Sdn Bhd ("Crowe") in place of Messrs Deloitte Business Advisory Sdn Bhd ("Deloitte" or "Internal Audit Consultants") who has been the outsourced internal auditor since 2017.

All internal audit functions during the financial year were conducted by Deloitte.

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.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

During the financial year ended 30 June 2022, 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 for 2021/2022:

A) Carried out by Deloitte

Companies	Key Areas	Activities
• MIG	Anti-Corruption Gap Assessment Review and Follow-up Review Report.	Principle 1 - Top Level Commitment ➢ Reviewed relevant Governance Framework and Policies; e.g. Whistleblowing Policy, Code of Conduct, Anti-Bribery and Anti-Corruption Policy; ➢ Reviewed MIG's core value, vision and mission; and ➢ Reviewed matters discussed at Board of Directors ("Board") and Management meetings related to governance and anti-corruption. Principle 2 - Risk Assessment ➢ Reviewed the Enterprise Risk Management framework and procedures; ➢ Reviewed fraud and corruption risk assessment result (likelihood, impact, rating); and ➢ Reviewed relevant risk mitigation action plans and designated controls. Principle 3 - Undertake Control Measures ➢ Reviewed MIG's processes which includes Standard Operating Procedures; i.e. Limit of Authority, Tender/Procurement; ➢ Reviewed MIG's organisational and departmental structure including approving authority; and ➢ Reviewed results of internal controls compliance check and/or audit review. Principle 4 - Systematic Review, Monitoring and Enforcement ➢ Reviewed the frequency of monitoring on corruption matters; and ➢ Reviewed the reporting and escalation process for any control weaknesses and whistleblowing. Principle 5 - Training and Communication ➢ Assessed the awareness of employees on Whistleblowing Policy, Code of Conduct and Anti-Bribery and Anti-Corruption Policy; ➢ Reviewed the orientation and training modules; ➢ Reviewed the list audience of the orientation and trainings; and ➢ Reviewed the available documentation related to integrity and governance on corruption.
• 3Bumi Trading Sdn Bhd	Operational Audit	Reviewed the internal control procedures pertaining to the following: ➢ Compliance with established Policies and Procedures and identified areas of improvement, where applicable; ➢ Product costing and pricing; ➢ Sales order processing and delivery; ➢ Billing and collection; ➢ Purchase requisition and order processing; ➢ Supplier sourcing, evaluation and selection; ➢ Customer and supplier due diligence; ➢ Stock (i.e. consignment goods and/or stock held by third party) movement including stock return; ➢ Stock count and reconciliation; ➢ Stock ageing and write off; ➢ Documentation for conversion of raw materials to work in progress and/or finished goods; ➢ Validity of licenses; and ➢ Existence of fixed assets.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

A) Carried out by Deloitte (Continued)

Companies	Key Areas	Activities
• 3Bumi Oleo Sdn Bhd	Operational Audit	Reviewed the internal control procedures pertaining to the following: ➢ Compliance with established Policies and Procedures and identified areas of improvement, where applicable; ➢ Product costing and pricing; ➢ Sales order processing and delivery; ➢ Billing and collection; ➢ Purchase requisition and order processing; ➢ Supplier sourcing, evaluation and selection; ➢ Customer and supplier due diligence; ➢ Stock (i.e. consignment goods and/or stock held by third party) movement including stock return; ➢ Stock count and reconciliation; ➢ Stock ageing and write off; ➢ Documentation for conversion of raw materials to work in progress and/or finished goods; ➢ Validity of licenses; and ➢ Existence of fixed assets.

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 RM76,000 for the financial year ended 30 June 2022.

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2022

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

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

In accordance with Article 96(1) of the Company's Constitution, Kwo Shih Kang and Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram are to retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

The directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to date of this report are listed below (excluding those who are also Directors of the Company):

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Roshan Mahendran bin Abdullah
Soo Teong Chuan
Mohd Silahuddin bin Jamaluddin
Ahmad Hamdan bin Jamaluddin
Brayn White
Alexius Lim Chong Jin
Muk Sai Tat
Kamarul Ariffin bin Mansor
Farid Wakim bin Kamarudin
Dato' Mohd Zahir bin Zahur Hussain (Appointed on 30 June 2022)
Mary Cristine Cadenas Bumaat (Resigned on 1 July 2022)
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim (Resigned on 30 September 2022)

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of property investment and investment holding. The principal activities of its subsidiaries are disclosed in Note 17 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	48,161,700	267,690
Attributable to:		
- owners of the Company	35,030,635	267,690
- non-controlling interests	13,131,065	-
	48,161,700	267,690

RESERVE AND PROVISIONS

All material transfers to or from reserve 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 2022.

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2022
(continued)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or any of its subsidiaries is a party, being arrangements with the object of enabling the Directors of the Company or any of its subsidiaries to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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.

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			
	As at 01.07.2021	**Acquired**	**Disposed**	**As at 30.06.2022**
Melewar Industrial Group Berhad ("MIG") (the Company)				
Tunku Dato' Yaacob Khyra				
- deemed indirect interest [i]	168,572,764	-	-	168,572,764
Azlan bin Abdullah				
- direct interest	133,333	-	-	133,333

	Number of ordinary shares			
	As at 01.07.2021	**Acquired**	**Disposed**	**As at 30.06.2022**
Mycron Steel Berhad (Subsidiary)				
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	53,900	-	-	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") which 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 which 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 companies during the financial year.

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2022
(continued)

DIVIDENDS

No dividend has been paid or declared since the end of the Company's previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2022.

DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received/receivable by Directors of the Company from the Company and its subsidiaries are as follows:

	Received/ Receivable from the Company	Received/ Receivable from Subsidiaries	Group
	RM	RM	RM
Non-Executive Directors:			
- fees	222,000	276,000	498,000
- allowances	33,000	33,500	66,500
- estimated monetary value of benefits-in-kind	14,175	2,995	17,170
Executive Directors:			
- salaries, bonuses and other emoluments	1,310,758	7,272,610	8,583,368
- allowances	-	70,800	70,800
- estimated monetary value of benefits-in-kind	30,375	70,605	100,980
- defined contribution plan	196,621	1,092,354	1,288,975
	1,806,929	8,818,864	10,625,793

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 RM59,500 and RM34,000 (2021: RM37,400 and RM22,950) respectively.

EVENTS WHICH OCCURRED DURING AND AFTER THE REPORTING DATE

Details of the events which occurred during and after the reporting date are set out in Note 38 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2022
(continued)

OTHER STATUTORY INFORMATION (CONTINUED)

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

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

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

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

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

(a) 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

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

No contingent or other liability 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.

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.

In the opinion of the Directors:

(a) 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

(b) 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 38 to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 30 June 2022 is as follows:

	Group RM	Company RM
PricewaterhouseCoopers PLT		
- statutory audit	704,450	234,500
- non-audit services	24,000	12,000

DIRECTORS' REPORT

For The Financial Year Ended 30 June 2022
(continued)

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), will not be seeking re-appointment at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors on 21 October 2022. 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 83 to 178 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 2022 and the financial performance of the Group and 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 with a resolution dated 21 October 2022.

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, Chan Loo Ling, being 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 83 to 178 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.

CHAN LOO LING
CHIEF FINANCIAL OFFICER

Subscribed and solemnly declared by the abovenamed, Chan Loo Ling (MIA No.: 32390) before me, at Kuala Lumpur in Malaysia on 21 October 2022.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To the Members of Melewar Industrial Group Berhad
(Registration No. 196901000102 (8444-W))
(Incorporated in Malaysia)

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 2022, 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 as at 30 June 2022 of the Group and of the Company, 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 83 to 178.

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 of land and buildings, plant, machinery and electrical installation The Group carries its land (comprising of both freehold and leasehold land) and buildings, plant, machinery and electrical installation at their fair values. As at 30 June 2022, the carrying amount of the Group's freehold land and buildings, plant, machinery and electrical installation classified under property, plant and equipment; and leasehold land under right-of-use assets are RM309.2 million and RM85.5 million (2021: RM293.8 million and RM83 million) respectively. During the financial year, the Group recorded impairment losses on buildings of RM0.8 million and impairment loss on plant, machinery and electrical installation of RM2.3 million respectively. The Group has also recorded revaluation surplus of RM4.0 million on freehold land, RM4.0 million on leasehold land, RM1.3 million on plant, machinery and electrical installation and RM3.6 million revaluation loss on buildings respectively.	With respect to Director's revaluation of land and buildings, plant, machinery and electrical installation, we performed the following procedures: • Obtained the valuation reports for the land and buildings, plant, machinery and electrical installation which were prepared by the independent professional valuer. We assessed the competency, capabilities and objectivity of the valuer by considering their professional background, reputation and experience in valuation of assets in the industry where the Group operates. • Discussed with the valuer to understand the methodologies adopted in determining the valuation price of the assets under valuation. We discussed with the valuer to understand the appropriateness of the adjustments made to the observable prices in the active market or recent market transactions in determining the valuation of the land. We discussed with the valuer to understand the appropriateness of the deductions made to the current cost of replacement in determining the valuation of the buildings, plant, machinery and electrical installation.

INDEPENDENT AUDITORS' REPORT

To the Members of Melewar Industrial Group Berhad
(Registration No. 196901000102 (8444-W))
(Incorporated in Malaysia)
(continued)

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 of land and buildings, plant, machinery and electrical installation (continued) The revaluation of the Group's land and buildings, plant, machinery and electrical installation is carried out by the Directors based on the valuation performed by an independent professional valuer on an annual basis. The fair values of the land were determined based on adjusted market comparison by reference to observable prices in the active market or recent market transactions. The fair values of the buildings, plant, machinery and electrical installation were determined based on depreciated replacement cost method, based on the current cost of replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. We focused on the valuation of the land and buildings as the valuation is inherently subjective due to the individual nature of each property and its location. The valuation of 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. Refer to Note 4 - Critical Accounting Estimates and Judgements, Note 14 - Property, Plant and Equipment and Note 15 - Leases to the financial statements.	Based on the above procedures performed, we did not note any material exceptions.
Impairment assessment of property, plant and equipment and right-of-use ("ROU") assets The Directors of the Company carried out impairment assessment in accordance with MFRS 136 on the Group's property, plant and equipment and ROU 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. The Directors have considered that the valuation method used to fair value the land, i.e. fair value, is appropriate to determine the recoverable amount of land as it approximates the impairment assessment method allowed by MFRS 136 in determination of the recoverable amount, i.e. fair value less costs of disposal. For the buildings, plant, machinery and electrical installation where their revaluation is performed based on "Depreciated replacement cost method" and other non-financial assets not subjected to revaluation, the Directors had performed an impairment assessment based on the value-in-use ("VIU") method to determine their respective recoverable amount. The use of VIU involved significant estimates of the future financial results of the business, in particular, the key assumptions on sales volume growth rates, gross 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 impairment assessment performed by the Directors on the Group's property, plant and equipment and ROU assets.	With respect to management's impairment assessment based on VIU, we performed the following procedures: • Obtained an understanding of management's business plans approved by the Board of Directors; • Checked the appropriateness of management's identification of cash generating units ("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 gross 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; • Checked the pre-tax discount rates used by comparing the rate to independent computation by auditors' expert; • Checked the reasonableness of probabilities use by management by comparing to the historical performance; • 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 material exception were noted from the results of management's impairment assessment.

INDEPENDENT AUDITORS' REPORT

To the Members of Melewar Industrial Group Berhad
(Registration No. 196901000102 (8444-W))
(Incorporated in Malaysia)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Net realisable value of inventories

As at 30 June 2022, the Group has inventory balances of RM286.8 million comprising the raw materials, work-in-progress, finished goods and consumables. During the financial year, the Group recognised a RM10.0 million write-down on its inventories (representing 8.1% of gross carrying amount) to the net realisable value in the Cold Rolled Coil ("CRC") segment.

The Group carries its inventories at the lower of weighted average cost and net realisable value. The cost of finished goods and work-in-progress comprises the cost of materials, direct labour, and other direct costs and an appropriate proportion of variable and fixed overhead expenditure allocated on the basis of normal operating capacity.

We focused on the recoverability of the inventories within the CRC segment due to the declining price trend of the Hot Rolled Coil since the peak price in April 2022, with the decrease in price extending by more than 30% from the peak price subsequent to the financial year end (up to latest practical date). We also focused on the recoverability of these inventories due to the significant estimates involved in determining the net realisable value of the inventories, which is dependent on the expected selling price of the finished goods subsequent to the financial year end.

Refer to Note 4 - Critical Accounting Estimates and Judgements and Note 19 - Inventories to the financial statements.</td><td>With respect to management's assessment of the net realisable value of the inventories within the CRC segment, we performed the following procedures:

• Obtained an understanding on management's basis of write-down of inventories to its net realisable value;
• Held discussions with management to understand and corroborate the assumptions applied in estimating the net realisable value of inventories;
• Evaluated the appropriateness of the method and estimates used by management to estimate the net realisable values;
• Performed substantive testing to check from the contracted sales order listing subsequent to the financial year end to the sales contract with the customer;
• Compared the selling prices in the contracted sales order listing subsequent to the financial year end to the weighted average cost of the inventories as at 30 June 2022; and
• Assessed the adequacy of the disclosures in the financial statements.

Based on the above procedures performed, we did not note any material exceptions.</td></tr>
</table>

We have determined that 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 2022 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Melewar Industrial Group Berhad
(Registration No. 196901000102 (8444-W))
(Incorporated in Malaysia)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of Melewar Industrial Group Berhad
(Registration No. 196901000102 (8444-W))
(Incorporated in Malaysia)
(continued)

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 17 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 2022

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
Continuing operations					
Revenue	7	752,246,275	738,322,868	14,682,233	19,560,160
Cost of sales/services provided		(619,673,021)	(625,906,111)	(1,991,362)	(2,054,589)
Write-down of inventories	8	(9,974,697)	-	-	-
Gross profit		122,598,557	112,416,757	12,690,871	17,505,571
Other operating (expenses)/income		(4,873,859)	81,179	12,250	35,000
Gain on disposal of a subsidiary	8	-	5,016,793	-	750,000
Net foreign exchange (loss)/gain	8	(667,827)	206,094	-	-
Fair value (loss)/gain on investment properties	16	-	-	(508,500)	2,600,000
Fair value gain on derivatives	22	-	-	3,333,869	3,535,879
(Impairment)/Write back on:					
- property, plant and equipment	14	(3,155,169)	(4,329,440)	(3,861)	13,417
- trade receivables	8	(611,015)	(403,319)	-	-
- other receivables	8	(574,642)	(505,000)	-	-
- investment in subsidiaries	17	-	-	-	(68,269,611)
- amounts due from subsidiaries	5(c)(iv)	-	-	(9,365,078)	60,943,108
Selling and distribution expenses		(4,822,794)	(6,131,932)	-	-
Administrative and general expenses		(43,414,903)	(32,257,782)	(4,022,160)	(3,030,192)
Profit from operations		64,478,348	74,093,350	2,137,391	14,083,172
Finance income	9	1,378,276	1,306,596	66,445	125,144
Finance costs	9	(4,910,673)	(3,416,236)	(8,558)	(12,969)
Finance (costs)/income – net		(3,532,397)	(2,109,640)	57,887	112,175
Profit before tax	8	60,945,951	71,983,710	2,195,278	14,195,347
Tax expense	11	(12,784,251)	(13,534,459)	(1,927,588)	(1,156,238)
Net profit for the financial year from continuing operations		48,161,700	58,449,251	267,690	13,039,109

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2022
(continued)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Discontinued operations					
Net loss for the financial year from discontinued operations	12	-	(41,708)	-	-
Net profit for the financial year		48,161,700	58,407,543	267,690	13,039,109
Other comprehensive income/(loss) (net of tax):					
Item that may be reclassified subsequently to profit or loss:					
Currency translation differences		373,645	(351,693)	-	-
Item that will not be reclassified to profit or loss:					
Asset revaluation reserve					
- Revaluation surplus on:					
- property, plant and equipment, net of tax	31	1,835,901	7,256,414	88,181	74,951
- right-of-use assets, net of tax	31	3,033,610	3,799,873	-	-
Total comprehensive income for the financial year		53,404,856	69,112,137	355,871	13,114,060
Net profit/(loss) attributable to:					
- Owners of the Company:					
- from continuing operations		35,030,635	44,768,113	267,690	13,039,109
- from discontinued operations		-	(41,708)	-	-
		35,030,635	44,726,405	267,690	13,039,109
- Non-controlling interests		13,131,065	13,681,138	-	-
Net profit for the financial year		48,161,700	58,407,543	267,690	13,039,109
Total comprehensive income/(loss) attributable to:					
- Owners of the Company:					
- from continuing operations		39,218,194	53,405,707	355,871	13,114,060
- from discontinued operations		-	(41,708)	-	-
		39,218,194	53,363,999	355,871	13,114,060
- Non-controlling interests		14,186,662	15,748,138	-	-
Total comprehensive income for the financial year		53,404,856	69,112,137	355,871	13,114,060

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2022
(continued)

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
Profit/(Loss) per share attributable to owners of the Company during the financial year:					
- Basic (sen):					
- from continuing operations		9.75	12.45		
- from discontinued operations		-	(0.01)		
	13	9.75	12.44		
- Diluted (sen):					
- from continuing operations		9.75	10.50		
- from discontinued operations		-	(0.01)		
	13	9.75	10.49		

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

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
NON-CURRENT ASSETS					
Property, plant and equipment	14	315,791,064	320,024,217	831,089	750,259
Right-of-use assets	15	87,671,072	84,182,643	109,561	186,897
Investment properties	16	-	-	72,000,000	72,000,000
Investment in subsidiaries	17	-	-	88,067,457	88,067,457
Deferred tax assets	18	637,294	837,665	-	-
		404,099,430	405,044,525	161,008,107	161,004,613
CURRENT ASSETS					
Inventories	19	286,797,640	228,199,369	-	-
Receivables, deposits and prepayments	20	75,478,946	43,404,003	7,467,770	161,617
Financial assets at fair value through profit or loss	21	2,600,000	-	-	-
Derivatives financial assets	22	4,815,229	2,019,630	8,378,320	5,051,256
Amounts due from subsidiaries	23	-	-	6,164	381,617
Current tax recoverable		437,665	384,819	-	137,230
Deposits with licensed banks	24	91,340,140	90,085,023	-	7,860,000
Cash and bank balances	24	23,411,165	10,844,216	1,182,095	622,723
		484,880,785	374,937,060	17,034,349	14,214,443
LESS: CURRENT LIABILITIES					
Payables and accrued liabilities	25	175,071,585	121,750,627	1,328,998	1,322,717
Contract liabilities	26	7,838,246	23,382,740	-	-
Amounts due to subsidiaries	23	-	-	1,290,200	700
Derivatives financial liabilities	22	7,518	3,282	-	-
Borrowings	27	80,135,268	59,956,090	-	-
Lease liabilities	15	319,456	219,112	83,132	78,459
Current tax provision		2,800,409	2,702,721	1,343,708	-
		266,172,482	208,014,572	4,046,038	1,401,876
NET CURRENT ASSETS		218,708,303	166,922,488	12,988,311	12,812,567
		622,807,733	571,967,013	173,996,418	173,871,180

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2022
(continued)

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
CAPITAL AND RESERVE ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	28	250,207,537	250,207,537	250,207,537	250,207,537
Warrant reserve	29	3,568,297	3,568,297	3,568,297	3,568,297
Retained profits/(Accumulated losses)		79,353,898	44,323,263	(97,788,457)	(98,056,147)
Asset revaluation reserve	31	76,806,889	72,992,974	393,031	304,850
Foreign currency translation reserve		83,733	(289,912)	-	-
		410,020,354	370,802,159	156,380,408	156,024,537
Non-controlling interests		125,501,786	113,853,045	-	-
TOTAL EQUITY		535,522,140	484,655,204	156,380,408	156,024,537
NON-CURRENT LIABILITIES					
Borrowings	27	22,519,897	27,464,876	-	-
Lease liabilities	15	1,908,788	999,567	21,546	104,678
Deferred income on grant	32	5,883,958	6,036,458	-	-
Deferred tax liabilities	18	56,972,950	52,810,908	17,594,464	17,687,965
		87,285,593	87,311,809	17,616,010	17,792,643
		622,807,733	571,967,013	173,996,418	173,817,180

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2022

GROUP

	Attributable to owners of the Company							
	Share capital	Warrant reserve	Foreign currency translation reserve	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2021	250,207,537	3,568,297	(289,912)	72,992,974	44,323,263	370,802,159	113,853,045	484,655,204
Net profit for the financial year	-	-	-	-	35,030,635	35,030,635	13,131,065	48,161,700
Other comprehensive income for the financial year, net of tax:								
Currency translation differences	-	-	373,645	-	-	373,645	-	373,645
Revaluation surplus on:								
- property, plant and equipment, net of tax (Note 31)	-	-	-	958,504	-	958,504	877,397	1,835,901
- right-of-use assets, net of tax (Note 31)	-	-	-	2,855,411	-	2,855,411	178,199	3,033,610
Total comprehensive income for the financial year	-	-	373,645	3,813,915	35,030,635	39,218,195	14,186,661	53,404,856
Transactions with owners:								
Dividend payable to non-controlling interests of a subsidiary (Note 25)	-	-	-	-	-	-	(2,537,920)	(2,537,920)
At 30 June 2022	250,207,537	3,568,297	83,733	76,806,889	79,353,898	410,020,354	125,501,786	535,522,140

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2022
(continued)

GROUP

	Attributable to owners of the Company							
	Share capital	**Warrant reserve**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Retained profits**	**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 for the financial year, net of tax:								
Currency translation differences	-	-	(351,693)	-	-	(351,693)	-	(351,693)
Revaluation surplus on:								
- property, plant and equipment, net of tax (Note 31)	-	-	-	5,557,687	-	5,557,687	1,698,727	7,256,414
- right-of-use assets, net of tax (Note 31)	-	-	-	3,431,600	-	3,431,600	368,273	3,799,873
Realisation of revaluation surplus upon disposal (Note 16)	-	-	-	(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 interests								
- change in effective interest	-	-	-	-	(27,601)	(27,601)	70,101	42,500
Dividend paid (Note 30)	-	-	-	-	(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 2022
(continued)

COMPANY

	Share capital RM	Warrant reserve RM	Asset revaluation reserve RM	Accumulated losses RM	Total RM
At 1 July 2021	250,207,537	3,568,297	304,850	(98,056,147)	156,024,537
Net profit for the financial year	-	-	-	267,690	267,690
Other comprehensive income for the financial year, net of tax:					
Revaluation surplus on property, plant and equipment, net of tax (Note 31)	-	-	88,181	-	88,181
Total comprehensive income for the financial year	-	-	88,181	267,690	355,871
At 30 June 2022	250,207,537	3,568,297	393,031	(97,788,457)	156,380,408
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 for the financial year, net of tax:					
Revaluation surplus on property, plant and equipment, net of tax (Note 31)	-	-	74,951	-	74,951
Total comprehensive income for the financial year	-	-	74,951	13,039,109	13,114,060
Transaction with owners:					
Dividend paid (Note 30)	-	-	-	(8,015,018)	(8,015,018)
At 30 June 2021	250,207,537	3,568,297	304,850	(98,056,147)	156,024,537

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax					
- from continuing operations		60,945,951	71,983,710	2,195,278	14,195,347
- from discontinued operations		-	(41,679)	-	-
		60,945,951	71,942,031	2,195,278	14,195,347
Adjustments for:					
Amortisation of deferred income on grant	32	(152,500)	(63,542)	-	-
Property, plant and equipment:					
- depreciation	14	14,296,712	14,730,453	176,217	148,109
- impairment/(write back)	14	3,155,169	4,329,440	3,861	(13,417)
- gain on disposals	8	(90,795)	(84,857)	-	(17,000)
Depreciation on right-of-use assets	8	1,789,492	1,636,431	77,336	77,338
Impairment/(Write back) on:					
- investment in subsidiaries	8	-	-	-	68,269,611
- amounts due from subsidiaries	8	-	-	9,365,078	(60,943,108)
- trade receivables	8	611,015	403,319	-	-
- other receivables	8	574,642	505,000	-	-
Write-down of inventories	8	9,974,697	-	-	-
Inventories written off	8	489,208	-	-	-
Provision for onerous contract reversed during the year		(14,350)	(9,653)	-	-
Fair value loss/(gain) on investment properties	8	-	-	508,500	(2,600,000)
Fair value gain on derivatives	8	-	-	(3,333,869)	(3,535,879)
Fair value loss/(gain) on financial assets at fair value through profit or loss	8	587,750	-	(12,250)	-
Gain on disposal of a subsidiary	8	-	(5,016,793)	-	(750,000)
Dividend income	7	-	-	(7,873,808)	(13,390,000)
Net unrealised loss/(gain) on foreign exchange	8	508,647	(21,367)	-	-
Finance income:					
- interest on deposits with licensed banks	9	(1,378,276)	(1,306,596)	(66,445)	(125,144)
- interest income from net investment in subleases	15	-	(1,392)	-	-
Finance costs:					
- borrowings	9	4,805,411	3,334,812	-	-
- lease liabilities	15	105,262	83,038	8,558	12,969
		96,208,035	90,460,324	1,048,456	1,328,826

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
(continued)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Changes in working capital:					
- inventories		(69,062,176)	(70,849,215)	-	-
- receivables, deposits and prepayments		(32,943,979)	31,261,814	(25,536)	14,225
- payables and accrued liabilities		47,469,344	(15,978,814)	6,281	59,073
- intercompany balances		-	-	396,825	(397,246)
- contract liabilities		(15,544,494)	21,531,690	-	-
Cash generated from operations		26,126,730	56,425,799	1,426,026	1,004,878
Tax paid		(9,192,158)	(6,138,647)	(567,997)	(794,056)
Tax refunded		14,265	4,154	-	-
Net cash generated from operating activities		16,948,837	50,291,306	858,029	210,822
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(11,473,610)	(14,680,080)	(150,035)	(7,480)
Purchase of investment properties	16	-	-	(508,500)	-
Purchase of financial assets at fair value through profit or loss	21	(3,304,000)	-	(104,000)	-
Proceeds from disposal of property, plant and equipment		506,236	277,861	5,154	17,000
Proceeds from disposal of financial assets at fair value through profit or loss	21	116,250	-	116,250	-
Proceeds from grant on property, plant and equipment	32	-	6,100,000	-	-
Proceeds from disposal of investment property	16	-	11,870,000	-	-
Proceeds from disposal of a subsidiary		-	523,184	-	750,000
Interest received:					
- deposits with licensed banks	9	1,378,276	1,306,596	66,445	125,144
Dividend received	33	-	-	600,000	13,390,000
Advances granted to subsidiaries	33	-	-	(9,272,078)	(6,797,840)
Expenses paid on behalf of subsidiaries	33	-	-	(872,302)	(503,422)
Repayment of advances granted to subsidiaries	33	-	-	772,906	472,250
Net cash (used in)/generated from investing activities		(12,776,848)	5,397,561	(9,346,160)	7,445,652

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
(continued)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	30	-	(8,015,018)	-	(8,015,018)
Proceeds from borrowings		322,321,582	178,698,412	-	-
Repayment of borrowings		(306,238,134)	(163,006,180)	-	-
Repayment of hire purchase		(1,206,460)	(2,247,034)	-	-
Principal payment of lease liabilities		(242,484)	(242,508)	(78,459)	(74,048)
Interest paid:					
- borrowings		(4,932,897)	(4,132,719)	-	-
- lease liabilities		(105,262)	(83,038)	(8,558)	(12,969)
Advances from subsidiaries		-	-	1,290,000	-
Repayment to subsidiaries		-	-	(15,480)	(25,405)
Net cash generated from/(used in) financing activities		9,596,345	971,915	1,187,503	(8,127,440)
NET CHANGE IN CASH AND CASH EQUIVALENTS		13,768,334	56,660,782	(7,300,628)	(470,966)
EFFECTS OF CHANGES IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		53,732	1,900	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		100,929,239	44,266,557	8,482,723	8,953,689
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	24	114,751,305	100,929,239	1,182,095	8,482,723

During the financial year, the Group has a non-cash purchase of plant, machinery and electrical installation of RM4,000 (2021: RM4,000) by trade-in arrangement and RM357,211 (2021: Nil) by means of hire-purchase arrangements. Included in the Group's additions to property, plant and equipment is finance costs capitalised amounting to RM159,661 (2021: RM306,593) (Note 14).

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
(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
2022	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 July 2021	51,090,000	18,809,691	16,241,510	1,279,765	-	1,218,679	88,639,645
Cash flows							
Proceeds from borrowings	318,827,000	3,037,857	-	-	456,725	-	322,321,582
Repayment of borrowings	(297,982,000)	(5,833,332)	(1,966,077)	-	(456,725)	-	(306,238,134)
Repayment of hire purchase	-	-	-	(1,206,460)	-	-	(1,206,460)
Principal payment of lease liabilities	-	-	-	-	-	(242,484)	(242,484)
Interest paid	(3,324,456)	(752,512)	(624,515)	(66,258)	(11,519)	(105,262)	(4,884,522)
Working capital	16,604	-	-	-	-	-	16,604
Non-cash							
Additions during the year	-	-	-	357,211	-	1,313,175	1,670,386
Exchange differences	-	-	-	-	-	(61,126)	(61,126)
Interest charged	3,307,852	752,512	624,515	66,258	11,519	105,262	4,867,918
At 30 June 2022	71,935,000	16,014,216	14,275,433	430,516	-	2,228,244	104,883,409
2021							
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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
(continued)

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

COMPANY	Lease liabilities	Amount due to subsidiaries	Total
2022	**RM**	**RM**	**RM**
At 1 July 2021	183,137	700	183,837
Cash flows			
Advances from subsidiaries	-	1,290,000	1,290,000
Repayment to subsidiaries	-	(15,480)	(15,480)
Interest paid	(8,558)	-	(8,558)
Principal payment of lease liabilities	(78,459)	-	(78,459)
Non-cash			
Interest charged	8,558	-	8,558
Expenses paid on behalf by subsidiaries	-	14,980	14,980
At 30 June 2022	104,678	1,290,200	1,394,878
2021			
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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activities of the Company are that of property investment and investment holding. The principal activities of its subsidiaries are disclosed in Note 17 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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 2022, 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 2022.

2 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 'plant, machinery and electrical installation' 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 reporting date, and the reported amounts of revenues and expenses during the reporting period. It also requires Directors to exercise their judgement in the process of applying the Group'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 4 to the financial statements.

2.1 Amendments to published standards that are applicable to the Group and are effective

The Group have applied the following amendments for the first time for the financial year beginning on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'
- Amendment to MFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021'

The Group has adopted Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2' and Amendment to MFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021' for the first time in the current financial year, which resulted in changes in accounting policies.

<u>Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'</u>

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate for instruments measured at amortised cost and lessees applying the temporary exemption from MFRS 9 to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ("IBOR") reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The Group does not have any financial instruments linked to IBOR reform. The adoption of these amendments did not have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

2 BASIS OF PREPARATION (CONTINUED)

2.1 Amendments to published standards that are applicable to the Group and are effective (continued)

Amendment to MFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021' ("the 2021 amendment")

During the financial year, the Group adopted the 2021 amendments that extended the applicable period of the practical expedient provided by the 2020 amendments to MFRS 16 to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The adoption of the amendment has no impact on the opening balance of retained earnings as at 1 July 2021.

2.2 Amendments to standards and interpretations that have been issued that are applicable to the Group but not yet effective and not early adopted

A number of new amendments to standards and interpretations are effective for financial year beginning after 1 July 2022. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) 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 3 'Reference to Conceptual Framework' (effective 1 January 2022) 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' (effective 1 January 2022) 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.

- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract' (effective 1 January 2022) 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.

A number of new standards and amendments to standards are effective for financial year beginning after 1 July 2023. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) 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 the reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

2 BASIS OF PREPARATION (CONTINUED)

2.2 Amendments to standards and interpretations that have been issued that are applicable to the Group but not yet effective and not early adopted (continued)

A number of new standards and amendments to standards are effective for financial year beginning after 1 July 2023. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below: (continued)

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- 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.

The Group has started a preliminary assessment on the effects of the above amendments to published standards and the impact is still being assessed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

Inter-company transactions, balances and unrealised gains 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(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.

(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.

If the business combination is achieved in stages, the carrying amount 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.

3.2 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.

3.3 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 amounts. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (continued)

(i) Measurement basis (continued)

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 reserve 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.

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 3.6 on impairment of non-financial assets.

(ii) Depreciation

Freehold land is not depreciated as it has infinite life. 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.

3.4 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment properties (continued)

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 of 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 ("ROU") assets that meet the definition of investment properties in accordance with MFRS 140 is presented in the statement of financial position as investment properties. Subsequent measurement of the ROU assets is consistent with those investment properties owned by the Group.

If a valuation obtained for a property held by the Group (as lessee) as a ROU asset is net of all payments expected to be made, any related lease liabilities recognised separately in the statement of financial position is added back to arrive at the carrying amount 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.

3.5 Leases

Accounting by lessee

Leases are recognised as 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 liabilities.

(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 3.5(iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liabilities;
- 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

Accounting by lessee (continued)

(ii) ROU assets (continued)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. 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.

ROU assets that are leasehold land properties are subsequently measured based on 'fair value' determination by independent certified real-estate valuers.

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 3.4 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.

(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 liabilities are presented within the finance cost in profit or loss.

(iv) Reassessment of lease liabilities

The lease liabilities are 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 liabilities are 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

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 are subject to MFRS 9 impairment (refer to Note 3.6 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.

(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) 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.

3.6 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.

3.7 Financial assets

(i) Classification

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

- those to be measured subsequently at fair value (through profit or loss); and
- those to be measured at amortised cost

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(ii) 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.

(iii) 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").

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:

(a) 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.

(b) 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 are 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 other comprehensive income ("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.

(iv) Subsequent measurement – Impairment

Impairment for debt instruments

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has one type of financial instrument that is subject to the ECL model:

- Receivables, deposits and prepayments

The Company has three types of financial instruments that are subject to the ECL model:

- Receivables, deposits and prepayments
- Amounts due from subsidiaries
- Financial guarantee contracts

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

Impairment for debt instruments (continued)

Whilst cash and cash equivalents and derivative financial assets placed with licensed banks 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. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holders, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- 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.

The ECL approach can be classified into the categories below:

(i) General 3 stage approach for other receivables, amounts due from subsidiaries and financial guarantee contracts issued

At each reporting date, the Group and the Company measure 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

The Group applied the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 5(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(iv) Subsequent measurement – Impairment (continued)

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:

(a) 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.

(b) 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.

Groupings of instruments for ECL measured on collective basis

(a) 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’.

(b) Individual assessment

Trade receivables which are in default or credit-impaired, other receivables and intercompany balances and financial guarantee contracts are assessed on individual basis for ECL measurement.

Write-off

(i) Trade receivables

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 is 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, amounts due from subsidiaries and financial guarantee contracts

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.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 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 3.7 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.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 22. 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.

<u>Fair value hedge</u>

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.

3.10 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.

3.11 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 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 due 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.

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.

3.13 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective interest method.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Provisions (continued)

(i) Onerous contracts / Liquidated ascertained damages

The Group recognises a provision for construction contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

3.15 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 owners 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.

(v) Earnings per share

<u>Basic earnings per share</u>

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

<u>Diluted earnings per share</u>

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 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, scraps and by-products)

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 have 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. galvanising). 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 service 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(iii) Consultancy, project management and construction contracts (continued)

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.

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.

(iv) Wholesale trading in meats, poultry and seafood products

The Group is involved in wholesale trading of meats, poultry and seafood products to customers. Sales from the trading of meats, poultry and seafood products are recognised when the products have been delivered, accepted by the customers and when the customers have the full discretion to direct the use or movement over the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customers. 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.

Revenue from other sources

(i) Dividend income (for the 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 3.5 on leases.

Other income

(i) 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).

3.17 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 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.

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.

3.19 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 losses and gains are presented in profit or loss on a net basis within 'net foreign currency (loss)/gain'.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Foreign currencies (continued)

(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.

3.20 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.

3.21 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.

3.22 Contract liabilities

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.

3.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset, until such time all the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

3.24 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 on grant and they are credited to profit or loss on a straight-line basis over the useful lives of the related assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. Liabilities arising from financial guarantee contracts, including the Company's guarantees for its subsidiaries through deeds of cross guarantee, are initially measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

4 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 14, 15 and 16 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 properties 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.

The valuation of land and building is inherently subjective due to the individual nature of each property and its location. The valuation of 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.

(b) Impairment of non-financial assets

In assessing the impairment of the Cash-Generating Units ("CGU"), the Group and the Company compare 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 as disclosed in Notes 14 and 17 to the financial statements.

The recoverability of inventory is an area of focus due to the significant estimates involved in determining the net realisable value of the inventories, which is dependent on the expected selling price of the finished goods subsequent to the financial year end. In assessing the write-down of inventory as disclosed in Note 19, the Group compares for any deficiency in the estimated Net Realisable Value ("NRV") of finished goods against their carrying inventory value at and after the close of the current reporting period for each entity. In estimating the NRV at the close of the reporting period, the 'outstanding forward sales contracted average price' is inferred as the evidence of NRV. In determining the NRV after the close of the reporting period (to compute any impairment as adjusting event under MFRS 110), the average price of sales contracted up to end September 2022 (as the latest practical date) is inferred as evidence of NRV on uncovered/uncommitted inventory volume.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 amended from a period of 7 consecutive years to 10 consecutive 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.

5 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 intangible assets including deferred tax) plus interest bearing debts (excluding lease liabilities) totalling to RM708.2 million (2021: RM624.0 million) as capital resources, and has a policy to maintain the debt-to-equity ratio below 1.0 or in accordance with its financial covenants - whichever is lower. 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 Coil and 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. The adjusted shareholders' fund is calculated as total equity less intangibles, whilst the 'debt-to-equity' ratio is calculated as total interest-bearing liabilities, which excludes lease liabilities, divided by the adjusted shareholders' fund.

For the reporting period, the Group's subsidiaries complied with their respective debenture-imposed capital covenants and generally have been capital-sufficient in meeting peak business needs. Over the current reporting period, capital deployed in the Group has increased by around RM55.2 million (up by 10.3%); and interest-bearing debt capital increased by around RM29.0 million (up by 33.1%) which were mainly deployed to finance higher inventory value (up by RM58.6 million) and trade receivables (up by RM32.1 million) driven by higher steel raw material prices.

The Group's debt-equity ratio closed at 0.20 times for the current reporting period compared to 0.16 times at the preceding close.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Capital risk (continued)

Towards the 4th quarter of the current financial year, the Steel Tube subsidiary obtained a fresh multi-tradeline offer of RM25.0 million from a new lender to complement and diversify existing portfolio of lenders. This remains under documentation processing at the close of the current financial year. The utilisation of this fresh-line in the future will not necessarily increase the indebtedness of the Group.

Overall, the Board is of the opinion that the Group's capital deployed and available for deployment has adequate headroom 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 Coil and Steel Tube subsidiaries where their short-term-bank-debts to total-bank-debts ratio is 70.9% and 81.8% respectively. However, the said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current ratio of 1.82 times at the close of the current reporting period (2021: current ratio at 1.80 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 USD45.3 million (RM199.6 million) and USD23.2 million (RM102.2 million) respectively for the Cold Rolled Coil 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.

The Group's steel operations started the current financial year in mandatory business shutdown for 6 weeks (continuing from the preceding financial year's shutdown from 1 June) under the Full Movement Control Order ("FMCO") to address the nation's COVID-19 infection surge. The shutdown disrupted cash flows from lost sales, inventory build-up, and delayed collections; and had substantially alleviated liquidity risks. Nevertheless, the Group was able to meet all financial obligations when due during and after the shutdown period – without any rescheduling of its financial obligations. The Group ended the financial year with surplus cash flows generated from operations (before changes in working capital) of RM96.2 million (2021: RM90.5 million).

The total balance undrawn banking trade-line facilities for the subsidiaries at the reporting date is around RM146.2 million (2021: RM133.0 million).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

5 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 RM	Contractual interest rate per annum	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	> 5 years RM
At 30 June 2022									
Non-derivative financial liabilities									
Bankers' acceptance	71,935,000	3.17% - 4.82%	72,440,225	72,440,225	-	-	-	-	-
Term loan	16,014,216	4.15% - 4.44%	17,049,461	6,429,464	6,178,848	4,441,149	-	-	-
Mortgage loan	14,275,433	4.06% - 4.33%	16,201,097	2,605,697	2,589,600	2,589,600	2,589,600	2,589,600	3,237,000
Hire purchase creditors	430,516	2.29% - 2.55%	464,116	342,819	108,797	12,500	-	-	-
Trade payables	13,728,267	3.93%	13,901,209	13,901,209	-	-	-	-	-
Payables and accrued liabilities, excluding derivatives and payroll liabilities	155,047,119	-	155,047,119	155,047,119	-	-	-	-	-
Lease liabilities	2,228,244	-	3,076,267	470,828	321,518	303,764	290,606	269,447	1,420,104
Derivative financial liabilities									
Forward contracts	7,518	-	7,518	7,518	-	-	-	-	-
	273,666,313		278,187,012	251,244,879	9,198,763	7,347,013	2,880,206	2,859,047	4,657,104
At 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	-	-	-
Payables and accrued liabilities, excluding derivatives and payroll liabilities	117,136,880	-	117,136,880	117,136,880	-	-	-	-	-
Lease liabilities	1,218,679	-	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

5 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 RM	Contractual interest rate per annum	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
At 30 June 2022								
Non-derivative financial liabilities								
Payables and accrued liabilities, excluding payroll liabilities	1,177,711	-	1,177,711	1,177,711	-	-	-	-
Amounts due to subsidiaries	1,290,200	-	1,290,200	1,290,200	-	-	-	-
Lease liabilities	104,678	-	108,771	87,017	21,754	-	-	-
Financial guarantee contracts	-	-	20,000,000	20,000,000	-	-	-	-
	2,572,589		22,576,682	22,554,928	21,754	-	-	-
At 30 June 2021								
Non-derivative financial liabilities								
Payables and accrued liabilities, excluding payroll liabilities	1,099,187	-	1,099,187	1,099,187	-	-	-	-
Amounts due to subsidiaries	700	-	700	700	-	-	-	-
Lease liabilities	183,137	-	195,788	87,017	87,017	21,754	-	-
Financial guarantee contracts	-	-	20,760,000	20,760,000	-	-	-	-
	1,283,024		22,055,675	21,946,904	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, receivables, deposits and prepayments 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

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 Coil and the Steel Tube subsidiaries represent about 98.0% (2021: 91.0%) and 71.6% (2021: 55.0%) of their respective trade receivables. The Company has no other significant concentration of credit risk except for amounts due from subsidiaries. At the reporting date, the Group has 2 (2021: 3) external customers that contributes to more than 10% of the respective subsidiaries' revenue. The revenue contributed by the said customers amounted to RM181.6 million (2021: RM161.1 million). Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

The Group's and the Company's major classes of financial assets are as disclosed in Note 37 to the financial statements.

The Group has one type of financial instrument that is subject to the ECL model under MFRS 9:

- Receivables, deposits and prepayments

The Company has three types of financial instruments that are subject to the ECL model under MFRS 9:

- Receivables, deposits and prepayments
- Amounts due from subsidiaries
- Financial guarantee contracts

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 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 3.7 to the financial statements.

(ii) Other receivables, amounts due from subsidiaries and financial guarantee contracts 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.

Refer to Note 20 to the financial statements on the carrying amount of the other receivables presented by the categories of credit risk rating.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Other receivables, amounts due from subsidiaries and financial guarantee contracts using the general 3 stage approach (continued)

For the amounts due from 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.

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowance was identified based on 12 months ECL.

(iii) The Group's collateral at the end of the reporting period is summarised as follows:

	Net exposure	Collateral and credit enhancement	Maximum exposure (Net of impairment)
	RM	RM	RM
2022			
Trade receivables	15,331,072	55,764,540	71,095,612
Other receivables	2,005,948	-	2,005,948
Refundable deposits	1,571,391	-	1,571,391
Derivative financial assets	4,815,229	-	4,815,229
Deposits with licensed banks	91,340,140	-	91,340,140
Cash and bank balances	23,411,165	-	23,411,165
Financial assets at fair value through profit or loss	2,600,000	-	2,600,000
	141,074,945	55,764,540	196,839,485
2021			
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
Derivative financial assets	2,019,630	-	2,019,630
Deposits with licensed banks	90,085,023	-	90,085,023
Cash and bank balances	10,844,216	-	10,844,216
	112,907,728	32,423,865	145,331,593

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 statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iv) Financial assets that are impaired

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:

	Trade receivables (Note 20) RM	Other receivables (Note 20) RM	Total RM
GROUP			
At 30 June 2022			
At gross amounts	72,356,960	3,245,733	75,602,693
Less: Accumulated impairment	(1,261,348)	(1,239,785)	(2,501,133)
	71,095,612	2,005,948	73,101,560
Accumulated impairment			
At 1 July	820,177	665,143	1,485,320
Impairment charge (Note 8)	630,419	574,642	1,205,061
Write back on impairment (Note 8)	(19,404)	-	(19,404)
Write-off	(169,844)	-	(169,844)
At 30 June	1,261,348	1,239,785	2,501,133

During the current financial year (based on the lifetime expected credit loss assessment):

- A prepayment to a supplier (under "Other receivables") of the Steel Tube subsidiary was determined to be non-performing, in default, and credit impaired. Accordingly, ECL (lifetime expected losses) of RM413,487 was recorded.
- The Group's Food subsidiaries made a net impairment charge on some trade receivables and other receivables as the overdue receivables were determined to be non-performing, in default and credit impaired. Accordingly, ECL amounting to RM608,986 and RM161,155 was recorded respectively.
- The Group's UK subsidiary has also made an impairment charge on overdue trade receivables amounting to RM21,433 equivalent and have been determined to be non-performing, in default, and credit impaired.

No other major ECL was deemed required other than the abovementioned.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iv) Financial assets that are impaired (continued)

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:

	Trade receivables (Note 20) RM	Other receivables (Note 20) RM	Total RM
GROUP			
At 30 June 2021			
At gross amounts	39,768,005	1,370,472	41,138,477
Less: Accumulated impairment	(820,177)	(665,143)	(1,485,320)
	38,947,828	705,329	39,653,157
Accumulated impairment			
At 1 July	1,907,703	939,641	2,847,344
Impairment charge (Note 8)	403,319	505,000	908,319
Disposal of a subsidiary	(1,490,845)	(779,498)	(2,270,343)
At 30 June	820,177	665,143	1,485,320

In the preceding 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 receivables 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iv) Financial assets that are impaired (continued)

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 due from subsidiaries (Note 23) RM
COMPANY	
At 30 June 2022	
At gross amounts	21,632,048
Less: Accumulated impairment	(21,625,884)
	6,164
Accumulated impairment	
At 1 July	12,260,806
Impairment charge (Note 8)	9,365,078
At 30 June	21,625,884

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 subsidiaries totalling RM9,365,078 as these were determined to be non-performing.

5 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(c) Credit risk (continued)

(iv) Financial assets that are impaired (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:

	Amounts due from subsidiaries (Note 23) RM
COMPANY	
At 30 June 2021	
At gross amounts	12,642,423
Less: Accumulated impairment	(12,260,806)
	381,617
Accumulated impairment	
At 1 July	73,383,056
Impairment charge (Note 8)	6,879,093
Write back on impairment (Note 8)	(67,822,201)
Write-offs	(179,142)
At 30 June	12,260,806

In the preceding 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 Sdn Bhd ("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 12).

(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 term loan instruments, 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 the lender's revision of its cost-of-funds (usually in-line with Overnight Policy Rate ("OPR") changes) in computing the interest rate. The fixed rate trade and credit instruments are short-term (not exceeding 120 days) and subject to re-pricing upon new drawdown.

Bank Negara Malaysia has increased the OPR twice at 25 basis point each towards July 2022 - pushing the OPR to 2.3% from 1.8% at the start. Correspondingly, interest rate risk in the current financial year 2022 has increased with a higher effective average cost of borrowing at 4.7% compared to financial year 2021 at 3.6%. The Directors of the Company are of the view that the interest rate risk will continue to rise in tandem with the global / regional interest-rate trend to contain inflation and to tighten liquidity tied to pandemic recovery.

The Group also has interest-earning financial asset instruments which comprised mainly of fixed interest-bearing short-term deposits subject to frequent re-pricing. Similarly, the Group recorded marginally higher 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

5 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	
	2022	2021
	RM	RM
Current		
Fixed rate borrowings, denominated in RM	72,251,155	52,148,805
Floating rate borrowings, denominated in RM	7,884,113	7,807,285
Fixed rate credit from supplier, denominated in RM (Note 25)	13,728,267	-
Non-current		
Fixed rate borrowings, denominated in RM	114,361	220,960
Floating rate borrowings, denominated in RM	22,405,536	27,243,916
	116,383,432	87,420,966

The risk impact for the floating rate financial liability instruments had the overall interest rates being 1.0% higher, is that the Group's profit after tax for financial year 2022 would decrease by RM230,201 (2021: RM266,389). A 1.0% 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 United Kingdom ("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 US Dollar ("USD"). The Steel Tube operation derives a small portion of its revenue (around 8%) from export sales denominated mainly in Singapore Dollar ("SGD"). The Food operation occasionally imports frozen meat from abroad and denominated in Australian Dollar ("AUD"). 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 in the 2nd half of the current financial year driven by quantitative tightening and sharp interest-rate increases (to tame raging inflation) in major western economies particularly the United States of America ("USA"). As a result, the Ringgit Malaysia has weakened sharply by more than 620 basis points against the USD over the current reporting period. The Group's FX risk management activities have significantly hedged against the said FX volatility over the current financial year as shown in the table below. Further disclosures are made in Note 22 on derivatives.

5 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:

	2022			2021		
	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	(1)	3	2	(3)	7	4
Hedge accounted	4,809	654	5,463	2,019	(5,123)	(3,104)
	4,808	657	5,465	2,016	(5,116)	(3,100)
FX Hedged Items						
Not hedge accounted	(490)	(135)	(625)	(22)	178	156
Hedge accounted	(4,809)	(654)	(5,463)	(2,019)	5,123	3,104
	(5,299)	(789)	(6,088)	(2,041)	5,301	3,260
Net FX (loss)/gain	(491)	(132)	(623)	(25)	185	160

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
GROUP					
As at 30 June 2022					
Financial assets					
Receivables, deposits and prepayments	62,658	10,562,001	36,995	758,900	11,420,554
Cash and bank balances	570,255	1,448,963	177,516	-	2,196,734
	632,913	12,010,964	214,511	758,900	13,617,288
Less: Financial liability					
Payables and accrued liabilities	(134,213,040)	-	(199,245)	(3,962,103)	(138,374,388)
Net financial (liability)/assets	(133,580,127)	12,010,964	15,266	(3,203,203)	(124,757,100)
Off balance sheet					
Contracted commitments	(12,514,537)	-	-	-	(12,514,537)
Less: Forward foreign currency contracts at notional value at closing rate	121,148,967	(1,135,416)	-	-	120,013,551
Net currency exposure	(24,945,697)	10,875,548	15,266	(3,203,203)	(17,258,086)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

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. (continued)

	From USD	From SGD	From GBP	From AUD	Total
GROUP					
As at 30 June 2021					
Financial assets					
Receivables, deposits and prepayments	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 liability					
Payables and accrued liabilities	(105,896,249)	-	(82,675)	-	(105,978,924)
Net financial (liability)/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)

'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 both current and preceding financial years.

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in the USD, SGD, Great Britain Pound ("GBP") and AUD exchange rates against RM, with all other variables in particular interest rates held constant.

	Increase/ (Decrease) in Profit and Equity 2022 RM	Increase/ (Decrease) in Profit and Equity 2021 RM
GROUP		
RM appreciates against USD by 2% (2021: 2%)	379,175	316,296
RM appreciates against SGD by 2% (2021: 2%)	(165,308)	(85,290)
RM appreciates against GBP by 2% (2021: 2%)	(232)	(1,467)
RM appreciates against AUD by 2% (2021: 2%)	48,689	(14,489)

A 2% (2021: 2%) 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.

6 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:

	Note	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
GROUP					
2022					
Financial assets					
Financial assets at fair value through profit or loss	21	2,600,000	-	-	2,600,000
Forward foreign currency exchange contracts	22	-	4,815,229	-	4,815,229
		2,600,000	4,815,229	-	7,415,229
Financial liability					
Forward foreign currency exchange contracts	22	-	(7,518)	-	(7,518)
2021					
Financial asset					
Forward foreign currency exchange contracts	22	-	2,019,630	-	2,019,630
Financial liability					
Forward foreign currency exchange contracts	22	-	(3,282)	-	(3,282)

The 'financial assets at fair value through profit or loss' comprise of investment in quoted shares (see Note 21), which are fair valued by way of marking-to-active market using the quoted closing price on Bursa Malaysia.

The fair value of financial instruments that are not traded in an active market, such as those forward foreign currency exchange contracts held by the Group at the close of the financial year, is determined by way of marking-to-market the underlying variable using market (forward) rates published or quoted by counterparty financial institutions. 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 forward foreign currency exchange contracts with marked-to-market positive fair value are classified as derivative financial assets, whilst those with marked-to-market negative fair value are classified as derivative financial liabilities.

The Group does not hold any financial assets or liabilities where fair values are assessed at Level 3.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

6 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:

	Note	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
COMPANY					
2022					
Financial asset					
Free detachable warrants	22	8,378,320	-	-	8,378,320
2021					
Financial asset					
Free detachable warrants	22	5,051,256	-	-	5,051,256

On 30 June 2022, the Company has disposed 16,300 listed detachable warrants at 41.75 sen per warrant for a cash consideration of RM6,805. The Company is now holding 20,188,722 (2021: 20,205,022) listed detachable warrants in its subsidiary Mycron Steel Berhad ("MSB") at the close of the current financial year.

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 RM3,333,869 (2021: RM3,535,879) from the warrants was 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.

7 REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
Sales of goods	737,669,391	725,800,634	-	-
Processing service income	14,371,888	12,108,488	-	-
Management fees	-	-	3,000,000	2,724,300
	752,041,279	737,909,122	3,000,000	2,724,300
Revenue from other sources				
Dividend income	-	-	7,873,808	13,390,000
Lease rental income:				
- investment properties	-	329,236	3,808,425	3,445,860
- others	204,996	84,510	-	-
	204,996	413,746	11,682,233	16,835,860
Total revenue	752,246,275	738,322,868	14,682,233	19,560,160

7 REVENUE (CONTINUED)

Further disaggregation of revenue from contracts with customers by timing and sub-categories for the financial year are as follows:

	Timing of Revenue Recognition			
	At a point-in-time		Over time	Total
	Local	Abroad	Local	
GROUP	RM	RM	RM	RM
2022				
Segments				
Steel tube	265,944,083	24,721,718	1,906,807	292,572,608
Cold rolled coil	438,411,281	-	12,465,081	450,876,362
Others	8,333,898	258,411	-	8,592,309
	712,689,262	24,980,129	14,371,888	752,041,279
Major goods and service lines				
Sales of primary goods:				
- steel tubes and pipes	265,001,323	24,945,998	-	289,947,321
- cold rolled coils	427,333,295	-	-	427,333,295
Sales of steel scraps and by-products	12,020,746	-	-	12,020,746
Trading of foods	8,333,898	34,131	-	8,368,029
Processing service income	-	-	14,371,888	14,371,888
	712,689,262	24,980,129	14,371,888	752,041,279
2021				
Segments				
Steel tube	250,780,911	18,702,499	1,699,855	271,183,265
Cold rolled coil	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 and 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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

7 REVENUE (CONTINUED)

	2022 RM	2021 RM
COMPANY		
Revenue from contracts with customers		
Management fees		
- recognised over time	3,000,000	2,724,300

8 PROFIT BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
The following expenses have been charged/(credited) in arriving at profit before tax:				
Auditors' remuneration:				
- statutory audit	704,450	658,630	234,500	230,000
- non-audit services	24,000	43,200	12,000	14,400
Professional fees	1,088,278	935,160	287,135	435,383
Changes in inventories of finished goods and work-in-progress	(48,916,764)	(3,998,645)	-	-
Raw materials consumed	628,234,023	582,620,071	-	-
Consumables (inventories) consumed	12,881,130	14,415,800	-	-
Property, plant and equipment (Note 14):				
- depreciation	14,296,712	14,727,797	176,217	148,109
- impairment/(write back)	3,155,169	4,329,440	3,861	(13,417)
- gain on disposal	(90,795)	(84,857)	-	(17,000)
Depreciation on right-of-use assets [(a)]	1,789,492	1,631,540	77,336	77,338
Fair value loss/(gain) on:				
- investment properties (Note 16)	-	-	508,500	(2,600,000)
- derivatives (Note 22)	-	-	(3,333,869)	(3,535,879)
- financial assets at fair value through profit or loss (Note 21)	587,750	-	(12,250)	-
Gain on disposal of a subsidiary (Note 12)	-	(5,016,793)	-	(750,000)
Staff costs - excluding Directors' remuneration:				
- salaries, bonuses and allowances	35,741,244	31,418,127	847,138	1,306,291
- defined contribution plan	5,277,732	3,721,816	176,518	180,510
- others	2,018,222	1,222,636	68,240	30,733
Shutdown overheads [(b)]	5,906,790	3,696,210	-	-
Rental expense [(a)]	20,081	20,081	20,081	20,081
Maintenance of plant and machinery	8,717,733	8,989,516	-	-

8 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Impairment/(write back of impairment) on:				
- investment in subsidiaries (Note 17)	-	-	-	68,269,611
- amounts due from subsidiaries (Note 5(c)(iv))	-	-	9,365,078	(60,943,108)
- trade receivables (Note 5(c)(iv))	611,015	403,319	-	-
- other receivables (Note 5(c)(iv))	574,642	505,000	-	-
Write-down of inventories (Note 19)	9,974,697	-	-	-
Insurance claim recovery [c]	(602,381)	(2,537,474)	-	-
Government wage subsidies [d]	(603,002)	(927,401)	-	(18,000)
Amortisation of deferred income on grant (Note 32)	(152,500)	(63,542)	-	-
Net foreign exchange loss/(gain)				
- realised	159,180	(184,727)	-	-
- unrealised	508,647	(21,367)	-	-
Quit rent and assessment fees	775,533	775,399	347,230	347,347
Inventories written off	489,208	-	-	-

[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 (Note 9 and Note 15). 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 RM5,906,790 (2021: RM3,696,210) of unabsorbed factories' fixed overheads and direct labour costs during the mandatory COVID-19 shutdown period of 6 weeks (2021: 4 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 pursuant to the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

9 FINANCE INCOME AND COSTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Finance income on:				
Interest on deposits with licensed banks [(a)]	(1,378,276)	(1,306,596)	(66,445)	(125,144)
Finance costs on:				
Borrowings	4,696,398	3,289,099	-	-
Hire purchase	66,258	152,067	-	-
Suppliers' credit	202,416	200,239	-	-
Lease liabilities [(b)]	105,262	81,424	8,558	12,969
	5,070,334	3,722,829	8,558	12,969
Less: Interest expense capitalised in property, plant and equipment (Note 14)	(159,661)	(306,593)	-	-
Total finance costs	4,910,673	3,416,236	8,558	12,969
Finance costs/(income) – net	3,532,397	2,109,640	(57,887)	(112,175)

(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 (Note 15).

10 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-Executive Directors:				
- fees	498,000	570,619	222,000	251,205
- allowances	66,500	67,500	33,000	32,000
- estimated monetary value of benefits-in-kind	17,170	16,302	14,175	13,853
Executive Directors:				
- salaries, bonuses and other emoluments	8,583,368	4,512,864	1,310,758	1,338,768
- allowances	70,800	61,950	-	-
- estimated monetary value of benefits-in-kind	100,980	98,508	30,375	28,878
- defined contribution plan	1,288,975	677,889	196,621	200,817
	10,625,793	6,005,632	1,806,929	1,865,521

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

10 DIRECTORS' REMUNERATION (CONTINUED)

The numbers of Directors of the Company whose total remuneration paid by the Company falling within certain bands are outlined below:

	Number of Directors	
	2022	2021
Executive Directors:		
RM1,500,001 – RM1,600,000	1	1
Non-Executive Directors:		
Less than RM50,000	2	4
RM50,001 – RM100,000	3	2

11 TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current Malaysia tax:				
- current year	8,620,090	8,801,164	1,097,302	433,436
- under/(over) accrual in the prior year	602,645	(171,316)	951,633	93,647
	9,222,735	8,629,848	2,048,935	527,083
Deferred taxation (Note 18):				
- origination and reversal of temporary differences	3,561,516	4,904,611	(121,347)	629,155
Tax expense	12,784,251	13,534,459	1,927,588	1,156,238

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

11 TAX EXPENSE (CONTINUED)

The explanation of the relationship between tax expense and profit before tax is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	60,945,951	71,983,710	2,195,278	14,195,347
Tax calculated at the Malaysian tax rate of 24% (2021: 24%)	14,627,028	17,276,090	526,867	3,406,883
Tax effects of:				
- expenses not deductible for tax purposes	2,332,314	1,390,914	3,142,178	18,179,567
- income not subject to tax	(1,284,216)	(1,126,563)	(2,693,090)	(20,523,859)
- under/(over) accrual in the prior year	602,645	(171,316)	951,633	93,647
- reversal of deferred tax due to Real Property Gain Tax ("RPGT") exemption (Note 16)	-	(1,020,336)	-	-
- reinvestment allowance claimed	(2,659,731)	-		
- difference in tax rate	85,230	51,691	-	-
- tax losses and allowances recognised as deferred tax	(919,019)	(2,866,021)	-	-
Tax expense	12,784,251	13,534,459	1,927,588	1,156,238

12 DISCONTINUED OPERATIONS

In the preceding financial year, 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.

The subsidiary sold was reported in the preceding financial year as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal was set out below.

(a) Financial performance and cash flow information

The financial performance and cash flow information presented was for the month ended 31 July 2020.

	2021 RM
Revenue	264,179
Expenses	(305,858)
Loss before tax	(41,679)
Tax expense	(29)
Net loss after tax on discontinued operations	(41,708)
Gain on sale of the subsidiary after tax	5,016,793
Profit from discontinued operations	4,975,085
Net cash inflow from operating activities	102,681
Net cash inflow from investing activities	32,779
Net cash outflow from financing activities	(38,012)
Net cash flow generated from the subsidiary	97,448

12 DISCONTINUED OPERATIONS (CONTINUED)

(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

The carrying amounts of assets and liabilities as at 31 July 2020 were:

	2021 RM
Property, plant and equipment	37,313
Right-of-use asset	39,126
Deferred tax assets	442
Receivables, deposits and prepayments	604,278
Contract asset	2,621,581
Net investment in subleases	256,619
Cash and cash equivalents	226,816
Total assets	3,786,175
Payables and accrued liabilities	7,743,700
Lease liability	297,587
Current tax provision	11,681
Total liabilities	8,052,968
Net liabilities	(4,266,793)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

13 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

	Group	
	2022 RM	2021 RM
Continuing operations		
Profit attributable to owners of the Company	35,030,635	44,768,113
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Basic earnings per share (sen)	9.75	12.45
Discontinued operations		
Loss attributable to owners of the Company	-	(41,708)
Weighted average number of ordinary shares in issue (net of treasury shares)	-	359,417,703
Basic loss per share (sen)	-	(0.01)
Total		
Profit attributable to owners of the Company	35,030,635	44,726,405
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	359,417,703
Basic earnings per share (sen)	9.75	12.44

(b) Diluted earnings/(loss) per share

No diluted earnings per share is presented in the current financial year, given that the issued and listed warrants are in an anti-dilutive position since its exercisable price (at 40 sen) is above the market price of the listed mother share. Accordingly, the diluted earnings per share is the same as the basic earnings per share.

In the preceding financial year, the market price of the listed Company closed at 51.5 sen or 11.5 sen above the exercisable price (40 sen) of its 66,947,418 outstanding listed warrants. Assuming that these warrants are exercised, the diluted earnings per share of the Group are as follows:

	Group	
	2022 RM	2021 RM
Continuing operations		
Profit attributable to owners of the Company	35,030,635	44,768,113
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	426,365,121
Diluted earnings per share (sen)	9.75	10.50
Discontinued operations		
Loss attributable to owners of the Company	-	(41,708)
Weighted average number of ordinary shares in issue (net of treasury shares)	-	426,365,121
Diluted loss per share (sen)	-	(0.01)
Total		
Profit attributable to owners of the Company	35,030,635	44,726,405
Weighted average number of ordinary shares in issue (net of treasury shares)	359,417,703	426,365,121
Diluted earnings per share (sen)	9.75	10.49

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

14 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Spare parts RM	Construction work-in-progress RM	Total RM
2022							
Cost/Valuation							
At 1 July 2021							
- cost	-	-	-	14,633,025	171,983	20,465,622	35,270,630
- valuation	65,000,000	66,111,322	189,704,053	-	-	-	320,815,375
	65,000,000	66,111,322	189,704,053	14,633,025	171,983	20,465,622	356,086,005
Additions	-	508,500	6,662,947	1,055,377	31,110	3,736,548	11,994,482
Currency translation differences	-	-	-	(57,939)	-	-	(57,939)
Disposals	-	-	(680,974)	(991,575)	-	-	(1,672,549)
Write-offs	-	-	(18,046)	(8,366)	-	-	(26,412)
Revaluation during the financial year	4,000,000	(3,629,070)	1,307,886	-	-	-	1,678,816
Effects of elimination of accumulated depreciation on revaluation	-	(2,573,306)	(10,116,481)	-	-	-	(12,689,787)
Reclassification	-	-	23,053,693	411,637	12,930	(23,478,260)	-
At 30 June 2022	69,000,000	60,417,446	209,913,078	15,042,159	216,023	723,910	355,312,616
Less: Accumulated depreciation							
At 1 July 2021	-	-	-	8,989,846	-	-	8,989,846
Charge for the financial year (Note 8)	-	2,573,306	10,670,347	1,053,059	-	-	14,296,712
Currency translation differences	-	-	-	(22,810)	-	-	(22,810)
Disposals	-	-	(549,901)	(703,207)	-	-	(1,253,108)
Write-offs	-	-	(3,965)	(5,140)	-	-	(9,105)
Effects of elimination of accumulated depreciation on revaluation	-	(2,573,306)	(10,116,481)	-	-	-	(12,689,787)
At 30 June 2022	-	-	-	9,311,748	-	-	9,311,748
Less: Accumulated impairment loss							
At 1 July 2021	-	-	26,972,941	99,001	-	-	27,071,942
Charge for the financial year (Note 8)	-	806,124	2,345,819	3,226	-	-	3,155,169
Write-offs	-	-	(14,081)	(3,226)	-	-	(17,307)
At 30 June 2022	-	806,124	29,304,679	99,001	-	-	30,209,804
Net book value							
At 30 June 2022	69,000,000	59,611,322	180,608,399	5,631,410	216,023	723,910	315,791,064
Representing:							
- cost	-	-	-	5,631,410	216,023	723,910	6,571,343
- valuation	69,000,000	59,611,322	180,608,399	-	-	-	309,219,721
	69,000,000	59,611,322	180,608,399	5,631,410	216,023	723,910	315,791,064

Included in the Group's additions to property, plant and equipment is finance costs amounting to RM159,661 capitalised at an average capitalisation rate of 1.77% for the financial year ended 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Spare parts RM	Construction work-in-progress RM	Total 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 12)	-	-	-	(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 8)							
- 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 12)	-	-	-	(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 8)	-	-	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 costs amounting to RM306,593 capitalised at an average capitalisation rate of 4.48% for the financial year ended 30 June 2021.

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Building RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Total RM
2022				
Cost/Valuation				
At 1 July 2021				
- cost	-	-	1,423,260	1,423,260
- valuation	111,322	775,423	-	886,745
	111,322	775,423	1,423,260	2,310,005
Additions	-	-	150,035	150,035
Disposals	-	-	(6,897)	(6,897)
Revaluation during the financial year	-	116,027	-	116,027
Elimination of accumulated depreciation on revaluation	-	(142,166)	-	(142,166)
At 30 June 2022	111,322	749,284	1,566,398	2,427,004
Less: Accumulated depreciation				
At 1 July 2021	-	-	1,203,728	1,203,728
Charge for the financial year (Note 8)	-	142,166	34,051	176,217
Disposals	-	-	(1,743)	(1,743)
Elimination of accumulated depreciation on revaluation	-	(142,166)	-	(142,166)
At 30 June 2022	-	-	1,236,036	1,236,036
Less: Accumulated impairment loss				
At 1 July 2021	-	275,423	80,595	356,018
Charge for the financial year (Note 8)	-	3,861	-	3,861
At 30 June 2022	-	279,284	80,595	359,879
Net book value				
At 30 June 2022	111,322	470,000	249,767	831,089
Representing:				
- cost	-	-	249,767	249,767
- valuation	111,322	470,000	-	581,322
	111,322	470,000	249,767	831,089

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

14 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 8)	-	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 8)	-	(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

14 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 2022 by an independent firm of professional valuers, CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.) 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 14(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 RM1,678,816 (2021: RM8,626,860) and ROU assets (Note 15) amounting to RM3,991,593 (2021: RM4,999,833) were 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 RM3,155,169 (2021: RM4,329,440) was taken up as impairment in profit or loss.

The Company's revaluation surplus of RM116,027 (2021: RM98,620) 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 RM3,861 (2021: write back of RM13,417) was taken up as impairment in profit or loss.

The construction of the Group's Cold Rolled Coil subsidiary's Acid Regeneration Plant ("ARP") which has been significantly delayed due to the COVID-19 curbs, was completed and commissioned during the current financial year.

Cost progression of the Group's major capital expenditure projects classified under 'Construction Work-In-Progress' are as follows:

	ARP RM	Others RM	Total RM
2022			
At 1 July 2021	19,981,676	483,946	20,465,622
Additions during the year	3,059,086	677,462	3,736,548
Reclassification	(23,040,762)	(437,498)	(23,478,260)
At 30 June 2022	-	723,910	723,910
2021			
At 1 July 2020	11,189,964	679,580	11,869,544
Additions	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%		

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

14 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Freehold land	31,300,000	31,300,000	-	-
Buildings	50,533,363	52,957,997	111,322	111,322
Plant, machinery and electrical installation	194,961,569	178,870,660	305,876	339,796
	276,794,932	263,128,657	417,198	451,118

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 and leasehold land – adjusted market comparison approach by reference to observable prices per square foot ("psf") in an active market or recent market transactions (Level 3).
- Buildings, plant, machinery and electrical installation - depreciated replacement cost approach, which is based on the current cost of 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

Additions to plant, machinery and electrical installation of the Group during the financial year includes those acquired by means of hire-purchase arrangements totalling RM357,211 (2021: Nil).

As at 30 June 2022, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group is RM1,229,417 (2021: RM5,039,311).

(iii) Assets pledged as securities

Property, plant and equipment amounting to RM303,683,085 (2021: RM305,882,510) of the steel subsidiaries are pledged as securities for certain banking facilities granted to the Group. Refer Note 27 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	2022 rates		2021 rates	
	MCRC	MST	MCRC	MST
Projection period	28 years	18 years	27 years	18 years
Pre-tax discount rate	9.5%	9.5%	9.5%	9.5%
Sales volume growth rate	0% - 3%	0% - 2%	0% - 3%	0% - 3%

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.

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(v) Fair value measurements using significant unobservable inputs (Level 3)

	Plant, machinery and electrical installation 2022 RM	2021 RM
GROUP		
At 1 July	162,731,112	170,308,977
Additions	6,662,947	5,495,977
Disposals	(131,073)	(108,600)
Revaluation during the financial year	1,307,886	2,028,318
Impairment charge for the financial year	(2,345,819)	(4,326,729)
Depreciation charge for the financial year	(10,670,347)	(11,143,808)
Transfer from construction work-in-progress and spare parts	23,053,693	476,977
At 30 June	180,608,399	162,731,112
COMPANY		
At 1 July	500,000	517,000
Revaluation during the financial year	116,027	98,620
(Impairment charge)/Write back for the financial year	(3,861)	13,417
Depreciation charge for the financial year	(142,166)	(129,037)
At 30 June	470,000	500,000

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 2022 RM	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	180,608,399	Depreciated replacement cost approach	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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(v) Fair value measurements using significant unobservable inputs (Level 3) (continued)

As at 30 June 2022, 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 RM10.7 million (2021: RM11.1 million) respectively.

	Land and buildings	
	2022	2021
	RM	RM
GROUP		
At 1 July	131,111,322	126,911,322
Additions	508,500	20,440
Revaluation during the financial year	370,930	6,598,542
Depreciation charge for the financial year	(2,573,306)	(2,512,065)
Impairment charge for the financial year	(806,124)	-
Transfer from construction work-in-progress and spare parts	-	93,083
At 30 June	128,611,322	131,111,322
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 RM90 to RM120 psf) which are adjusted by key attributes such as property size and location. The higher the price psf, 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 psf (ranging from RM27 to RM105 psf) which are adjusted by key attributes such as property size and building condition. The higher the cost psf, the higher the fair value of the subject property.

15 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	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
At 1 July					
- Leasehold lands	(a)	83,000,000	79,400,000	-	-
- Rented properties	(b)	1,182,643	1,320,500	1,218,679	1,615,474
Total		84,182,643	80,720,500	1,218,679	1,615,474

15 LEASES (CONTINUED)

(A) Group (continued)

Leases as lessee (continued)

	Note	ROU assets 2022 RM	ROU assets 2021 RM	Lease liabilities 2022 RM	Lease liabilities 2021 RM
Changes to ROU assets					
Revaluation during the year	(c)	3,991,592	4,999,833	-	-
Depreciation during the year:	(d)				
- leasehold lands	8	(1,491,592)	(1,399,833)	-	-
- rented properties:					
(i) continuing operations	8	(297,900)	(231,707)	-	-
(ii) discontinued operations		-	(4,891)	-	-
Additions		1,339,175	48,118	-	-
Exchange difference		(52,846)	89,749	-	-
Disposal of a subsidiary	12	-	(39,126)	-	-
Total		3,488,429	3,462,143	-	-
Changes to Lease liabilities					
Lease payment	(e)	-	-	(347,746)	(325,546)
Interest expense:	(f)				
(i) continuing operations	9	-	-	105,262	81,424
(ii) discontinued operations		-	-	-	1,614
Exchange differences		-	-	(61,126)	95,182
Additions		-	-	1,313,175	48,118
Disposal of a subsidiary	12	-	-	-	(297,587)
Total		-	-	1,009,565	(396,795)
At 30 June					
- Leasehold lands		85,500,000	83,000,000	-	-
- Rented properties		2,171,072	1,182,643	2,228,244	1,218,679
Total	(g)	87,671,072	84,182,643	2,228,244	1,218,679

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

15 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	56	23,500,000
ii.	Lot 49, Jalan Utas 15/17	MIG	13.04.2072	50	36,000,000
iii.	Lot 10, Persiaran Selangor	MIG	11.05.2085	63	26,000,000
					85,500,000

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 RM36,562,071 (2021: RM37,229,208).

(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. During the current financial year, the Food Trading subsidiary has rented a premise located at Batu Caves as its intended Processing Centre in the near future. 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.	No. 23 Jalan Cempaka Utama, Rawang	RM1,400	RM2,800	31.07.2022	1 year
v.	No. 1 Jalan BCU 3, Kawasan Perindustrian Batu Caves Utara, 68000 Batu Caves	RM13,000	RM26,000	28.02.2025	3 years
vi.	National Road 5, House#B1, Village#3, Sangkat Chrang Chamres I, Khan Russey Keo, Phnom Penh	USD800	USD4,000	31.12.2023	2 years
vii.	National Road 5, House#730, Village#1, Sangkat Chrang Chamres I, Khan Russey Keo, Phnom Penh	USD400	USD1,200	30.04.2027	5 years

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 rates ranging from 3.4% to 9.0% (2021: 3.4% to 5.8%). The ROU assets comprised of this lease liabilities sum adjusted for any pre-payments and restoration cost where contractually applicable. Lease commitments for items (iv) to (vii) above relates to the Group's food, trading and retail business. 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 are consistent with the assumptions used for land and buildings as disclosed in Note 14(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 implicit interest expense over the current financial year.

15 LEASES (CONTINUED)

(A) Group (continued)

Leases as lessee (continued)

(f) This amount represents the implicit effective interest charged on the carrying amount of 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 covenant ratios computation.

(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:

	2022 RM	2021 RM
Current	319,456	219,112
Non-current	1,908,788	999,567
	2,228,244	1,218,679

Leases as lessor

The Group does not have any lease arrangement to report as a 'Lessor' during the current financial year.

In the previous financial year, 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 in the previous financial year. The carrying amount represents the corresponding lease liabilities 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.

	Note	2022 RM	2021 RM
At 1 July		-	288,006
Changes to assets			
Sublease received	(a)	-	(32,779)
Interest income	(b)	-	1,392
		-	(31,387)
Disposal of a subsidiary (Note 12)		-	(256,619)
At 30 June		-	-

(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 previous 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

15 LEASES (CONTINUED)

(B) Company

Leases as lessee

	Note	ROU assets 2022 RM	ROU assets 2021 RM	Lease liabilities 2022 RM	Lease liabilities 2021 RM
At 1 July					
- Rented office space	(a)	186,897	264,235	183,137	257,185
Changes to ROU assets					
Depreciation during the year (Note 8)	(b)	(77,336)	(77,338)	-	-
Changes to Lease liabilities					
Lease payment	(c)	-	-	(87,017)	(87,017)
Interest expense (Note 9)	(d)	-	-	8,558	12,969
		-	-	(78,459)	(74,048)
At 30 June					
- Rented office space	(e)	109,561	186,897	104,678	183,137

(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 amortised 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 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.

15 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:

	2022 RM	2021 RM
Current	83,132	78,459
Non-current	21,546	104,678
	104,678	183,137

The Company does not have any lease arrangement to report as a 'Lessor'.

16 INVESTMENT PROPERTIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Leasehold land and buildings				
At 1 July	-	11,870,000	72,000,000	69,400,000
Additions	-	-	508,500	-
Fair value (loss)/gain (Note 8)		-	(508,500)	2,600,000
Disposal	-	(11,870,000)	-	-
At 30 June	-	-	72,000,000	72,000,000

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 is based on depreciated replacement cost method. The fair values of the properties at the close of the current and preceding financial year have been determined by CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.). – independent professional valuation firms.

GROUP

In the preceding financial year, 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 previous 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 RM1.0 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 previous financial year.

Direct operating expenses attributable to the rental income generated from the investment property prior to its disposal totalled RM78,992.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

16 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	50	42,000,000
ii. Lot 10, Persiaran Selangor	11.05.2085	63	30,000,000
			72,000,000

Direct operating expenses attributable to the rental income generated from these investment properties at Company level totalled RM480,754 (2021: RM511,229).

Minimum lease payments receivable on leases of investment properties are as follows:

	2022 RM	2021 RM
Not later than 1 year	5,040,000	3,675,580
Later than 1 year but not later than 2 years	5,040,000	3,721,524
Later than 2 years but not later than 3 years	4,620,000	3,411,397
Total	14,700,000	10,808,501

17 INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Investments in subsidiaries at cost:		
- Quoted shares	87,844,865	87,844,865
- Unquoted shares	22,632,819	22,632,819
	110,477,684	110,477,684
Less: Accumulated impairment losses	(22,410,227)	(22,410,227)
	88,067,457	88,067,457
Market value of quoted shares	110,319,421	138,202,351
The movements of investments in subsidiaries are as follows:		
At 1 July	88,067,457	88,514,867
Capitalisation of intercompany balance into investment in new shares in a subsidiary (Note 23)	-	67,822,201
Less: Impairment charge for the year (Note 8)	-	(68,269,611)
At 30 June	88,067,457	88,067,457

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 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.

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	2022 rates		2021 rates	
	MCRC	MST	MCRC	MST
Terminal growth rate	4%	4%	3%	3%
Pre-tax discount rate	14.65%	14.65%	10.43%	10.43%
Sales volume growth rate	0% - 3%	0% - 2%	0% - 3%	0% - 3%

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.

The details of the subsidiaries are as follows:

Name	Principal activities	Group's effective interest 2022 %	Group's effective interest 2021 %
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)	Dormant	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
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
Subsidiaries of MSB			
Mycron Steel CRC Sdn Bhd ("MCRC") (1)	Manufacturing and trading of steel cold rolled coils	74.1	74.1
Melewar Steel Tube Sdn Bhd ("MST") (1)	Manufacturing and trading of steel tubes and pipes	74.1	74.1
Silver Victory Sdn Bhd ("SV") (1)	Trading and export of steel related products	74.1	74.1
Subsidiaries of MIL			
Melewar Steel UK Ltd ("MSUK") (2)	Distribution of steel tubes in the United Kingdom	100.0	100.0
Jack Nathan Limited ("JNL") (2)(3)	Wholesale and distribution of steel tubes in the United Kingdom	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name	Principal activities	Group's effective interest 2022 %	Group's effective interest 2021 %
Subsidiaries of 3Bumi			
3Bumi Trading Sdn Bhd ("3BT") [(1) (5)]	Trading of frozen meat and seafood	80.0	80.0
3Bumi Oleo Sdn Bhd ("3BO") [(1) (5)]	Bottling and distribution of palm olein edible oil	80.0	80.0
3Bumi (Cambodia) Co., Ltd ("3BC") [(4)]	Food distribution and retail business	100.0	100.0
3Padi Growers Sdn Bhd ("3Padi") [(1)]	Dormant	100.0	100.0
3Dara Sdn Bhd ("3Dara") [(1)]	Dormant	100.0	100.0

(1) The entity's principal place of business and country of incorporation is in Malaysia and audited by PricewaterhouseCoopers PLT Malaysia.
(2) The entity's principal place of business and country of incorporation is in England and Wales which exempts it from statutory audit requirement.
(3) JNL is exempted from audit under the UK laws for small private limited companies.
(4) 3BC's principal place of business and country of incorporation is in Cambodia and exempted from audit under the Cambodian laws for small private limited companies.
(5) The entity's non-controlling interest effective equity interest is 20%.

(a) Information relating to subsidiary with a material non-controlling interest

The summarised financial information of MSB are as follows:

	MSB Group 2022 RM	MSB Group 2021 RM
Statement of Comprehensive Income		
Revenue for the financial year	745,875,354	736,672,804
Net profit for the financial year	52,728,482	53,818,170
Total comprehensive income	56,809,467	61,809,299
Statement of Financial Position		
Current assets	469,534,177	360,412,243
Non-current assets	382,103,411	376,577,920
Current liabilities	(269,624,363)	(208,981,095)
Non-current liabilities	(87,351,158)	(80,344,740)
Net assets	494,662,067	447,664,328

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Information relating to subsidiary with a material non-controlling interest (continued)

The summarised financial information of MSB are as follows: (continued)

	MSB Group	
	2022	2021
	RM	RM
Statement of Cash Flows		
Net cash generated from operating activities	26,629,161	57,691,000
Net cash used in investing activities	(11,972,686)	(7,113,467)
Net cash generated from financing activities	6,147,185	5,798,763
Net change in cash and cash equivalents	20,803,660	56,376,296
Non-controlling interests effective equity interest	25.9%	25.9%
Carrying amount of non-controlling interests	126,290,755	114,078,374
Net profit for the financial year attributable to non-controlling interests of the Group	13,694,706	13,976,567
Total comprehensive income attributable to non-controlling interests of the Group	14,750,302	16,043,568

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax assets	637,294	837,665	-	-
Deferred tax liabilities				
- deferred tax liabilities to be settled after more than 12 months	(56,972,950)	(52,810,908)	(17,594,464)	(17,687,965)
	(56,335,656)	(51,973,243)	(17,594,464)	(17,687,965)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

18 DEFERRED TAX (CONTINUED)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position: (continued)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 July	(51,973,243)	(44,498,130)	(17,687,965)	(17,035,141)
Credited/(Debited) to the profit or loss (Note 11):				
- property, plant and equipment	312,700	(1,769,901)	35,507	15,358
- investment properties	-	1,020,336	86,110	(645,303)
- right-of-use assets	29,829	(75,618)	18,560	18,561
- net investment in sublease	-	7,532	-	-
- lease liabilities	250,394	(9,550)	(18,830)	(17,771)
- unutilised tax losses	(1,224,276)	142,196	-	-
- unutilised reinvestment allowance	(2,930,163)	(4,363,305)	-	-
- reversal of deferred tax assets	-	144,141	-	-
- disposal of a subsidiary	-	(442)	-	-
	(3,561,516)	(4,904,611)	121,347	(629,155)
Debited to asset revaluation reserve:				
- property, plant and equipment	157,085	(1,370,542)	(27,846)	(23,669)
- right-of-use assets	(957,982)	(1,199,960)	-	-
	(4,362,413)	(7,475,113)	93,501	(652,824)
At 30 June	(56,335,656)	(51,973,243)	(17,594,464)	(17,687,965)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- lease liabilities	531,918	242,263	25,123	43,953
- unutilised reinvestment allowance	10,522,689	13,452,852	-	-
- unutilised tax losses	3,209,106	4,433,382	-	-
	14,263,713	18,128,497	25,123	43,953
Offsetting	(13,626,419)	(17,290,832)	(25,123)	(43,953)
Deferred tax assets (after offsetting)	637,294	837,665	-	-

18 DEFERRED TAX (CONTINUED)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position: (continued)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(48,734,272)	(49,624,577)	(108,878)	(116,539)
- investment properties	-	-	(17,484,414)	(17,570,524)
- right-of-use assets	(16,384,071)	(15,396,137)	(26,295)	(44,855)
	(65,118,343)	(65,020,714)	(17,619,587)	(17,731,918)
Offsetting	13,626,419	17,290,832	25,123	43,953
	(51,491,924)	(47,729,882)	(17,594,464)	(17,687,965)
Subject to real property gains tax:				
Deferred tax liabilities:				
- freehold land	(5,481,026)	(5,081,026)	-	-
Deferred tax liabilities (after offsetting)	(56,972,950)	(52,810,908)	(17,594,464)	(17,687,965)
Deferred tax liabilities (cumulative amount charged to equity)	(6,937,071)	(6,337,153)	(124,110)	(96,264)

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 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 only be carried forward another 7 consecutive years of assessment upon expiry of qualifying period. Effective from tax assessment year 2019, the allowable carry forward period for absorption has been extended by legislature from 7 consecutive years to 10 consecutive years.

As such, the amount of unutilised tax losses and unutilised capital allowances for which no deferred tax asset is recognised in the statement of financial position will expire in the following financial years:

	Group	
	2022	2021
	RM	RM
Deductible temporary differences	625,809	631,244
Unutilised capital allowances	13,682,845	13,682,845
<u>Unutilised tax losses</u>		
2025	-	835,734
2026	-	5,042,188
2027	-	447,703
2028	310,705	84,887
2029	111,614	-
2030	128,722	-
2031	567,854	-
2032	1,846,108	-
	17,273,657	20,724,601
Deferred tax assets not recognised at 24% (2021: 24%)	4,145,678	4,973,904

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

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 and unutilised capital allowances can be utilised.

19 INVENTORIES

	Group	
	2022	2021
	RM	RM
Raw materials	177,294,756	160,132,143
Work-in-progress	5,831,718	6,575,467
Finished goods	107,960,898	58,300,385
Consumables	5,684,965	3,191,374
	296,772,337	228,199,369
Write-down of inventories (Note 8)	(9,974,697)	-
	286,797,640	228,199,369

Included in raw materials and finished goods are goods in transit amounted to RM296,698 (2021: RM16,534,042) and RM5,021,501 (2021: Nil) respectively.

Hot Rolled Coil - being the main raw material for both the Cold Rolled Coil and Steel Tube segments, has been on a declining price trend since April 2022, with the drop extending by more than 30% from its peak beyond the current financial year end. This affects the net realisable value of uncommitted finished goods inventory. Even though the net realised and realisable value of finished goods inventories were consistently above carrying amount in the current financial year, sales contracted by the Cold Rolled Coil subsidiary in the subsequent period (up to latest practical date) indicate otherwise - necessitating the write-down of its uncommitted inventories to net realisable value amounting to RM9,974,697 (representing 8.1% of gross carrying amount of inventories for Cold Rolled Coil subsidiary) in the current financial year. The Steel Tube subsidiary was not affected. Both the subsidiaries have an uncommitted inventory position of around 57.9% at closing.

Total carrying inventory amount (before impairment) as at 30 June 2022 is around 30.0% higher than the preceding financial year. This is attributed to 35% higher inventory tonnage volume holding by the Steel Tube subsidiary, and 21% higher average carrying cost of inventory per tonne as at 30 June 2022 compared to the previous financial year.

Inventories expensed to 'cost of sales' during the current financial year amounted to RM602,662,294 (2021: RM593,037,226).

20 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade receivables [(a)]	72,356,960	39,768,005	-	-
Less: Accumulated impairment	(1,261,348)	(820,177)	-	-
	71,095,612	38,947,828	-	-
Other receivables [(b)]	3,245,733	1,370,472	31,730	1,573
Less: Accumulated impairment	(1,239,785)	(665,143)	-	-
	2,005,948	705,329	31,730	1,573
Dividend receivable	-	-	7,273,808	-
Refundable deposits	1,571,391	2,729,567	75,490	73,520
Prepayments	805,995	1,021,279	86,742	86,524
	2,377,386	3,750,846	7,436,040	160,044
Total receivables, deposits and prepayments	75,478,946	43,404,003	7,467,770	161,617

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Based on the Expected Credit Loss ("ECL") model assessment, a few subsidiaries made impairment provision on its trade receivables which have been determined to be irrecoverable in the current financial year.

(b) For the current financial year, a prepayment to a supplier (under "Other receivables") of the Steel Tube subsidiary was determined to be non-performing, in default, and credit impaired. Accordingly, ECL of RM413,487 was recorded. The Food subsidiary has also made an impairment provision on advances made to its supplier of RM161,155 (2021: RM505,000) which has been determined to be irrecoverable during the financial year.

The impact on the carrying amount of other receivables presented by the categories of credit risk rating are as follows:

	Performing RM	Under-performing RM	Non-performing RM	Total RM
GROUP				
2022				
Gross carrying amount	2,005,948	-	1,239,785	3,245,733
Loss allowance	-	-	(1,239,785)	(1,239,785)
Net carrying amount	2,005,948	-	-	2,005,948
2021				
Gross carrying amount	705,329	-	665,143	1,370,472
Loss allowance	-	-	(665,143)	(665,143)
Net carrying amount	705,329	-	-	705,329
COMPANY				
2022				
Gross carrying amount	31,730	-	-	31,730
Loss allowance	-	-	-	-
Net carrying amount	31,730	-	-	31,730
2021				
Gross carrying amount	1,573	-	-	1,573
Loss allowance	-	-	-	-
Net carrying amount	1,573	-	-	1,573

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Quoted shares				
At 1 July	-	-	-	-
Additions	3,304,000	-	104,000	-
Fair value (loss)/gain (Note 8)	(587,750)	-	12,250	-
Disposal	(116,250)	-	(116,250)	-
At 30 June	2,600,000	-	-	-

GROUP

On 14 June 2022, the Company's listed subsidiary, MSB subscribed for 10 million Unitrade Industries Berhad's ("Unitrade") Initial Public Offerings ("IPO") shares at 32.0 sen per share for a total outlay of RM3.2 million, which represented around 0.6% of Unitrade's enlarged post-IPO share capital. The investment represents 0.7% of MSB's last financial year ended 30 June 2021 audited net asset value.

The investment was made by MSB at the recommendation of its steel subsidiaries on the agreement that the steel subsidiaries bear the capital gains/(losses) of the said investment. MSB stands to benefit from its direct 100% holdings in the steel subsidiaries, and also any dividends arising from the said investment.

Unitrade is the Steel Tube subsidiary's single largest customer with a long business relation history. Unitrade is unrelated to the Group or any of its Directors or management. Unitrade's share price closed at 26.0 sen per share on 30 June 2022, resulting in a mark-to-market loss of RM0.6 million charged to the Group's statement of comprehensive income in the current financial year.

This investment is also reflected in Note 6 as a financial instrument fair valued at Level 1 hierarchy. There is no holding-period moratorium on the investment, and MSB is free to deal as it sees fit.

COMPANY

During the financial year, the Company subscribed for 750,000 shares of KNM Group Berhad for a total outlay of RM104,000. The shares were subsequently disposed for a cash consideration of RM116,250, with a fair value gain of RM12,250 (Note 8) was recognised and included in 'other operating income' in the Company's statement of comprehensive income.

22 DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)

GROUP

The Group's derivatives comprise solely of forward foreign currency exchange 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 5(e) to the financial statements. These forward foreign currency exchange 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			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	RM	RM	RM	RM
Forward foreign currency exchange contract - fair value through profit and loss (not designated)	6,096	(7,518)	321	(3,282)
Forward foreign currency exchange contract - fair value through profit and loss (designated)	4,809,133	-	2,019,309	-
	4,815,229	(7,518)	2,019,630	(3,282)

22 DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

Details on the Group's unrealised currency derivatives are outlined below:

(i) Derivatives designated and fair value hedge accounted

As at 30 June 2022

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 2022	10,637,000	4.2118	2,071,105	-	July 2022	10,637,000	4.2118	-	(2,071,105)
August 2022	12,916,000	4.2331	2,237,767	-	August 2022	12,916,000	4.2331	-	(2,237,767)
September 2022	1,000,000	4.2528	151,692	-	September 2022	1,000,000	4.2528	-	(151,692)
October 2022	2,944,000	4.2838	348,569	-	October 2022	2,944,000	4.2838	-	(348,569)
Total	27,497,000		4,809,133	-	Total	27,497,000		-	(4,809,133)

Net fair value gain from the hedging instruments of RM4.8 million and the corresponding net fair value loss from the hedged item of RM4.8 million are taken-up in the statement of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

22 DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

Details on the Group's unrealised currency derivatives are outlined below: (continued)

(ii) Derivatives not designated and not hedge accounted

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
As at 30 June 2022				
July 2022	60,000	3.1063	-	(2,955)
August 2022	60,000	3.1043	-	(3,027)
September 2022	60,000	3.1429	870	(1,536)
October 2022	60,000	3.1744	1,262	-
November 2022	60,000	3.1751	1,318	-
December 2022	60,000	3.1970	2,646	-
Total	360,000		6,096	(7,518)
As at 30 June 2021				
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)

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 gain of around RM0.7 million (2021: loss of RM5.1 million) from its forward foreign currency exchange contracts with a corresponding realised net foreign exchange loss of RM0.8 million (2021: gain of RM5.3 million) on its hedge items over the current financial year. The Group's net gain/(loss) position on foreign exchange has been disclosed in Note 8 to the financial statements.

COMPANY

The Company's derivatives comprise solely of 20,188,722 (2021: 20,205,022) free detachable warrants arising from the subscription of MSB'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 6).

On 30 June 2022, the Company has disposed 16,300 listed detachable warrants at 41.75 sen per warrant for a cash consideration of RM6,805.

	2022 RM	2021 RM
At 1 July	5,051,256	1,515,377
Fair value gain on derivatives (Note 8)	3,333,869	3,535,879
Disposal of warrants	(6,805)	-
At 30 June	8,378,320	5,051,256

22 DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

COMPANY (continued)

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.

23 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(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 (2021: 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	
	2022	2021
	RM	RM
Amounts due from subsidiaries: [a]		
Non-trade	21,632,048	12,642,423
Less: Accumulated impairment (Note 5(c)(iv)) [b]	(21,625,884)	(12,260,806)
	6,164	381,617
Amounts due to subsidiaries: [c]		
Non-trade	(1,290,200)	(700)
	(1,290,200)	(700)

(a) The 'amounts due from 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 RM9,365,078 (2021: RM6,879,093) due to non-performance.

In the preceding financial year, 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 17).

(c) The 'amounts due to subsidiaries' comprise mainly of non-trade related payments made by the steel subsidiaries on behalf of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deposits with licensed banks	91,340,140	90,085,023	-	7,860,000
Cash and bank balances	23,411,165	10,844,216	1,182,095	622,723
Cash and cash equivalents	114,751,305	100,929,239	1,182,095	8,482,723

The weighted average placement interest rates that are effective at the reporting date are as follows:

	Group		Company	
	2022	2021	2022	2021
	% per annum	% per annum	% per annum	% per annum
Deposits with licensed banks	1.84	1.54	-	1.35
Cash and bank balances	0.11	0.10	-	-

These unrestricted deposits with licensed banks 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 47 days (2021: 1 and 50 days). The Company does not have any money market REPO at the close of the current financial year.

25 PAYABLES AND ACCRUED LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade payables	154,575,661	107,697,046	-	-
Other payables	8,280,539	5,794,632	461,526	355,102
Accruals	8,472,045	7,894,537	299,972	400,115
Deposits received	86,226	300,000	567,500	567,500
Dividend payable to non-controlling interests of a subsidiary	2,537,920	-	-	-
Provision for construction contracts	50,062	64,412	-	-
Advances received from customers	1,069,132	-	-	-
	175,071,585	121,750,627	1,328,998	1,322,717

Included in trade payables are interest bearing suppliers' credit with balances amounting to RM13,728,267 (2021: Nil). These credit facilities have interest bearing credit periods of up to 150 days (2021: Nil).

The remaining payables and accrued liabilities are generally interest free and within accorded interest free credit periods ranging between cash terms to 150 days (2021: cash term to 150 days).

26 CONTRACT LIABILITIES

	Group	
	2022	**2021**
	RM	**RM**
Contract liabilities	7,838,246	23,382,740

The contract liabilities reflect the Group's outstanding obligations in relation to consideration received from contracts comprising mostly of upfront non-refunded deposits.

Significant changes to contract liabilities during the financial year are as follows:

	Group	
	2022	**2021**
	RM	**RM**
At 1 July	23,382,740	1,851,050
- considerations received	72,455,052	37,560,069
- revenue recognised	(87,999,546)	(16,028,379)
At 30 June	7,838,246	23,382,740
Composition of closing contract liabilities:		
- payment received or receivable for work not performed	7,838,246	23,382,740

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 RM22,990,670 (2021: RM1,458,980) recognised in the current year relates to brought forward contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

27 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	
	2022	2021
	RM	RM
Current		
Bankers' acceptance	71,935,000	51,090,000
Hire purchase creditors	316,155	1,058,805
Term loan	5,833,332	5,833,332
Mortgage loan	2,050,781	1,973,953
	80,135,268	59,956,090
Non-current		
Hire purchase creditors	114,361	220,960
Term loan	10,180,884	12,976,359
Mortgage loan	12,224,652	14,267,557
	22,519,897	27,464,876
Total		
Bankers' acceptance	71,935,000	51,090,000
Hire purchase creditors	430,516	1,279,765
Term loan	16,014,216	18,809,691
Mortgage loan	14,275,433	16,241,510
	102,655,165	87,420,966

Borrowings totalling RM102.5 million (2021: RM87.1 million) are secured and incepted by its Cold Rolled Coil 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. The higher total outstanding borrowings as at the close of the current financial year has resulted in higher interest cost at RM5.0 million (2021: RM3.6 million) compared to the preceding financial year. Certain interest during the financial year has been capitalised to property, plant and equipment as disclosed in Note 14. The Group does not have any overdue position on the outstanding borrowings from financial institutions.

The carrying amounts of the borrowings approximate their fair values as at the reporting date.

27 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 2022									
Secured									
- Bankers' acceptance [(a)]	3.17% - 4.82%	RM	71,935,000	71,935,000	-	-	-	-	-
- Hire purchase creditors	2.29% - 2.55%	RM	430,516	316,155	102,091	12,270	-	-	-
- Term loan [(a)]	4.15% - 4.44%	RM	16,014,216	5,833,332	5,833,332	4,347,552	-	-	-
- Mortgage loan [(b)]	4.06% - 4.33%	RM	14,275,433	2,050,781	2,129,288	2,218,091	2,310,598	2,406,963	3,159,712
			102,655,165	80,135,268	8,064,711	6,577,913	2,310,598	2,406,963	3,159,712

(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 Coil subsidiary. A portion of the bankers' acceptance is secured with fixed and floating charge via a separate debenture by the Steel Tube subsidiary (Note 14(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 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 Coil subsidiary. A portion of the bankers' acceptance is secured with fixed and floating charge via a separate debenture by the Steel Tube subsidiary (Note 14(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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

27 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

	Group 2022 RM	Group 2021 RM
Total carrying amount		
Secured	102,655,165	87,420,966

For the financial year ended 30 June 2022, all the 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 2022 per annum	Group 2021 per annum
Bankers' acceptance	3.63%	3.48%
Hire purchase creditors	2.37%	2.52%
Term loan	4.25%	4.20%
Mortgage loan	4.09%	4.13%

The details of the hire purchase creditors at the reporting date are as follows:

	Group 2022 RM	Group 2021 RM
Future minimum lease payment of hire purchase creditors:		
Not later than 1 year	342,819	1,108,565
Later than 1 year but not later than 2 years	108,797	209,417
Later than 2 years but not later than 5 years	12,500	36,207
	464,116	1,354,189
Less: Future finance charges	(33,600)	(74,424)
Present value	430,516	1,279,765
Analysed as:		
Current	316,155	1,058,805
Non-current	114,361	220,960
Present value	430,516	1,279,765

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

28 SHARE CAPITAL

	Group/Company			
	2022		2021	
	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

The nominal value of the rights shares is net of warrant reserve.

29 WARRANT RESERVE

	Group/Company			
	2022		2021	
	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.

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 reserve to meet the aforementioned obligation. The Company has determined the initial recognition value of the warrant reserve 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 amount of the warrant reserve at the close of the current financial year remained the same as previous financial year, as no warrant was exercised during that period.

30 DIVIDENDS

	Group/Company 2021 RM
In respect of the financial year ended 30 June 2021:	
- interim single-tier tax-exempt dividend of 2.23 sen per share, declared on 29 Mach 2021, paid on 28 April 2021	8,015,018

In the preceding financial year, 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.

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

31 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 14) and right-of-use assets (see Note 15) 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 3.3 for details.

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 July	72,992,974	69,320,269	304,850	229,899
Revaluation surplus on:				
- property, plant and equipment	1,678,816	8,626,860	116,027	98,620
- right-of-use assets	3,991,592	4,999,833	-	-
Deferred tax:				
- property, plant and equipment	157,085	(1,370,446)	(27,846)	(23,669)
- right-of-use assets	(957,982)	(1,199,960)	-	-
Non-controlling interests share in revaluation surplus on:				
- property, plant and equipment	(877,397)	(1,698,727)	-	-
- right-of-use assets	(178,199)	(368,273)	-	-
Realisation of asset revaluation surplus on disposal of investment property	-	(5,316,582)	-	-
At 30 June	76,806,889	72,992,974	393,031	304,850

32 DEFERRED INCOME ON GRANT

	Group	
	2022	2021
	RM	RM
At 1 July	6,036,458	-
Additions	-	6,100,000
Recognised in profit or loss (Note 8)	(152,500)	(63,542)
At 30 June	5,883,958	6,036,458
Analysed as:		
- Non-current	5,883,958	6,036,458

In the preceding financial year, the Group's Cold Rolled Coil 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 totalling RM21,518,882 incurred since 2019 until current. The grant received is recorded as 'deferred income on grant' under non-current liabilities and to be amortised to profit or loss over the useful life of the assets in tandem with its depreciation.

33 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	Group 2022 RM	Group 2021 RM
Trade related – received/receivable			
Related company			
MAAX Factor Sdn Bhd	Factoring proceeds	456,725	-
MAAX Factor Sdn Bhd	Factoring repaid	(456,725)	(4,442,085)
Non-trade related – paid/payable			
Related companies			
Trace Management Services Sdn Bhd	Corporate secretarial services	(378,991)	(412,985)
MAA Corporation Sdn Bhd	Rental	(107,098)	(107,098)

Entity	Type of transaction	Company 2022 RM	Company 2021 RM
Trade related – received/receivable			
Subsidiaries			
Melewar Steel Tube Sdn Bhd	Rental income, net of discount	3,808,425	3,445,860
Melewar Steel Tube Sdn Bhd	Management fee income	1,500,000	1,544,300
Melewar Steel Tube Sdn Bhd	Payment received	(5,443,425)	(4,855,160)
Mycron Steel CRC Sdn Bhd	Management fee income	1,500,000	1,180,000
Mycron Steel CRC Sdn Bhd	Payment received	(1,720,900)	(959,100)
Melewar Steel Services Sdn Bhd	Dividend income	-	11,500,000
Melewar Steel Mills Sdn Bhd	Dividend income	600,000	1,890,000
Mycron Steel Berhad	Dividend income	7,273,808	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

33 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	Company 2022 RM	Company 2021 RM
Non-trade related – received/receivable			
Subsidiaries			
Melewar Integrated Engineering Sdn Bhd	Advances given	-	105,000
Melewar Steel Tube Sdn Bhd	Advances repaid	(488,262)	(432,180)
Melewar Steel Tube Sdn Bhd	Expenses paid on behalf	494,426	446,950
Mycron Steel CRC Sdn Bhd	Expenses paid on behalf	284,244	-
Mycron Steel CRC Sdn Bhd	Advances repaid	(284,644)	-
Melewar Steel Services Sdn Bhd	Advances repaid	-	(40,070)
Melewar Steel Services Sdn Bhd	Expenses paid on behalf	-	40,070
Melewar Steel Assets Sdn Bhd	Advances given	8,000	8,050
3Padi Growers Sdn Bhd	Advances given	-	8,022
Melewar Imperial Limited	Advances given	946,256	760,801
Ausgard Quick Assembly Systems Sdn Bhd	Advances given	82,092	150,000
3Bumi Sdn Bhd	Advances given	8,235,730	5,765,967
3Bumi Sdn Bhd	Expenses paid on behalf	93,632	16,402
Non-trade related – paid/payable			
Subsidiaries			
Melewar Steel Services Sdn Bhd	Advances received	(500,000)	-
Melewar Steel Mills Sdn Bhd	Advances received	(790,000)	-
Melewar Steel Tube Sdn Bhd	Advances repaid	15,480	25,405
Melewar Steel Tube Sdn Bhd	Expenses paid on behalf	(14,980)	(24,305)
Related companies			
Trace Management Services Sdn Bhd	Corporate secretarial services	(303,325)	(160,689)
MAA Corporation Sdn Bhd	Rental	(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.

(b) Key management personnel are those persons, having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and thus are considered related parties of the Group and of the Company. Remuneration details of the key management personnel of the Group and of the Company comprising all Directors and Non-Director Executives are set out below.

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Salaries, bonuses and other emoluments	12,468,141	6,722,132	2,166,147	1,933,036
Allowances	414,200	340,650	127,500	96,300
Estimated monetary value of benefits-in-kind	118,150	98,508	44,550	28,878
Defined contribution plan	1,767,446	985,192	242,280	246,062
	14,767,937	8,146,482	2,580,477	2,304,276

34 SEGMENTAL ANALYSES

Reportable Segments

(a) The Steel Tube segment is in the business of manufacturing and sales of steel pipes and tubes.

(b) The Cold Rolled Coil 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, trade retail business, 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' has been reported as discontinued following its disposal in the preceding financial year (Note 12).

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.

	Continuing operations						
	Steel tube	**Cold rolled coil**	**Investment holding**	**Others**	**Total**	**Discontinued operations**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2022							
Revenue							
Total revenue	294,998,992	496,591,727	19,973,405	10,675,561	822,239,685	-	822,239,685
Inter segment	(2,426,384)	(45,715,365)	(19,973,405)	(1,878,256)	(69,993,410)	-	(69,993,410)
Total revenue	292,572,608	450,876,362	-	8,797,305	752,246,275	-	752,246,275
Segmented by steel product:							
- cold rolled coils	-	427,333,295	-	-	427,333,295	-	427,333,295
- steel tubes and pipes	289,723,041	-	-	224,280	289,947,321	-	289,947,321
- steel scraps and by-products	942,760	11,077,986	-	-	12,020,746	-	12,020,746
Processing service income	1,906,807	12,465,081	-	-	14,371,888	-	14,371,888
Trading of foods	-	-	-	8,368,029	8,368,029	-	8,368,029
Lease rental income:							
- others	-	-	-	204,996	204,996	-	204,996
Total revenue	292,572,608	450,876,362	-	8,797,305	752,246,275	-	752,246,275

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

34 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube RM	Cold rolled coil RM	Investment holding RM	Others RM	Total RM	Discontinued operations RM	Total RM
2022							
Segment results							
Profit/(loss) from operations	31,121,648	37,608,525	(1,541,849)	(3,679,036)	63,509,288	-	63,509,288
Finance income	186,214	1,123,455	67,962	645	1,378,276	-	1,378,276
Finance costs	(3,968,175)	(1,599,429)	(36,374)	(108,223)	(5,712,201)	-	(5,712,201)
Profit/(loss) before tax	27,339,687	37,132,551	(1,510,261)	(3,786,614)	59,175,363	-	59,175,363
Consolidation elimination *	8,267,444	4,955,243	(10,612,282)	(839,817)	1,770,588	-	1,770,588
	35,607,131	42,087,794	(12,122,543)	(4,626,431)	60,945,951	-	60,945,951
Tax expense	(5,761,786)	(4,953,930)	(1,845,196)	(223,339)	(12,784,251)	-	(12,784,251)
Net profit/(loss) after tax	29,845,345	37,133,864	(13,967,739)	(4,849,770)	48,161,700	-	48,161,700
Segment assets							
Total segment assets	353,255,906	491,773,852	95,383,754	17,357,928	957,771,440	-	957,771,440
Consolidation elimination #	(58,723,540)	(8,073,684)	(7,138,195)	(745,994)	(74,681,413)	-	(74,681,413)
Total segment assets	294,532,366	483,700,168	88,245,559	16,611,934	883,090,027	-	883,090,027
Other information							
Depreciation:							
- property, plant and equipment	3,400,861	10,187,916	620,998	86,937	14,296,712	-	14,296,712
- right-of-use assets	406,480	-	1,162,449	220,563	1,789,492	-	1,789,492
Impairment/(write back):							
- property, plant and equipment	338,621	2,812,687	3,861	-	3,155,169	-	3,155,169
- trade receivables	(19,404)	-	-	630,419	611,015	-	611,015
- other receivables	413,487	-	-	161,155	574,642	-	574,642
Write-down of inventories	-	9,974,697	-	-	9,974,697	-	9,974,697
Shutdown overheads	1,943,986	3,962,804	-	-	5,906,790	-	5,906,790
Additions of property, plant and equipment	3,208,253	8,406,070	150,035	230,124	11,994,482	-	11,994,482
Additions of right-of-use assets	-	-	-	1,339,175	1,339,175	-	1,339,175

* Major items include write back of impairment on amounts due from subsidiaries of RM22.9 million, reversal of dividend paid by subsidiaries of RM17.7 million, recognition of depreciation on ROU assets of RM3.3 million and recognition of depreciation of RM1.4 million arising from conversion of investment properties ("IP") to property, plant and equipment ("PPE") at Group level and inter segment elimination.

\# Relates to reversal of fair value gain of IP of RM72.0 million recognised as PPE at Group level, reversal of intangible assets of RM27.5 million and offset by the elimination of intercompany ROU assets of RM35.5 million at Group level.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2022
(continued)

34 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube	Cold rolled coil	Investment holding	Others	Total	Discontinued operations	Total
	RM	RM	RM	RM	RM	RM	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
- steel scraps and by-products	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
Tax expense	(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 due from 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 2022
(continued)

34 SEGMENTAL ANALYSES (CONTINUED)

	Continuing operations						
	Steel tube RM	Cold rolled coil 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
Shutdown overheads	1,507,396	2,188,814	-	-	3,696,210	-	3,696,210
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 IP of RM72.0 million recognised as 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.

A reconciliation of the segment assets to the total assets is as follows:

	Group	
	2022 RM	2021 RM
Segment assets	883,090,027	776,739,471
Derivatives financial assets	4,815,299	2,019,630
Deferred tax assets	637,294	837,665
Current tax recoverable	437,665	384,819
	888,980,215	779,981,585

Information about major customers

Revenue from two major customers amounting to RM69.7 million (2021: RM49.5 million) and RM111.9 million (2021: RM83.6 million) contributed to 24% (2021: 18%) of the Group's revenue. These two major customers are each from the Cold Rolled Coil segment and the Steel Tube segment.

35 FINANCIAL GUARANTEES

As at 30 June 2022, the Company has corporate guarantees issued to lenders for suppliers' credit extended to its Steel Tube subsidiary amounting to RM20.0 million (2021: RM20.8 million).

36 LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES

(a) At the end of the financial year, the Group's Cold Rolled Coil subsidiary and Steel Tube subsidiary have an outstanding capital commitment that has been approved and contracted for of around RM2.9 million and RM1.5 million respectively, for the upgrading of its existing plant and machineries.

The Group's Food Trading subsidiary has approved but not contracted for capital commitment of RM2.0 million for the construction of a processing center.

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.

37 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		2021	
	At amortised cost	**Fair value through profit or loss**	**At amortised cost**	**Fair value through profit or loss**
	RM	**RM**	**RM**	**RM**
GROUP				
Financial assets per statements of financial position:				
Current				
Receivables and deposits	74,672,951	-	42,382,724	-
Financial asset at fair value through profit or loss	-	2,600,000	-	-
Derivative financial assets	-	4,815,229	-	2,019,630
Deposits with licensed banks	91,340,140	-	90,085,023	-
Cash and bank balances	23,411,165	-	10,844,216	-
Total financial assets	189,424,256	7,415,229	143,311,963	2,019,630
Financial liabilities per statements of financial position:				
Non-current				
Borrowings	22,519,897	-	27,464,876	-
Lease liabilities [a]	1,908,788	-	999,567	-
Current				
Payables and accrued liabilities (excluding payroll liabilities)	168,876,215	-	117,740,182	-
Borrowings	80,135,268	-	59,956,090	-
Derivative financial liabilities	-	7,518	-	3,282
Lease liabilities [a]	319,456	-	219,112	-
Total financial liabilities	273,759,624	7,518	206,379,827	3,282

a) For the current financial year, the Group's financial liabilities is exaggerated by RM2,228,244 (2021: RM1,218,679) with the inclusion of 'lease liabilities' whilst its corresponding ROU is deemed as a non-financial asset.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2022
(continued)

37 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	2022		2021	
	At amortised cost	Fair value through profit or loss	At amortised cost	Fair value through profit or loss
	RM	RM	RM	RM
COMPANY				
Financial assets per statements of financial position:				
Current				
Receivables and deposits	7,381,028	-	75,093	-
Derivative financial assets	-	8,378,320	-	5,051,256
Amounts due from subsidiaries	6,164	-	381,617	-
Deposits with licensed banks	-	-	7,860,000	-
Cash and bank balances	1,182,095	-	622,723	-
Total financial assets	8,569,287	8,378,320	8,939,433	5,051,256
Financial liabilities per statements of financial position:				
Non-current				
Lease liabilities [(b)]	21,546	-	104,678	-
Current				
Payables and accrued liabilities (excluding payroll liabilities)	1,177,711	-	1,099,187	-
Amounts due to subsidiaries	1,290,200	-	700	-
Lease liabilities [(b)]	83,132	-	78,459	-
Total financial liabilities	2,572,589	-	1,283,024	-

b) For the current financial year, the Company's financial liabilities is exaggerated by RM104,678 (2021: RM183,137) with the inclusion of 'lease liabilities' whilst its corresponding ROU asset is deemed as a non-financial asset.

38 EVENTS WHICH OCCURRED DURING AND AFTER THE REPORTING DATE

(a) COVID-19 Impact

The COVID-19 outbreak since March 2020 remained a significant event with states-wide lockdown lasting 6 weeks (July to mid-August 2021) in the 1st half of the current financial year; and the rise in COVID-19 infection cases amongst staffs in the 2nd half (143 cases or 76% of full financial year 2022 cases) following the ease of restrictions and the proliferation of the more contagious Omicron variant.

The Group had considered the impact of COVID-19 and market volatility in preparing these financial statements - particularly on valuations and cashflow estimates where judgement is applied. COVID-19 health and economic risks impacting the Group's financials have subsided considerably with its near-full vaccination rate, reopened borders, and transitioned to 'endemic-phase' towards the tail-end of financial year 2022. There are no adjusting events related to this.

(b) Steel Price Trend

Domestic steel prices entered into a bearish downward trend mirroring regional and global steel prices from its peak in April 2022 into the next financial year (stabilising towards mid-August) with a more than 30% drop. The sharp decline is attributed to a series of unfortunate global events, and have trigger an adjusting event on inventory impairment impacting the Group's financials by RM10.0 million for the current financial year 2022. See Note 19 for further details. In determining the said impairment sum, the Group had applied judgement and estimates.

PROPERTIES OWNED

By Melewar Industrial Group Berhad and 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)	31	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)	48	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)	37	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)	32	112,000,000

The properties were revalued in June 2022.

* Based on surveyed land area.
^ From the date of Certificate of Fitness for Occupation.

NOTICE OF 53RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 53RD 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 Thursday, 1 December 2022 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 2022 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 2023 to 31 December 2023 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 2023 to 31 December 2023. **2**
[Please refer to Explanatory Note B]

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) Kwo Shih Kang **3**
(ii) Dato’ Dr. Kili Ghandhi Raj A/L K R Somasundram **4**

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

(a) Change of Auditors **5**

That it be noted Messrs PricewaterhouseCoopers PLT, the retiring Auditors have indicated that they do not wish to seek for re-appointment as Auditors of the Company for the financial year ending 30 June 2023.

Notice of Nomination pursuant to Section 271(4) of the Companies Act 2016 (“the Act”) (a copy of which is annexed and marked as “Appendix I” in the Annual Report 2022) has been received by the Company for the nomination of Messrs KPMG PLT as Auditors in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT.

“THAT Messrs KPMG PLT of Level 10, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor be and are hereby appointed as the new Auditors of the Company for the financial year ending 30 June 2023, in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Directors.”

(b) Proposed Renewal of Share Buy-Back Authority **6**

“THAT subject to compliance with Section 127 of 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."

(c) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction 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 2021 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 transaction ("RRPT") of a revenue or trading nature as set out in Section 3.3(A)(i) of Part B of the Circular to Shareholders dated 31 October 2022 ("the Circular"), 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."

(d) Proposed Renewal and New 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 2021 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 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 with the related parties mentioned therein, be and are hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RRPT as set out in Section 3.3(C) of Part B of the Circular with the related party mentioned therein, 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.

NOTICE OF 53RD ANNUAL GENERAL MEETING
(continued)

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."

(e) 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
31 October 2022

NOTES:-

1. The 53rd 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 53rd AGM in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue of the 53rd 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 53rd AGM.

3. Members may submit questions to the Board of Directors prior to the 53rd AGM to the Investor Relations at tracy@melewar-mig.com, looling.chan@melewar-mig.com or lily@crestcorp.com.my no later than 11.30 a.m. on Tuesday, 29 November 2022 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.

4. Since the 53rd 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 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 53rd 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 23 November 2022. Only a depositor whose name appears on the Record of Depositors as at 23 November 2022 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. 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 2023 to 31 December 2023.

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 of Agenda 5:

(C) Change of Auditors (Ordinary Resolution 5)

Notice of Nomination pursuant to Section 271(4) of the Act (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2022) has been received by the Company for the nomination of Messrs KPMG PLT as Auditors in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT.

(D) 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.

(E) Proposed Renewal and New 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.

(F) 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 52nd AGM held on 30 November 2021, which will lapse at the conclusion of the 53rd AGM to be held on 1 December 2022.

NOTICE OF 53RD ANNUAL GENERAL MEETING
(continued)

14. Poll Voting

    All the Resolutions mentioned above will be put to vote by Poll.

The detailed information on Special Business of Agenda 5 except for Ordinary Resolutions 5 and 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 31 October 2022 which is despatched together with the Company's 2022 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 53rd AGM of the Company are set out in the Directors' Profile on pages 32 to 33 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 39 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 F of the Notice of the 53rd AGM of the Company.

APPENDIX I

MELEWAR KHYRA SDN BHD
(49841-V)
15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur
Tel: 603-6250 7000 Fax: 603-6257 1222

Date : 14 October 2022

The Board of Directors
Melewar Industrial Group Berhad ("MIGB" or "the Company")
Suite 11.05, 11th Floor,
No. 566 Jalan Ipoh,
51200 Kuala Lumpur.

Attention: Ms Lily Yin Kam May, the Company Secretary of MIGB

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS KPMG PLT FOR APPOINTMENT AS AUDITORS

We, Melewar Khyra Sdn Bhd, being the major shareholder of MIGB hereby give notice pursuant to Section 271(4) of the Companies Act 2016 of our nomination of Messrs KPMG PLT (LLP0010081-LCA & AF 0758) as auditors of the Company in place of Messrs PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), who has indicated its intention not to seek re-appointment at the forthcoming Fifty-Third (53rd) Annual General Meeting ("AGM") of the Company to be held in 2022.

Therefore, we propose that the following ordinary resolution be considered at the forthcoming 53rd AGM of the Company:-

"THAT Messrs KPMG PLT of Level 10, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor be and are hereby appointed as the new Auditors of the Company for the financial year ending 30 June 2023, in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully,
For and on behalf of
MELEWAR KHYRA SDN BHD

TUNKU DATO' YAACOB KHYRA
Director

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FORM OF PROXY

(please refer to the notes behind)

NOTICE
There will be no distribution of e-vouchers

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

No. of Shares Held	CDS Account No.

I/We ______________________________ NRIC No./Passport No./Reg. No./CDS No.: ____________________
(Full Name as per NRIC/Passport/Certificate of Incorporation in capital 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./Passport No. of Proxy:**	
Full Address:		**Contact No. & Email Address:**	

or failing him/her

Name of Proxy:		**NRIC No./Passport No. of Proxy:**	
Full Address:		**Contact No. & Email Address:**	

as ***my/our proxy** to vote for ***me/us** and on ***my/our** behalf at the 53rd 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 Thursday, 1 December 2022 at 11.30 a.m. or at any adjournment thereof on the following resolutions referred to in the Notice of 53rd AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		**SECOND PROXY**	
		Against	**For**	**Against**	**For**
Resolution	**Ordinary Business**				
1	To approve the payment of Directors' fees amounting to RM271,200.00 for the period from 1 January 2023 to 31 December 2023 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 2023 to 31 December 2023.				
	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) Kwo Shih Kang				
4	(ii) Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram				
	Special Business				
5	To appoint Messrs KPMG PLT as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT, and to authorise the Directors to determine their remuneration.				
6	To approve the Proposed Renewal of Share Buy-Back Authority.				
7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd.				
8	To approve the Proposed Renewal and New 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 ____________________ 2022

____
[Signature of Shareholder(s)/Common Seal]

NOTES:-

1. *The 53rd 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 53rd AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The Broadcast Venue of the 53rd 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 53rd AGM.*
3. *Members may submit questions to the Board of Directors prior to the 53rd AGM to the Investor Relations at tracy@melewar-mig.com, looling.chan@melewar-mig.com or lily@crestcorp.com.my no later than 11.30 a.m. on Tuesday, 29 November 2022 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.*
4. *Since the 53rd 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 53rd 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 23 November 2022. Only a depositor whose name appears on the Record of Depositors as at 23 November 2022 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.*

**Please strike out whichever is not desired.*

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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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NOTICE

There will be no distribution of e-vouchers www.melewar-mig.com

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